



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
JORDAN DUBAI ISLAMIC BANK
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN

Report on the Financial Statements

We have audited the accompanying financial statements of JORDAN DUBAI ISLAMIC BANK PUBLIC SHAREHOLDING COMPANY (the Bank), which comprise the statement of financial position as at 31 December 2010, statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director's Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2010 and its financial performance and its cash flows for the year then ended in accordance with the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).



Explanatory Note

As indicated in Note (58) to the financial statement, the comparative figures of the statements of income, comprehensive income, change in equity and cash flows were not presented since it was impractical to classify them in accordance with the Financial Accounting Standards issued by the Accounting and Audit Organization for Islamic Financial Institutions.

Report on Legal and Other Regulatory Requirements

The Bank maintains proper books of accounts and the accompanying financial statements and financial information in the Board of Director's report are in agreement therewith.

Amman – Jordan
17 February 2011



JORDAN DUBAI ISLAMIC BANK
STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2010

	Notes	31 December 2010 JD	31 December 2009 JD
ASSETS			
Cash and balances with Central Banks	4	45,042,107	51,297,413
Balances at banks and financial institutions	5	16,420,970	23,465,231
International Wakala investments	6	31,344,000	-
Financial assets held for trading	7	-	119,012
Deferred sales receivables and other receivables-net	8	109,732,016	285,588
Unconverted loans-net	9	6,641,403	24,425,608
Financial assets available for sale	10	5,325,169	3,130,309
Financial assets held to maturity	11	1,337,064	-
Investment in associate	12	275,705	158,063
Local Wakala investments	13	3,061,433	3,750,469
Ijara Muntahia Bittamleek assets-net	14	26,634,723	19,123,350
Property and equipment-net	15	9,211,574	3,289,017
Intangible assets	16	995,721	184,514
Deferred tax assets	23/C	288,790	-
Other assets	17	11,777,763	9,340,099
Total Assets		268,088,438	138,568,673
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTS AND SHAREHOLDERS' EQUITY			
Liabilities -			
Banks and financial Institutions accounts	18	10,635,000	-
Customer's current accounts	19	28,783,612	7,176,046
Cash margins accounts	20	1,850,700	1,518,967
Borrowed funds	21	2,527,568	3,242,572
Other provisions	22	311,223	1,419,123
Income tax provision	23/A	5,632,100	6,847,294
Deferred tax liabilities	23/C	280,315	426,555
Other liabilities	24	4,915,109	3,437,234
Total Liabilities		54,935,627	24,067,791
Equity of Unrestricted Investment Accounts			
Unrestricted investment accounts	25	102,382,426	-
Investment Risk Fund			
Investment Risk Fund	26	243,271	-
Shareholders' Equity			
Paid in capital	28	75,000,000	50,000,000
Share premium	28	10,605,800	35,780,800
Statutory reserve	29	19,572,440	19,572,440
Voluntary reserve	29	5,337,536	5,337,536
Fair value reserve	27	654,069	995,295
General banking risk reserve	29	300,000	1,000,000
(Accumulated losses) Retained earnings	30	(942,731)	1,814,811
Total Shareholders' Equity		110,527,114	114,500,882
Total Liabilities, Unrestricted Investment accounts and Shareholders' Equity		268,088,438	138,568,673

The accompanying notes from 1 to 58 form part of these financial statements



JORDAN DUBAI ISLAMIC BANK
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	31 December 2010 JD
Deferred sales revenues	31	2,057,815
Ijara Muntahia Bittamleek revenues	32	1,940,539
Local Wakala investments profits	33	231,900
International Wakala investments profits	34	343,240
Financial assets available for sale profits	35	662,991
Financial assets held to maturity profits	36	17,457
Financial assets held for trading profits	37	18,833
Investment in associate's profits		233,518
Foreign currencies revaluation profits	38	46,197
Revenues from unrestricted investments		5,552,490
Share of unrestricted investment account holders	39	(1,690,315)
Investment Risk Fund	26	(555,249)
Bank's share of unrestricted investment as a Mudarib and Rub Mal	40	3,306,926
Bank's self financed revenues	41	681,736
Gain from foreign currencies exchange	42	201,603
Banking services revenues	43	566,796
Other revenues	44	38,732
Total Income		4,795,793
Employees' expenses	45	4,246,301
Depreciation and amortization	15,16	424,403
Excess in allowance for impairment on direct credit facilities – self financed	9	(470,000)
Excess in other provisions	22	(250,000)
Other expenses	46	4,866,564
Total expenses		8,817,268
Loss before tax		(4,021,475)
Excess in income tax provision	23/B	563,933
Loss for the year		(3,457,542)
		JD/Fils
Earnings per share	47	(0/046)

The accompanying notes from 1 to 58 form part of these financial statements



JORDAN DUBAI ISLAMIC BANK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	31 December 2010 JD
Loss for the year		(3,457,542)
Add: Other Comprehensive income		
Net fair value reserve		(341,226)
Total Comprehensive income		(3,798,768)

The accompanying notes from 1 to 58 form part of these financial statements

JORDAN DUBAI ISLAMIC BANK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Paid in capital	Share Premium	Statutory reserve	Voluntary reserve	Fair value reserve	General banking risk reserve	(Accumulated losses) retained earnings	Total
	JD	JD	JD	JD	JD	JD	JD	JD
For the year ended 31 December 2010								
1 January 2010	50,000,000	35,780,800	19,572,440	5,337,536	995,295	1,000,000	1,814,811	114,500,882
Loss for the year	-	-	-	-	-	-	(3,457,542)	(3,457,542)
Changes in fair value reserve (note 27)	-	-	-	-	(341,226)	-	-	(341,226)
Total comprehensive income	-	-	-	-	(341,226)	-	(3,457,542)	(3,798,768)
Capital increase fees	-	(175,000)	-	-	-	-	-	(175,000)
Capital increase (note 28)	25,000,000	(25,000,000)	-	-	-	-	-	-
Transfers from reserves	-	-	-	-	-	(700,000)	700,000	-
Balance as of 31 December 2010	75,000,000	10,605,800	19,572,440	5,337,536	654,069	300,000	(942,731)	110,527,114

- Accumulated losses balance as of 31 December 2010 include an amount of JD 288,790 deferred tax assets which is restricted according to the Central Bank of Jordan regulations.
- The general banking risks reserve amounting to JD 300,000 as of 31 December 2010 is prohibited unless the Central Bank of Jordan authorises it.

The accompanying notes from 1 to 58 form part of these financial statements





JORDAN DUBAI ISLAMIC BANK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED IN 31 DECEMBER 2010

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	31 December 2010 JD
Loss for the year		(4,021,475)
Adjustments for non monetary items:		
Depreciation and amortization		424,403
Investment risk fund		555,249
Excess in allowance for impairment on direct credit facilities - Self financed		(470,000)
Excess in other provisions		(250,000)
Cash flows from operating activities before changes in operating assets and liabilities		(3,761,823)
Changes in assets and liabilities -		
Decrease in financial assets held for trading		119,012
Increase in deferred sales receivables and other receivables		(109,758,406)
Decrease in unconverted loans		18,254,205
Decrease in local Wakeleh investments		689,036
Increase in Ijara Muntahia Bittamleek assets		(7,511,373)
Increase in other assets		(2,437,664)
Increase in customer's current accounts		21,607,566
Increase in cash margin accounts		331,733
Decrease in other provision		(857,900)
Increase in other liabilities		1,477,875
Net cash used in operating activities before income tax paid		(81,847,739)
Income tax paid		(940,051)
Net cash used in operating activities		(82,787,790)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of financial assets available for sale		(2,682,326)
Increase in investment in associate		(117,642)
Net purchase of financial assets held to maturity		(1,337,064)
Purchase of intangibles assets		(1,043,155)
Purchase of property and equipment		(6,115,012)
Purchase of international Wakala investments		(31,344,000)
Net cash used in investing activities		(42,639,199)
Cash Flows From Financing Activities		
Increase in unrestricted investment accounts		102,382,426
Decrease in borrowed funds		(715,004)
Decrease in share premium (capital increase fees)		(175,000)
Net cash from financing activities		101,492,422
Net decrease in cash and cash equivalents		(23,934,567)
Cash and cash equivalents, beginning of the year		74,762,644
Cash and cash equivalents, end of the year	48	50,828,077

The accompanying notes from 1 to 58 form part of these financial statements



JORDAN DUBAI ISLAMIC BANK
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

(1) General

Jordan Dubai Islamic Bank - Jordanian public shareholding company - is the legal successor of Industrial Development Bank that was established in 1965 in accordance with a special law (Industrial Development Bank Law).

Law No. (26) Of 2009 was issued on 30 April 2008 for the cancellation of Industrial Development Bank, which cancelled Industrial Development Bank Law No. (5) of 1972. The Board of Directors have prepared the Bank's Articles of Association and bylaws in accordance with the Jordanian Companies Law and authorized by Companies Controller Department on 17 June 2008. The Bank's General Assembly decided to change the Bank's name to "Jordan Dubai Islamic Bank" after obtaining the required licenses from Central Bank of Jordan to operate as an Islamic bank, in accordance with the in force Banking Law.

The Bank's General Assembly approved in its extraordinary meeting held on 18 October 2008, the increase of the Bank's capital to 50 million shares, and to issue the capital increase which was entirely allocated to the strategic partner "Mesk Investment Company". Jordan Securities Commission approved, on 31 December 2008, the increase in the Bank's capital to 50 million shares. The General Assembly approved in its extraordinary meeting held on 28 October 2010, the increase of the Bank's Capital to 75 million at par value of JD 1 per share.

The Bank's principal activities include the provision of Shari'a compliant alternatives to the financial needs of customers currently being met through the Bank's main offices and its seven branches within the Kingdom, in accordance with the Banking Laws.

The financial statements were authorized for issue by the Bank's Board of Directors in their meeting No. (12011/) held on 17 February 2011 and it is subject to the approval of Shari'a Supervisory Board.

The Shari'a Supervisory Board issued its report in their meeting No. (12011/) held on 17 February 2011.

(2) Summary Of Significant Accounting Policies

Basis of preparation

- The accompanying financial statements for the Bank have been prepared in accordance with the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and in conformity with the applicable laws and regulations of the Central Bank of Jordan.
- The financial statements are prepared on the historical cost basis except for the financial assets available for sale that have been measured at fair value.
- The financial statements have been presented in Jordanian Dinars (JD) which is the functional currency of the Bank.
- Shareholders' equity is separated from the unrestricted investment account holders.
- Investment risk fund is used to cover the impairment in financing and investment accounts funded by the unrestricted investment accounts.

Changes in accounting policies

The conversion and restructuring of the Bank result in becoming an Islamic Bank, the Bank has adopted the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), from 1 January 2010.

No comparative figures have been presented for the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows since it was impractical to classify them in accordance with the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

The Bank shall adopt the issued International Financial Reporting Standards (IFRS) and its interpretation (IFRIC) in the absence of Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and until the issuance of such standards.

Accounting policies

The following are the significant accounting policies:



Segment reporting

Business segments represent distinguishable components of the Bank that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments and are measured based on the reports sent to the chief operating decision makers.

Geographical segments are associated to products and services provided within a particular economic environment, which are subject to risks and rewards that are different from those of other economic environments.

Basis of distribution of unrestricted investments profits between equity shareholders' and unrestricted investment accounts holders

10% of the investment profit for the Investment Risk Fund in accordance with Law No. (55) of Jordanian Banks Law.

The unrestricted investment accounts are entitled to the investments profit which is distributed among depositors in accordance to the agreed account terms.

Profit is distributed as follows:

- 50% of the minimum balance of JD saving accounts.
- 30% of the minimum balance of foreign currencies saving accounts.
- 65% to 85% of the average JD term accounts
- 30% to 39% of the average foreign currencies term accounts.

The Bank bears all administrative expenses, and no expenses are allocated to the unrestricted investment accounts.

Zakat

The responsibility of Zakat is on the shareholders and the unrestricted investment account holders.

The Zakat on investment in Bank's share is calculated as follows:

1. The Zakat applied to the purchased shares for the purpose of trading (selling it when the prices increase) is calculated as follows:

Zakat pool per share	=	market value per share
One share Zakat	=	Zakat pool per share 2.5775%*

* The percentage of Zakat for Hijri year is 2.5% and for Gregorian year is 2.5775%.

2. The Zakat applied by Islamic Shari'a on the purchased shares for generating profit with no intent of trading is 3.5 Jordanian piasters per share.

Deferred sales receivables

Murabaha contracts

Murabaha is selling the commodity for a purchase price plus an agreed profit margin based on a percentage of the price or fixed amount and it is part of Amanah Boyoo that depends on the price or cost.

Murabaha purchase order is the transaction whereby the bank sells a commodity according to the specifications requested by the buyer for a purchase price plus a certain profit margin (Murabaha-by-promise profit).

The Bank implements a commitment to the promise principle in Murabaha purchase orders in accordance with the standards issued by Accounting and Auditing Organization for Islamic Financial Institutions.

Deferred sales profit (by which the buyer will pay the price of the commodity at a future date in a lump sum or installment) is allocated to the financial periods until the maturity date, regardless whether the payment is settled in cash or credit.

Murabaha revenues are recognized when occurred by its nominal value, which are measured at the end of the financial period on the basis of monetary value expected to achieve.

Financial assets held for trading

Financial assets held for trading are those purchased with the intent to be resold in the near future to generate gains as a result of changes in market prices of such investments.



They are initially recognised at the fair value of consideration given and subsequently re-measured at fair value. All realised and unrealised gains or losses are transferred to the statement of income including any gains or losses resulting from the translation of such assets held in foreign currencies to the functional currency.

Returns dividends received are recognized when earned (when the right to receive dividends is established).

Financial assets available for sale

Available-for-sale financial investments are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity or loans and advances.

Subsequent to initial recognition, available for sale investments are re-measured at fair value with unrealised gains or losses recognised in owner's equity if self - financed and in unrestricted investment accounts if Jointly financed until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity or unrestricted investments accounts is recognised in statement of income.

The losses arising from impairment of such investments are recognised in the fair value reserve. Impairment on equity investment could be reversed only if the increase in the fair value occurred in a subsequent period of recording the impairment.

Gains or losses on equity interments resulting from foreign exchange changes are transferred to the cumulative change in fair value.

Financial assets available for sale which cannot be reliably measured at fair value are recorded at cost. Impairment on such assets is recognized in the statement of income.

Investments in Associates

The Bank's investment in associates is accounted for using the equity method of accounting. An associate is an entity in which the Bank has significant influence over financial and operating policies.

Under the equity method, investment in the associate is carried in the statement of financial position at cost plus the Bank's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. The statement of comprehensive income reflects the share of the results of operations of the associate.

Where there has been a change recognized directly in the equity of the associate, the Bank recognizes its share of any changes and disclose this, when applicable, in the statement of changes in equity. Profit and losses resulting from transactions between the Bank and the associate are eliminated to the extent of interest in the associate.

Fair value for financial assets

For investments quoted in an active market, fair value is determined by reference to quoted market prices.

For financial instruments where there is no active market fair value is normally based on comparison with the current market value of a highly similar financial instruments:

Where the fair value of an investment cannot be reliably measured, it is stated at the fair value of consideration given or amortised cost and any impairment in the value is recorded in the statement of income.

Impairment of financial assets

The Bank assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If such evidence exists, the recoverable amount is estimated in order to determine the amount of impairment loss to be recognised in the statement of income.

Leases and Ijara Muntahia Beltamleek

Leases are divided into:

Operating leases: are leases which do not transfer the risks and benefits incidental to ownership of the leased item to the lessee.

Ijara Muntahia

Beltamleek: are leases which transfer to the lessee the entire risks and benefits incidental to ownership of the leased item according to the Financial Accounting Standard issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

Assets acquired to be leased are measured at cost which includes direct costs incurred for making the asset ready for use at the date of lease agreement. Leased assets are depreciated over a useful life used by the Bank.



The carrying values of leased assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the leased assets are written down to their recoverable amount, and the impairment is recorded in the statement of income.

Revenues generated from lease agreement are allocated according to the financial periods included in the lease agreement.

Maintenance expenses incurred in relation to the leased assets are recognized when incurred.

Investment Risks Fund

The Bank appropriate 10% or more of the profit from jointly fund, this percentage increases based on the Central Bank of Jordan instructions, the amended percentage is applicable at beginning of proceeding year.

The balance of Investment Risks Fund turns to Zakat Fund after all expenses and losses covered, the investors do not have any right in the amounts deducted and accumulated in the Investment Risks Fund.

If losses occurred in some of the jointly financed operations that started and ended in the same year, they will be covered from the profits of the same year. If losses exceeded profits in the same year, they will be covered from the Investment Risk Fund.

If joint investment operations were initiated and continued from preceding years with losses, it should be covered from the fund.

Fair value for non financial assets

Market prices represent the fair value for non financial assets. In case where market prices are not available, they are assessed by taking average value of 3 assessments from experienced and certified parties.

Property and equipment

Property and equipment is measured at cost less accumulated depreciation and accumulated impairment in value. Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. Depreciation rates used are as follows:

Buildings	2%
Equipments, tools and furniture	15%
Vehicles	15%
Computers	20%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the statement of income.

The useful lives of property and equipment are reviewed annually. If expected useful lives vary from the estimated ones; the change in estimate is adjusted prospectively.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Intangible assets

Intangible assets shall be classified according to their useful life for a specified or unspecified period of time. Intangible assets which useful life is definite shall be amortized during that life, and amortization shall be recorded in the statement of income. As for intangible assets which useful life is indefinite; their impairment in value shall be reviewed at the date of financial statements and any impairment in their value shall be recorded in the statement of income.

Intangible assets arising from the Bank's operations shall not be capitalized and shall be recorded in the statement of income of the same year. Any indications of impairment of intangible assets shall be reviewed at the date of financial statements, in addition to reviewing the useful life of those assets and performing any amendments on subsequent years.

Repossessed assets by the bank against debts

Repossessed collateral are shown in the statement of financial position under "Other assets" at the lower of their carrying value or fair value. Assets are revalued at the reporting date on an individual basis and losses from impairment are transferred directly to the statement of income, while revaluation gains are not recognized as income. Reversal of previous impairment losses shall not result in a carrying value that exceeds the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.



Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Income Tax

Tax expense comprises current tax and deferred taxes.

Current tax is based on taxable profits, which may differ from accounting profits published in the statement of income. Accounting profits may include non-taxable profits or tax deductible expenses which may be exempted in the current or subsequent financial years.

Tax is calculated based on tax rates and laws that are applicable in the country of operation.

The Bank calculates a provision for income tax in accordance with Income Tax Law No. (57) of 1985, subsequent amendments and Income Tax Law No. (28) of 2009, and the International Accounting Standard No. (12) Which requires recognition of deferred taxes arising from time difference.

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on laws that have been enacted or substantially enacted at the reporting date.

The carrying values of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Offsetting

Financial assets and financial liabilities are only offset and the net amount is reported when there is a legally enforceable right to set off the recognized amounts and the Bank intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Revenue and expense recognition

Revenues and expenses are recognized based on accrual base except for revenue on non performing deferred sales and non performing facilities, on which revenue is transferred to the revenue in suspense account and not recognized in the statement of income.

Commission income is recognized upon rendering of services. Dividend income is recognized when the right to receive payment is established.

Trade date accounting

Sale or purchase of financial assets is recognized at the trade date, i.e. the date that the Bank commits to purchase or sell the asset.

Foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated to the functional currencies at the rates of exchange prevailing at the financial position date as published by the Central Bank of Jordan. Any gains or losses are taken to the statement of income.

Non-monetary assets and liabilities in foreign currencies carried at fair value are translated at the date in which the fair value was determined.

Translation gains or losses on non monetary items carried at fair value (such as shares) are included as part of the cumulative changes in fair value.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and cash balances with banks and financial institutions that mature within three months, less banks and financial institutions accounts that mature within three months and restricted balances.



(3) Use Of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required for non-performing credit facilities. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

- Impairment Provision for deferred sales and finances: the Bank appropriate 10% of net revenues from Joint financed and are transferred to the investment risk fund in accordance with the provisions of Article (55) of the Banks Law and compared with provisions as required by the Central Bank of Jordan.
- Income tax provision: the fiscal year is charged with its related income tax according to the laws and accounting standards. Also, the deferred tax assets and liabilities as well as the required tax provision are estimated and represented.
- Management periodically reevaluates the financial assets held at cost in order to assess if impairment required. Impairment on financial assets is recorded on the account of the financial assets financing party.

(4) Cash And Balances With Central Banks

	31 December 2010 JD	31 December 2009 JD
Cash on hand	2,238,810	-
Cash and balances with central bank:		
Current accounts	34,620,735	51,297,413
Statutory cash reserve	8,182,562	-
Total	45,042,107	51,297,413

Except for the statutory cash reserve there are no other restricted cash accounts as of 31 December 2010 and 2009.

(5) Balances At Banks And Financial Institutions

	31 December 2010 JD	31 December 2009 JD
Local banks and financial institutions –		
Current and on-Demand accounts	11,794,183	23,415,751
Foreign banks and financial institutions –		
Current and on-Demand accounts	4,626,787	49,480
Total	16,420,970	23,465,231

There are no restricted balances as of 31 December 2010 and 31 December 2009.

(6) International Wakala Investments

	Joint	
Mature:	2010 JD	2009 JD
Within a month	8,892,500	-
Month to three months	12,451,500	-
Three to six months	10,000,000	-
Total	31,344,000	-



(7) Financial Assets Held For Trading

This item represents the following:

	Joint	
	2010 JD	2009 JD
Quoted	-	119,012
Total	-	119,012

(8) Deferred Sales Receivables And Other Receivables-Net

This item represents the following:

	Joint		Self financed		Total	
	2010 JD	2009 JD	2010 JD	2009 JD	2010 JD	2009 JD
Individuals (retail)						
Purchase orderer Murabaha	4,683,136	-	764,185	-	5,447,321	-
Ijara Muntahia Beltamleek – receivables	3,299	-	-	-	3,299	-
Corporate						
International Murabaha	43,598,206	-	-	-	43,598,206	-
Purchase orderer Murabaha	59,999,600	285,588	-	-	59,999,600	285,588
Ijara Muntahia Beltamleek – receivables	3,193,995	-	-	-	3,193,995	-
Total	111,478,236	285,588	764,185	-	112,242,421	285,588
Less: deferred revenues	2,025,579	-	98,476	-	2,124,055	-
Suspended revenues	74,372	-	-	-	74,372	-
Impairment provision	311,978	-	-	-	311,978	-
Deferred sales receivable, other assets – Net	109,066,307	285,588	665,709	-	109,732,016	285,588

The non-performing deferred sales receivables and other receivables, finances and the Ijara Muntahia Beltamleek amounted to JD 938,610 representing 0.68% as of 31 December 2010 of deferred sales receivables and other receivables, finances and Ijara Muntahia Beltamleek (2009 : Nil).

The non-performing deferred sales receivables and other receivables, and the Ijara Muntahia Beltamleek net of the suspended revenues amounted to JD 870,947 representing 0.63% as of 31 December 2010 of deferred sales receivable, other receivables, and the Ijara Muntahia Beltamleek.(2009 : Nil).

Provision for impairment of the jointly financed facilities which is calculated based on portfolio (watch list) amounted to JD 91,328 and the provision calculated based on “single customer” amounted to JD 220,650 as of 31 December 2010.

	Joint		
	31 December 2010		
Suspended revenues	Retail JD	Corporate JD	Total JD
Beginning balance	-	-	-
Add: Suspended revenues for the year	481	310,508	310,989
Less: suspended revenues transferred to revenues	-	236,617	236,617
Ending balance	481	73,891	74,372

**(9) Unconverted Loans - Net**

This item represents unconverted loans in accordance with the Islamic Shari'a rules. Shari'a Supervisory Board of the Bank issued Fatwa stating that unconverted loans should be kept for the benefit of the shareholders until maturity date and not to be included in the joint investments accounts as of 1 January 2010. The Shari'a Supervisory Board has also decided that instalments until maturity are related to the shareholders.

	Self financed					
	2010			2009		
	Retail JD	Corporate JD	Total JD	Retail JD	Corporate JD	Total JD
Gross unconverted loans	422,381	6,431,148	6,853,529	707,653	25,682,398	26,390,051
Less:						
suspended revenues	-	32,056	32,056	-	346,859	346,859
Impairment provision	-	180,070	180,070	-	1,617,584	1,617,584
	422,381	6,219,022	6,641,403	707,653	23,717,955	24,425,608

Movement on unconverted loans impairment provision	Corporate
	2010 JD
Beginning balance	1,617,584
Less: Released to statement of incomes	470,000
Used during the year	967,514
Ending balance	180,070

General Banking reserve against receivables and self financed facilities amounted to JD 300,000 as of 31 December 2010 (2009: JD1,000,000).

Provisions that are no longer required due to settlements and reimbursements and transferred against other financing facilities, amounted to JD 1,016,033 (2009: JD 408,233).

Impairment provision of the Self financed facilities amounted to JD165,136 as of 31 December 2010 calculated based on single customer.

	Self financed		
	2010		
Suspended revenues	Retail JD	Corporate JD	Total JD
Beginning balance	930	345,929	346,859
Add: Suspended revenues during the year	-	19,866	19,866
Less: Suspended revenues transferred to revenues	930	17,880	18,810
Suspended revenues written off	-	315,859	315,859
Ending balance	-	32,056	32,056



(10) Financial Assets Available For Sale

	Joint	
	2010 JD	2009 JD
Quoted Investments:		
Equities	1,658,527	2,988,180
Islamic Sukuk	3,533,868	-
Total quoted investment	5,192,395	2,988,180
Unquoted Investments:		
Equities	132,774	142,129
Total unquoted financial assets available for sale	5,325,169	3,130,309

Financial assets available for sale amounted to JD 132,724 are carried at cost because the fair value cannot be measured reliably as of 31 December 2010 (2009: JD 142,129).

(11) Financial Assets Held To Maturity

	Joint	
	2010 JD	2009 JD
Quoted financial assets		
Islamic Sukuk	1,337,064	-
Total Quoted financial assets	1,337,064	-
Total financial assets held to maturity	1,337,064	-

The maturities of the financial assets held to maturity are as follows:

One to six months JD	Six months to year JD	One year to three years JD	More than three years JD
-	-	1,337,064	-

Sukuk gains are settled quarterly.

(12) Investment In Associate

	Percentage of ownership	Country	Principal activity	2010 JD
2010				
Jordan Blending and Packing of Fertilizers Company	25%	Jordan	Manufacturing	275,705

	Percentage of ownership	Country	Principal activity	2010 JD
2009				
Jordan Blending and Packing of Fertilizers Company	25%	Jordan	Manufacturing	158,063

The Bank exercises significant influence on the operations and financial activities for this company, accordingly the investment is recorded as investment in associate.



(13) Local Wakala Investments

	Joint	
	2010 JD	2009 JD
Local Wakala Investments	3,061,433	3,750,469
Total	3,061,433	3,750,469



(14) Ijara Muntahia Beltamleek Assets-Net

	Joint			Self financed			Total		
	Cost JD	Accumulated depreciation JD	Net JD	Cost JD	Accumulated depreciation JD	Net JD	Cost JD	Accumulated depreciation JD	Net JD
31 December 2010									
Ijara Muntahia Beltamleek -real estates	22,804,380	(4,922,605)	17,881,775	117,288	(981)	116,307	22,921,668	(4,923,586)	17,998,082
Ijara Muntahia Beltamleek -equipments	9,848,910	(1,212,269)	8,636,641	-	-	-	9,848,910	(1,212,269)	8,636,641
Total	32,653,290	(6,134,874)	26,518,416	117,288	(981)	116,307	32,770,578	(6,135,855)	26,634,723
31 December 2009									
Ijara Muntahia Beltamleek -real estate	16,522,742	(557,531)	15,965,211	-	-	-	16,522,742	(557,531)	15,965,211
Ijara Muntahia Beltamleek -equipments	3,158,139	-	3,158,139	-	-	-	3,158,139	-	3,158,139
Total	19,680,881	(557,531)	19,123,350	-	-	-	19,680,881	(557,531)	19,123,350

At 31 December 2010, total due Ijara installments amounted to JD 3,197,294 (2009: Nil). The amount was included in deferred sales receivables and other receivables (Note 8).

At 31 December 2010, non-performing Ijara amounted to JD 919,715 (2009: Nil), representing 3.45% (2009: Nil) of Ijara Muntahia Beltamleek balance.



(15) Property And Equipment, Net

2010	Land JD	Buildings JD	Equipment, Furniture & Fixtures JD	Vehicles JD	Computers JD	Total JD
Cost						
At 1 January	637,757	1,227,859	944,758	170,871	385,410	3,366,655
Additions	2,420,579	-	2,410,421	62,614	456,104	5,349,718
Disposals	-	-	383,682	36,850	9,052	429,584
At 31 December	3,058,336	1,227,859	2,971,497	196,635	832,462	8,286,789
Accumulated depreciation						
At 1 January	-	352,920	882,755	74,026	356,745	1,666,446
Depreciation	-	24,500	115,367	26,181	26,407	192,455
Disposals	-	-	380,030	36,850	8,973	425,853
At 31 December	-	377,420	618,092	63,357	374,179	1,433,048
Net book value at 31 December	3,058,336	850,439	2,353,405	133,278	458,283	6,853,741
Payments on purchasing of fixed assets	-	-	-	-	65,694	65,694
Projects under construction	-	-	2,027,121	-	265,018	2,292,139
Net Property and Equipment	3,058,336	850,439	4,380,526	133,278	788,995	9,211,574
2009-	Land JD	Buildings JD	Equipment, Furniture & Fixtures JD	Vehicles JD	Computers JD	Total JD
Cost						
At 1 January	637,757	1,227,859	1,005,183	251,306	732,175	3,854,280
Additions	-	-	2,310	57,370	28,102	87,782
Disposals	-	-	62,735	137,805	374,867	575,407
At 31 December	637,757	1,227,859	944,758	170,871	385,410	3,366,655
Accumulated depreciation:						
At 1 January	-	328,420	908,772	197,665	688,164	2,123,021
Depreciation	-	24,500	36,520	12,627	37,848	111,495
Disposals	-	-	62,537	136,266	369,267	568,070
At 31 December	-	352,920	882,755	74,026	356,745	1,666,446
Net book value at 31 December	637,757	874,939	62,003	96,845	28,665	1,700,209
Projects under construction	-	-	1,588,808	-	-	1,588,808
Net Property and Equipment	637,757	874,939	1,650,811	96,845	28,665	3,289,017

Fully depreciated property and equipment amounted to JD 766,792 as of 31 December 2010 (2009: JD 691,605).



(16) Intangible Assets

	2010			2009		
	Computers software JD	Fees and licenses JD	Total JD	Computers software JD	Fees and licenses JD	Total JD
Balance At 1 January	64,514	120,000	184,514	83,786	-	83,786
Additions	1,043,155	-	1,043,155	-	120,000	120,000
Amortization	111,948	120,000	231,948	19,272	-	19,272
Balance At 31, December	995,721	-	995,721	64,514	120,000	184,514

(17) Other Assets

	2010 JD	2009 JD
Government receivables – Ministry of Finance*	710,323	1,420,647
Al-Motrabetah Investment Company receivables **	6,362,648	4,224,140
Checks under collection	317,405	-
Repossessed asset against debts	2,094,694	2,092,824
Payments on subsidiary company under establishment	750,000	750,000
Prepaid expenses	525,624	158,125
Accrued revenues	416,145	-
Stationary and printing materials	34,279	7,288
Income tax deposit	181,946	-
Transactions in transit	113,708	-
Others	270,991	687,075
Total	11,777,763	9,340,099

* This item represents the foreign currency differences guaranteed by Ministry of Finance which will be settled over four instalments. Two instalments were collected during 2010.

** This item represents the amounts due from Motrabetah Investment Company as a result of the transferring venture capital fund loans amounting to JD 2,512,657, handicraft loans fund amounting to JD 23,234 and other loans converted to Motrabetah Investment Company for the amount of JD 3,826,757. The borrowed funds for the Bank are against the venture capital fund loans.

The movement for the repossessed assets against debts during the year is as follows:

	2010			2009
	Repossessed real estates JD	Repossessed equipments JD	Total JD	Total JD
Beginning balance	1,892,824	200,000	2,092,824	2,313,795
Additions	1,870	-	1,870	-
Disposal	-	-	-	(20,971)
Impairment loss	-	-	-	(200,000)
At 31 December	1,894,694	200,000	2,094,694	2,092,824

**(18) Bank And Financial Institutions Accounts**

	2010			2009
	Inside the kingdom JD	Outside the kingdom JD	Total JD	Total JD
Current accounts	10,635,000	-	10,635,000	-
Total	10,635,000	-	10,635,000	-

(19) Customers Current Account

	31 December 2010				
	Retail JD	Corporate JD	Small medium companies JD	Public and governmental sectors JD	Total
Current accounts	12,360,061	10,485,276	5,153,818	784,457	28,783,612
Total	12,360,061	10,485,276	5,153,818	784,457	28,783,612

	31 December 2009				
	Retail JD	Corporate JD	Small medium companies JD	Public and governmental sectors JD	Total
Current accounts	-	-	-	7,176,046	7,176,046
Total	-	-	-	7,176,046	7,176,046

- Public sector term accounts inside the Kingdom as of 31 December 2010 amounted to JD 784,457, which represents 2,73% (2009: 100% of the total customers' current accounts amounting to JD 7,176,046).
- The restricted accounts as of 31 December 2010 amounted to JD 425,894 which represent 1.48% at the total customers' current accounts (2009: Nil).
- The dormant accounts as of 31 December 2010 amounted to JD 143,466 (2009: Nil).

(20) Cash Margin Accounts

The details of this item are as follows:

	2010 JD	2009 JD
Margins against deferred sales receivables and finance	1,163,906	1,110,133
Margins against indirect facilities	580,494	128,918
Other margins	106,300	279,916
Total	1,850,700	1,518,967



(21) Borrowed Funds

	2010 JD	2009 JD	Total instalments	Remaining instalments	Last instalments date
European Investment Bank loans – Second loan	611,502	1,143,478	One	One	2013
European Investment Bank loans – Second loan	2,276,175	2,684,203	One	One	2017
Less: Investments financed by European Investment Bank	360,109	585,109			
Total	2,527,568	3,242,572			

The amount borrowed for the European Investment Bank bears no interest and against the receivables from Al-Motrabetah Investment Company as shown in Note (17).

(22) Other Provisions

The details of this account as follows:

	2010				
	Beginning balance JD	Provided during the year JD	Used during the year JD	Reversed to statement of income JD	Ending balance JD
End of service indemnity	919,123	-	857,900	-	61,223
Lawsuits provision	500,000	-	-	250,000	250,000
Total	1,419,123	-	857,900	250,000	311,223

	2009				
	Beginning balance JD	Provided during the year JD	Used during the year JD	Reversed to statement of income JD	Ending balance JD
End of service indemnity	761,984	255,758	98,619	-	919,123
Lawsuit provisions	-	500,000	-	-	500,000
Total	761,984	755,758	98,619	-	1,419,123

(23) Income Tax Provision

A- Income tax provision

	2010 JD	2009 JD
Beginning balance	6,847,294	21,343,490
Income tax paid	(940,051)	(10,356,180)
Income tax accrued	-	1,008,341
Transferred to Al-Motrabetah Company	-	(5,148,357)
Excess in prior year income tax	(275,143)	-
Ending balance	5,632,100	6,847,294

- The Bank reached a final settlement with the Income Tax Department for the year 2006.
- The Bank provided for provision for income tax for the years 2007 and 2008 amounted to JD 5,632,100. The Bank objected the tax assessments for the mentioned years and transferred it to tax court. The balances will be transferred to Al-Motrabetah Company after reaching settlement with the Income and Sales Tax Department.
- The Bank reached final settlement with the Income Tax Department for the year 2009.

**B- The income tax balance shown in the statement of income consist of the following:**

	2010 JD
Income tax for the year	-
Excess in prior year income tax	275,143
Deferred tax assets	288,790
Total	563,933

C- Deferred tax assets/liabilities

	2010			2009	Deferred tax	Deferred tax
	Balance beginning	Released during the year	Additions during the year	Ending balance		
A- Deferred tax assets-Self financed						
End of services indemnity provision	919,123	857,900	-	61,223	18,367	-
Lawsuits provision	500,000	250,000	-	250,000	75,000	-
Impairment for repossessed assets	560,084	-	-	560,084	168,025	-
Impairment for credit facilities (Watch list)	-	-	91,328	91,328	27,398	-
Total	1,979,207	1,107,900	91,328	962,635	288,790	-
B- Deferred tax liabilities-joint						
Fair value reserve – Joint	1,421,850	739,037	251,571	934,384	280,315	426,555
Total	1,421,850	739,037	251,571	934,384	280,315	426,555

The movement on deferred tax assets / liabilities accounts is as follows:

	2010		2009	
	Assets JD	Liabilities JD	Assets JD	Liabilities JD
Beginning balance	-	426,555	-	793,781
Additions for the year	288,790	75,471	-	-
Amortized during the year	-	(221,711)	-	(367,226)
Ending balance	288,790	280,315	-	426,555

D- Reconciliation for the accounting income and taxable income.

	2010 JD
Accounting losses	(4,021,475)
Less: Un-taxable profits	370,000
Add: Non-deductible expense	555,249
Taxable losses	(3,836,226)
Statutory tax rate	30%
Income tax provision net	-

(24) Other Liabilities

	2010 JD	2009 JD
Accrued expenses	1,685,303	1,568,559
Issued cheques	1,690,934	-
Shareholders and customers accounts	250,887	234,560
Customers' shares of profit for the jointly financed investments	82,211	-
Brokerage firm payables	42,038	105,193
Income tax provision for the banks share of saving fund	334,500	334,500
Temporary margins	67,540	-
Others	761,696	1,194,422
Total	4,915,109	3,437,234



(25) Unrestricted Investment Accounts

	31 December 2010				
	Retail JD	Corporate JD	Medium & small size JD	Public and governmental sector JD	Total JD
Saving accounts	4,701,520	320,716	29,139	-	5,051,375
Term accounts	46,255,562	22,020,784	1,511,038	25,984,664	95,772,048
Total	50,957,082	22,341,500	1,540,177	25,984,664	100,823,423
Depositors' share from investments' revenues	666,985	373,665	29,452	488,901	1,559,003
Total unrestricted investment accounts	51,624,067	22,715,165	1,569,629	26,473,565	102,382,426

Unrestricted investment accounts share of profit is calculated as follows:

- 50% of the minimum balance of saving accounts in JD.
- 30% of the minimum balance of saving accounts in foreign currencies.
- 65% to 85% of the average term accounts in JD.
- 30% to 39% of the average term accounts in foreign currencies.
- The percentage of the profits on the JD for the last quarter in 2010 is 3.19%.
- The percentage of the profits on the USD for the last quarter in 2010 is 1%.
- The unrestricted investments account for the public sector is amounted to JD 26,473,565 as of 31 December 2010, which represents 25.86% of the total unrestricted investment accounts.
- The restricted accounts as of 31 December 2010 amounted to JD 24,903 which represents 0.02% of the total unrestricted investment accounts (2009: Nil).

(26) Investment Risk Fund

	2010 JD
Beginning balance	-
Additions: transferred from unrestricted investment accounts revenue during the year	555,249
Ending balance	555,249

Investment risk fund balance is distributed as follows:

	2010 JD
Ijara Muntahia Beltamleek receivable	308,845
Deferred sales receivables	3,133
Remaining balance	243,271

**(27) Fair Value Reserve – Net – Joint**

This item represents the following:

	Financial assets available for sale			
	2010			2009
	Shares JD	Sukuk JD	Total JD	Total JD
Beginning balance	995,295	-	995,295	1,951,428
Unrealized gains (losses)	74,159	29,828	103,987	(827,361)
Gains on selling financial assets available for sale	(591,453)	-	(591,453)	(415,273)
Deferred tax liabilities	155,188	(8,948)	146,240	268,021
Recognized in statement of income due to impairment	-	-	-	18,480
Ending balance	633,189	20,880	654,069	995,295

* Share of unrestricted investment accounts is included in the cumulative change shown in the shareholders' equity.

(28) Paid In Capital And Share Premium

The authorized and paid in capital as of 31 December 2010 amounted to 75,000,000 JD consisting of 75,000,000 shares, at a par value of JD 1 per share. (2009: JD 50,000,000 /shares).

- Share premium as of 31 December 2010 is amounted to JD 10,605,800 (2009: JD 35,780,800).

- The General assembly approved in its extraordinarily meeting dated on 28 October 2010 the increase of capital by JD 25,000,000 by capitalizing part of the share premium.

(29) Reserves**Statutory reserve**

The accumulated amounts in this account represent the transferred 10% of annual profits before taxes during the year and the previous years, according to Banks and Companies Laws. This reserve is not available for distribution to shareholders.

Voluntary reserve

The accumulated amounts in this account represent the transferred 20% of annual profits before taxes during the year and the previous years. This reserve is used for purposes determined by the Board of Directors, and the General Assembly is entitled to distribute it or part of it to shareholders.

General banking risk reserve

This item represents the general banking risks reserve for deferred sales receivables and the Bank's self financed according to the Central Bank of Jordan's regulations.

The use of the following reserves is restricted:

Reserve name	2010	
	Amount/ JD	Note
Statutory reserve	19,572,440	Banks and Companies Laws
General banking risk reserve	300,000	Central Bank regulations



(30) (Accumulated Losses) Retained Earnings

	2010 JD	2009 JD
Beginning balance	1,814,811	(12,461,449)
Extinguishment of Accumulated losses	-	12,461,449
(Losses) profit for the year	(3,457,542)	1,814,811
Transferred from reserves*	700,000	-
Ending balance	(942,731)	1,814,811

* This balance represents the excess in general banking risk reserve for deferred sales receivables and self financed. The transfer was approved by the Central Bank of Jordan.

- As of 31 December 2010, the accumulated losses include an amount of JD 288,790 representing deferred tax assets and according to the Central Bank of Jordan this amount is not available for distribution.

(31) Deferred Sales Revenues

This item represents the following:

	2010	
	Joint JD	Self financed JD
International Murabaha	466,779	-
Purchase order Murabaha	1,591,036	1,970
Total	2,057,815	1,970

(32) Ijara Muntahia Beltamleek Revenues

This item represents the following:

	2010	
	Joint JD	Self financed JD
Ijara Muntahia Beltamleek – real state	12,746,780	3,303
Ijara Muntahia Beltamleek – Equipments	1,404,917	-
Depreciation for Ijara Muntahia Beltamleek assets	(12,211,158)	(981)
Total	1,940,539	2,322

(33) Local Wakaleh Investment Profits

This item represents the following:

	2010 Joint JD
Local Wakala investment profits (customers)	231,900
Total	231,900

**(34) International Wakalah Investment Profits**

This item represents the following:

	2010 Joint JD
International Wakala investment profits	343,240
Total	343,240

(35) Financial Assets Available For Sale Profits

This item represents the following:

	2010 Joint JD
Dividends	149,459
Profits from sales of financial assets available for sale	451,471
Gains from available for sale Sukuk	71,417
Less: impairment of financial assets available for sale	(9,356)
Total	662,991

(36) Financial Assets Held To Maturity Profits

This item represents the following:

	2010 Joint JD
Islamic Sukuk	17,457
Total	17,457

(37) Financial Assets Held For Trading Profits

This item represents the following:

	2010 Joint Realized profits JD
Shares	18,833
Total	18,833



(38) Foreign Currencies Revaluation Profits

This item represents the following:

	2010 Joint JD
Foreign currencies revaluation profits	46,197
Total	46,197

(39) Share Of Unrestricted Investment Account Holders

This item represents the following:

	2010 JD
Customers	
Saving accounts	13,691
Term accounts	1,676,624
Total	1,690,315

(40) Banks Share Of Unrestricted Investment Account As Mudarib And Rub Mal

This item represents the following:

	2010 JD
Bank share as Mudarib	609,169
Bank share as Rub Mal	2,697,757
Total	3,306,926

(41) Bank Self Financed Revenues

This item represents the following:

	Note	2010 Joint JD
Unconverted loans profits*		627,602
Ijara Muntahia Beltamleek revenues	32	2,322
Deferred sales revenues	31	1,970
Wakala investment profits (customers)		49,842
Total		681,736

* This item represents interest on unconverted loans that was not part of the investment pool for the shareholders until they recover the paid in capital. As for excess amount the Islamic advice to donate.

**(42) Gain From Foreign Currencies Exchange**

This item represents the following:

	2010 JD
Trading in foreign currency	201,603
Total	201,603

(43) Bank Services Revenues

This item represents the following:

	2010 JD
Indirect facilities commissions	186,125
Direct facilities commissions	265,453
Other commissions	115,218
Total	566,796

(44) Other Revenues

This item represents the following:

	2010 JD
Gain from sales of fixed assets	9,661
Other revenues	29,071
Total	38,732

(45) EMPLOYEES' EXPENSES

This item represents the following:

	2010 JD
Salaries, benefits, allowances and bonuses	3,649,613
Bank's contribution to social security	336,444
End of service indemnity	12,852
Medical expenses	165,601
Training	57,621
Insurance expenses	12,124
Other employees' expenses	12,046
Total	4,246,301



(46) Other Expenses

This item represents the following:

	2010 JD
Rent and key money	308,181
Stationary and printing materials	129,075
Telecommunications	196,240
Utilities	93,261
Travel and transportation	230,233
Marketing and advertising	1,030,024
Subscription and fees	150,106
Cleaning expenses	92,637
Licenses and governmental fees	19,270
Board of directors meetings expenses	67,052
Information technology expenses	68,477
Security and insurance expenses	95,421
Donations	34,801
Management and consulting fees	1,765,634
Professional fees	104,127
Board of directors remuneration	55,000
Others	427,025
Total	4,866,564

(47) Earnings Per Share

This item represents the following:

	2010 JD
Losses for the year	(3,457,542)
Weighted average number of shares	75,000,000
Basic and diluted earnings per share (JD/ Files)	(0.046)

(48) Cash And Cash Equivalents

This item represents the following:

	2010 JD	2009 JD
Cash balances with CBJ maturing within three months	45,042,107	51,297,413
Add: cash at banks and financial institutions maturing within three months	16,420,970	23,465,231
Less: banks and financial institutions accounts maturing within three months	(10,635,000)	-
Total	50,828,077	74,762,644

**(49) Related Party Transactions**

The Bank entered into transactions with shareholders, board members and subsidiary companies using normal rates of Murabaha and trade commissions.

Below is a summary of related party transactions.

	Mesk Investment Company (parent company) JD	Board of directors JD	Subsidiary under establishment JD	Dubai Islamic Bank JD	Shari'a Supervisory Board members JD	31 December 2010 JD
Statement of financial position items						
Balances in banks and financial institutions	-	-	-	294,899	-	294,899
International Wakala investment	-	-	-	3,545,000	-	3,545,000
Unrestricted investments accounts and current accounts	332,075	12,847	684,558	-	-	1,029,480
Deferred sales receivables	-	53,514	-	-	-	53,514
Off financial position items						
Letters of guarantees	-	-	150,000	-	-	150,000
Statement of Income items						
Dividends	5,711	-	7,569	-	-	13,280
Salaries and bonuses	-	55,000	-	-	55,206	110,206
Transportation	-	134,457	-	-	-	134,457
Management and consulting fees	-	-	-	1,394,249	-	1,394,249

The lowest received Murabaha percentage was 6.5% and the highest was 6.5% and the lowest dividends parentage in JD was 2.62% and the highest was 3.74%.

Executive management salaries and benefits for the year ended 31 December 2010 amounted to JD 1,588,166.

(50) Fair Value Of Financial Assets And Liabilities Unrecorded At Fair Value In The Financial Statements

There are no significant differences between book value and fair value of the financial assets and liabilities in the financial statements.

(51) Risk Management

The Bank manages its various banking risks through several means according to a comprehensive and objective strategy that defines these risks and eliminates their impact through the department and committees concerned with risk management. The Bank's Board of Directors is deemed the highest body in charge with carrying out the operations of the Bank. Accordingly, the Board is ultimately responsible for managing the risks faced by the Bank through its committees.

Risk Management and Regulatory Compliance Department reports and is subject to the Bank's Control Line as well as internal control through the Internal Audit Division, the CEO, Shari'a Supervisory Board, and the Board of Directors. This Division designs policies concerned with managing, analyzing and measuring all sorts of risks; and developing advanced techniques to hedge against all risks affecting the Bank's profitability and capital adequacy. It also reports on a regular manner to the Board of Directors describing the latest developments regarding work programs of all departments of Risk Management Division in the Bank for assessment and recommendation purposes.

The Bank seeks, in coordination with the Central Bank of Jordan, to attain a proper level of capital to cover risks included in Basel II. In this context, the Bank developed its technologies at all levels to promote the Bank's services, closely control risks and develop necessary programs to measure these risks in accordance with the nature and size of the Bank's activity. The Bank as well pays attention to human resources by enhancing employees skills and enrolling them in training programs related to the application of Basel II properly, in addition to focusing on technology and risks management according to Basel II.



The Risk Management and Regulatory Compliance Department includes the following divisions:

1. Credit Risks

Credit risks can be generally defined as risks arising from the borrower or any third party's failure or unwillingness to fulfil his liabilities, according to the agreed conditions, which in turn causes financial losses to the Bank.

Credit Risk Department is concerned with enhancing the Bank's credit policy and meeting the requirements of systems and regulations set by the Central Bank of Jordan and Basel II Committee.

Credit risks in the Bank arises from financing and investment operations, including:

- Credit and financing operations risks.
- Risks of the borrower himself and his activities.
- Risks of one-formula financing operations.
- Risks of Islamic financing instruments.

In this respect, the Bank is concerned with controlling and regulating credit risks throughout:

- Managing and regulating credit portfolio risks through a number of committees, namely the Risk Management Committee of the Board of Directors.
- Monitoring credit, defining authorities of providing facilities, and adopting clear and specific conditions in financing operations.
- Monitoring permitted credit and facility limits, issuing reports necessary for ensuring non occurrence of any violations of these limits and controlling quality.
- Having various financing and investment activities to avoid credit concentration risks for individuals, groups, or customers in certain geographical areas, a certain economic activity, or in financing instruments or products.
- Managing problematic debts, to achieve less credit losses by the Bank.
- Separating marketing divisions from credit and risk management divisions.

Risk Management Department presents risk reports to the Board of Directors to make the necessary recommendations. These reports shall include a summary of the most significant risks faced by the Bank along with techniques of measurement, control and regulation.

Credit Risk Measurement:

The Bank controls its capital degree of its capital adequacy through adopting the proper methods to measure credit risks so it is possible to measure capital adequacy compared with assets, contracts and commitments enrolled in the balance sheet according to their extent of riskiness.

Credit Risk Classification System:

The Bank prepares a system for the classification of credit risks so as to define the credit quality for each facility at provision and monitor this quality along the life of such a facility on a regular basis, in order to define any deterioration potentially occurring and assess the quality of the facilities of credit portfolio as a whole on a regular basis to enhance credit portfolio management, reflecting in turn prices and profits of financing.

Credit Risk Reductions:

The Bank uses different techniques to prevent and reduce credit risks through defining the volume and value of required guarantees and the value of mortgage receipts based upon credit provision standards followed by the Bank and upon the credit study of facilities and degree of riskiness expected along with completion of all aspects of control on facilities and sources of payment.

2. Market Risks:

Market risks can be defined as those risks faced by the Bank as a result of changes in rates of exchange, financial securities and commodities prices. The Bank adopts a conservative policy, having risk being reduced or set within minimal limits.

3. Operational Risks

The Operational Risks Unit works according to a certain framework of operational risks management. This framework includes policies and procedures explaining the mechanism through which risks are defined, assessed, processed in priority, and then reduced or brought under control through available reduction mechanisms and control activities, which can in turn work on reducing the possibility of occurrence of risks and control of any negative effects arising from any event classified as an operational risk.

This Unit also has started, in cooperation with all other work lines and career areas within the Bank, to establish workshops for purposes of self-based assessment of risks and regulations in order to define and measure all factors of risk surrounding the Bank's



operations, activities, products and services, along with assessment of control effectiveness; preparation of practical plans to process any problems and faults potentially appearing within this process; development of risk profile at the Bank's level; designation and identification of key risk indicators to assure continuity of control on risk factors, and reporting and recommendations regarding them.

This Unit, in cooperation with certain bodies, will develop a program concerned with collecting and reporting operational losses potentially faced, and training those in charge in all work units and career areas on using this program.

Operational risks are measured, as stated in the Central Bank of Jordan's regulations as per Basel II, by basic indicator approach.

Operational risks are as well known as: «risks of loss arising from inadequacy or failure in internal operations, personnel or systems, from external events, or even from events caused by incompliance with the Islamic rules and regulations. This definition of operational risks includes legal risks».

4. Reputation Risks

We consider reputation risks as being the negative effects on the Bank's reputation arising from its incompliance with the Islamic rules and regulations and/or failure to fulfill its credit duties toward all cash providers, and/or manage its affairs in an efficient and effective manner, and/or manage all other sorts of risks faced by the Bank. This will lead to several negative impacts; including loss of trust and accordingly decrease of the customers' base, increase in expenses, decrease in profits.

Compliance and Legal Department:

1. Compliance Control

The Bank's compliance with control bodies' requirements is deemed as one of the most important factors of success and development of the Bank's operations and quality of services offered to customers. The Bank established the Compliance Control Department that is concerned with revising all requirements of control bodies and ensuring their reflection on internal procedures and policies. This protects the Bank from any risks arising from incompliance with these requirements, such as legal, reputation and concentration risks.

This Department also plays an effective role in protecting the utilization of the Bank's services and products in money laundering and terrorism financing operations. All banking operations are monitored and verified. In addition, the Compliance Control Department has an important role in supervising the Bank's identification of customers and the validity of their activities and cash resources which ensures that the Bank deals with customers of good reputation and status.

2. Legal Risk

Legal risks are these which may arise directly or indirectly from one or more of events stated in the Operations Risks Definition (individuals, internal operations, systems and external events), or from the Bank's incompliance with the laws and regulations in effect which may incur fines or financial liabilities. Legal risks may arise also from judicial procedures charged by third parties against the Bank, where insufficiency of documents, absence of legal capacity, and invalidity or unenforceability of contracts resulting from improper documentation are deemed as causes of legal risks.

The Legal Division assumes the responsibility for these risks. It verifies all contracts and documents related to the Bank's transactions in addition to the legal follow-up of the debited parties to the Bank in coordination with the Risk Management and Regulatory Compliance Division, and the close follow-up of lawsuits to which the Bank is a party.



(52/ A) Credit Risk

1) Credit risk exposure (After Impairment Provision, and Before Guarantees and Other Risk Reducers):

	Joint JD	Self financed JD
Statement of financial position items:		
Balances with Central Banks	42,803,297	-
Balances at banks and financial institutions	16,420,970	-
International Wakala investments	31,344,000	-
Deferred sales receivables and other receivable		
Retail	10,160,325	880,492
Real-estate financing	6,713,202	-
Companies		
Corporate	120,811,147	-
Unconverted loans		
Retail	-	422,381
Real-estate financing	-	47,060
Companies		
Corporate	-	6,204,018
Local Wakala investments		
Public and governmental sectors	3,061,433	-
Sukuk		
Within financial assets available for sale	3,533,868	-
Within financial assets held to maturity	1,337,064	-
Other assets	7,084,176	-

Off statement of financial position items:		
Letters of guarantees	-	1,173,661
Letters of credits	-	3,843,490
Acceptances	-	1,410,737
Unutilized limits	11,885,968	-
Total	255,155,450	13,981,839



2) Classifications of the deferred sales receivables and other receivables, based on the level of risks according to central bank of Jordan instructions:

Credit exposures are classified by the level of risks according to the following table:

	Joint						Self financed				
	Retail JD	Real-estate financing JD	Corporate JD	Public and government sectors JD	Banks and financial institutions JD	Total JD	Retail JD	Real-estate financing JD	Corporate JD	Total JD	Grand total JD
2010											
Low risk	38,249	-	-	-	-	38,249	-	-	1,121,439	1,121,439	1,159,688
Acceptable risk	10,106,314	6,016,769	114,801,450	3,061,433	16,420,970	150,406,936	1,302,873	47,060	4,829,815	6,179,748	156,586,684
Past due:											
Up to 30 days	-	-	2,470,121	-	-	2,470,121	-	-	1,129,456	1,129,456	3,599,577
From 31 to 60 days	19,668	-	1,365	-	-	21,033	-	-	928,813	928,813	949,846
Watch list	-	-	6,095,260	-	-	6,095,260	-	-	-	-	6,095,260
Non performing:											
Substandard	18,895	-	-	-	-	18,895	-	-	143,812	143,812	162,707
Doubtful	-	459,179	-	-	-	459,179	-	-	-	-	459,179
Loss	-	452,542	7,994	-	-	460,536	-	-	289,022	289,022	749,558
Total	10,163,458	6,928,490	120,904,704	3,061,433	16,420,970	157,479,055	1,302,873	47,060	6,384,088	7,734,021	165,213,076
Less: Suspended revenue	481	66,602	7,289	-	-	74,372	-	-	32,056	32,056	106,428
Less: Allowance for impairment losses	3,133	215,288	93,557	-	-	311,978	-	-	180,070	180,070	492,048
Net	10,159,844	6,646,600	120,803,858	3,061,433	16,420,970	157,092,705	1,302,873	47,060	6,171,962	7,521,895	164,614,600



The following table shows the distribution of collaterals measured at fair value over deferred sales and other receivables:

	Joint				Self financed				Grand total JD
	Retail JD	Real-estate financing JD	Corporate JD	Total JD	Retail JD	Real-estate financing JD	Corporate JD	Total JD	
2010									
collaterals									
Low risk	51,730	-	2,043	53,773	-	120,000	1,110,133	1,230,133	1,283,906
Acceptable risk	8,106,133	4,821,991	3,703,502	16,631,626	1,042,298	-	51,133,823	52,176,121	68,807,747
Watch list	-	-	9,896,295	9,896,295	-	-	-	-	9,896,295
Non performing:									
Substandard	16,500	-	-	16,500	-	-	1,148,769	1,148,769	1,165,269
Doubtful	-	3,500,000	-	3,500,000	-	-	-	-	3,500,000
Loss	-	424,449	74,426	498,875	-	-	451,357	451,357	950,232
Total	8,174,363	8,746,440	13,676,266	30,597,069	1,042,298	120,000	53,844,082	55,006,308	85,603,449
Comprising of:									
Cash margin	51,730	-	2,043	53,773	-	-	1,110,133	1,110,133	1,163,906
Letter of guarantees	-	-	-	-	-	120,000	81,600	201,600	201,600
Real-estate	4,381,703	8,746,440	13,506,975	26,635,118	430,950	-	52,652,349	53,083,299	79,718,418
Vehicles and machinery	3,740,930	-	167,248	3,908,178	611,348	-	-	611,348	4,519,526

3) Sukuk:

Sukuk classifications are detailed as follows according to external rating agencies:

Rating	Rating agency JD	Within financial assets held to maturity JD	Within financial assets available for sale JD	Total JD
A	Fitch	-	707,901	707,901
A+	Fitch	-	2,825,967	2,825,967
A3	Moody's	1,337,064	-	1,337,064
Total		1,337,064	3,533,868	4,870,932



4) Credit concentration based on geographic distribution is as follows:

	Inside Jordan JD	Other middle eastern countries JD	Europe JD	Asia JD	Americas JD	Other countries JD	Total JD
2010							
Balances with Central Banks	42,803,297	-	-	-	-	-	42,803,297
Balances at banks and financial institutions	11,794,184	411,359	2,576,560	16,294	1,609,391	13,182	16,420,970
International Wakala investments	-	31,344,000	-	-	-	-	31,344,000
Deferred sales receivable and other receivable							
Retail	11,040,817	-	-	-	-	-	11,040,817
Real-estate financing	6,713,202	-	-	-	-	-	6,713,202
Companies:							
Corporate	77,212,941	43,598,206	-	-	-	-	120,811,147
Unconverted loans							
Retail	422,381	-	-	-	-	-	422,381
Real-estate financing	47,060	-	-	-	-	-	47,060
Companies							
Corporate	6,204,018	-	-	-	-	-	6,204,018
Local Wakala investment							
Public and governmental sectors	3,061,433	-	-	-	-	-	3,061,433
Sukuk							
Within financial assets available for sale	-	3,533,868	-	-	-	-	3,533,868
Within financial assets held to maturity	-	1,337,064	-	-	-	-	1,337,064
Other assets	7,084,176	-	-	-	-	-	7,084,176
Total	166,383,509	80,224,497	2,576,560	16,294	1,609,391	13,182	250,823,433



Deferred sales receivables, other receivables, and scheduled financings:

These are the receivables were classified as "non-performing" facilities, and subsequently removed and included under «Watch List» based on proper rescheduling. The sum of these receivables amounted to JD 824,766 as of 31 December 2010 (2009: JD 1,262,281).

Deferred sales receivables, other receivables, and rescheduled financing:

Restructuring is reorganizing receivables in terms of instalments, extending the term, deferment of instalments, or extending the grace period and accordingly are classified as «Watch List». The sum of these receivables amounted to JD 5,600,000 as of 31 December 2010 (2009: Nil)

5) Concentration in credit exposures based on economic sectors is as follows:

	Financial JD	Industrial JD	Trade JD	Real-estate JD	Retail JD	Public and governmental sectors JD	Total JD
2010							
Balances with Central Banks	42,803,297	-	-	-	-	-	42,803,297
Balances at banks and financial institutions	16,420,970	-	-	-	-	-	16,420,970
International Wakala investments	31,344,000	-	-	-	-	-	31,344,000
Deferred sales receivable and other receivables	10,909,545	34,318,884	75,582,718	6,713,202	11,040,817	-	138,565,166
Unconverted loans	-	6,204,018	-	47,060	422,381	-	6,673,459
Local Wakala investments	-	-	-	-	-	3,061,433	3,061,433
Within financial assets available for sale	3,533,868	-	-	-	-	-	3,533,868
Within financial assets held to maturity	1,337,064	-	-	-	-	-	1,337,064
Other assets	7,084,176	-	-	-	-	-	7,084,176
Total	113,432,920	40,522,902	75,582,718	6,760,262	11,463,198	3,061,433	250,823,433

**(52/B) Market Risks**

The Bank follows certain financial policies concerned with managing different risks within a specific strategy. There is also a committee concerned with managing assets and liabilities in the Bank and is charged with monitoring and regulating risks, and conducting the best strategic distribution for all assets and liabilities whether inside or outside the balance sheet. Its responsibilities include:

- Updating the investment policy followed by the Bank, submitting it to the Board of Directors to be approved on a regular basis, and revising the investment policy implemented and assessing its results against the banking market and competitive indicators.
- Composing investment decision-making committees and distributing authorities, going with the Bank's investment policy.
- Preparing an annual investment plan, in line with its expectations of revenues and changes in market rates, including risk-reduced investment instruments available in the market.
- Preparing reports for the Assets and Liabilities Committee, in which any unexpected changes in rates of financial investments are monitored to mitigate risks of change in market rates.

1- Rate of Return Risks

Risks of return rate arise from the increase of long-term fixed rates in the market, since they do not immediately match with the changes in high returns index. Necessary procedures must be taken to ensure the existence of administrative procedures related to reviewing, measuring and monitoring of return rate risks in addition to reporting, controlling them and ensuring the soundness of their structure.

The Bank is exposed to return rate risks as a result of a gap between assets and liabilities according to their various terms and re-pricing return rate and subsequent transactions in a certain period. The Bank manages these risks by determining the rates of future profits according to the expectations of market conditions and developing new instruments that comply with the Islamic rules and regulations through the Bank's risk management strategy.

1. Attaining the best returns available in the market based on the (Libor) indicator as a standard and a (Benchmarks) for both the investments and the portfolios managed by the Bank.
2. Risks resulting from these investments are taken into account, depending on the option of diversity based on countries, institutions and regions in a manner that ensures the elimination of risks' impacts resulting from those investments.
3. The Bank is committed to managing investments based on matching between the Bank's liabilities, represented by term accounts and assets in foreign currencies represented in turn by investments in foreign currencies, where specified term accounts are invested in short term investments and the long term accounts are invested in medium or long term investments.

2- Foreign Currency Risks

Foreign currency risks are managed on basis of (spot) transactions rather than (forward) transactions, where foreign currency positions are monitored daily in addition to the position limits of each currency, as the general policy adopted by the Bank in managing foreign currency is based on the immediate liquidation of positions and covering the required positions according to customers' needs. The regulations of the Central Bank of Jordan shall be adopted with relation to open positions in foreign currency against each other, which stipulate that the licensed banks must possess open (long and short) positions in foreign currencies not exceeding 5% of shareholders' equity for each currency. The US Dollar shall be excluded since it can be regarded as a base currency for this purpose, provided that the gross position of all currencies would not exceed 15% of the total shareholders' equity.

2010 currency	Change in the indicator	Impact on losses JD	Impact on equity JD
Dollar	(5%)	105,379	-
Euro	(5%)	372	-
Sterling pound	(5%)	109	-
Japanese Yen	(5%)	416	-
Other currencies	(5%)	5,398	-



3- Equity Price Risk:

The policy followed by Treasury Department as related to shares and securities management is based on analyzing financial indicators of these prices and fairly assessing them depending on shares' assessment forms, taking into consideration the change in fair value of investments managed by the Bank through diversifying investments and economic sectors.

2010 Indicator	Change in the indicator	Impact on profits losses JD	Impact on owner equity JD
Amman stock market	(5%)	-	82,926
Foreign markets	(5%)	-	176,693

4- Commodities Risks

Commodities risks are caused by any fluctuations in prices of tradable or leasable assets, and related to the current and future fluctuations in market values of specific assets. The Bank is exposed to fluctuations in prices of fully-paid commodities after concluding the sale contracts and during the year of possession, in addition to being exposed to the fluctuation in the residual value of leased asset as in the end of lease term.

Concentration in foreign currencies risks:

	US Dollar JD 000	Euro JD 000	Sterling Pound JD 000	Japanese Yen JD 000	Others JD 000	Total JD 000
Assets						
Cash and balances with Central Bank	2,604	175	62	-	17	2,858
Balances at Banks and financial institutions	1,898	1,752	831	79	309	4,869
Deferred sale receivables	2,171	938	660	-	-	3,769
International Wakala Investment	11,344	-	-	-	-	11,344
Financial assets available for sale	3,534	-	-	-	-	3,534
Financial assets held to maturity	1,337	-	-	-	-	1,337
Other assets	29	-	-	-	-	29
Total assets	22,917	2,865	1,553	79	326	27,740
Liabilities						
Banks and financial institutions' accounts	10,635	-	-	-	-	10,635
Customers' accounts (current, saving, term)	9,641	2,856	1,550	70	218	14,335
Cash margins accounts	514	-	-	-	-	514
Other liabilities	19	2	2	-	-	23
Total liabilities	20,809	2,858	1,552	70	218	25,507
Net concentration inside current year's balance sheet	2,108	7	1	9	108	2,233
Potential liabilities outside current year's balance sheet	5,185	69	-	-	-	5,254

**(52/C) Liquidity Risks**

Within the framework of the Bank's general strategy to generate optimal return on its investments, the Liquidity Division ensures the Bank's ability to meet short- and long-term cash obligations. The Bank's cash liquidity is reviewed and managed in periods. The cash obligations and available funds are assessed daily at the branch level by the branch's management and treasury department, and by the financial control and treasury department at the Bank's level. Moreover, review and analysis of cash liquidity and the Bank's assets and liabilities are done on a monthly basis, in addition to analyzing maturity terms of assets and liabilities to ensure balance. This also includes the analysis of sources of funds in accordance with the nature of sources and uses.

First: Distributing the assets and liabilities on grounds of residual periods as of the date of financial statements is detailed as follows:

	Due in less than a month JD 000	Due in 1-3 months JD 000	Due in 3-6 months JD 000	Due in 6 months 1 year JD 000	Due in 1-3 year JD 000	Due in more than 3 years JD 000	Without maturity JD 000	Total JD 000
Liabilities								
Bank and financial institutions' accounts	10,635	-	-	-	-	-	-	10,635
Customers' current accounts	28,784	-	-	-	-	-	-	28,784
Cash margins accounts	1,851	-	-	-	-	-	-	1,851
Borrowed funds	-	-	-	-	611	1,917	-	2,528
Other provisions	-	-	-	-	-	-	311	311
Income tax provision	-	-	-	5,632	-	-	-	5,632
Deferred tax liability	-	-	-	-	-	-	280	280
Other liabilities	4,197	83	-	-	335	300	-	4,915
Investment risk fund	-	-	-	-	-	-	243	243
Unrestricted investment accounts	26,635	33,359	14,250	28,138	-	-	-	102,382
Total	72,102	33,442	14,250	33,770	946	2,217	834	157,561
Total assets	123,500	53,499	28,196	8,185	4,847	37,493	12,368	268,088

Second: Off-financial position items

	Until year	
	2010 JD	2009 JD
letters of credit and acceptances	5,254,227	-
Guarantees	1,173,661	1,001,456
Unutilized limits	11,885,968	9,213,319
	18,313,856	10,214,775



(53) Segment Information

a. Information on the Bank's Activities

The Bank is structured for administrative purposes, through four major business sectors.

Individual's Accounts:

This sector handles individual unrestricted investment accounts, deferred sales receivables, financings, and other services.

Corporate Accounts:

This sector handles unrestricted investment accounts, deferred sales receivables, financings, and other banking services related to corporate customers.

Investments in Assets:

This sector handles investments in renting and real-estate.

Treasury:

This sector handles the services of brokerage, treasury and management of the Bank's funds.

Information on the Bank's segments according to activities is shown as follows:

	Retail JD 000	Corporate JD 000	Treasury JD 000	Others JD 000	2010 JD 000	2009 JD 000
Total revenues (joint and self financed)	(1,258)	4,411	2,197	-	5,350	
Investment risks fund share of joint Investment accounts revenues	(18)	(537)	-	-	(555)	
Results of segment's operations	(1,276)	3,874	2,197	-	4,795	
Undistributed expenses	(4,145)	(2,820)	(1,852)	-	(8,817)	
Losses for the year before tax	(5,421)	1,054	345	-	(4,022)	
Excess in tax	294	216	54	-	564	
Loss for the year	(5,127)	1,270	399	-	(3,458)	
Segment's assets	10,462	92,013	143,342	-	245,817	127,183
Undistributed assets	-	-	-	22,271	22,271	11,386
Total assets	10,462	92,013	143,342	22,271	268,088	138,569
Segments liabilities	64,111	71,432	121,163	-	256,706	126,439
Undistributed assets	-	-	-	11,382	11,382	12,130
Total liabilities	64,111	71,432	121,163	11,382	268,088	138,569
Capital expenditure	-	-	-	-	6,119	
Depreciation and amortization	-	-	-	-	424	

**Information on Geographical Distribution-**

The Bank performs its operations mainly in Jordan which represents the local operations.

Distribution of the Bank's revenues, assets and capital expenses according to geographical area is detailed as follows:

	Inside Jordan		outside Jordan	
	2010 JD 000	2009 JD 000	2010 JD 000	2009 JD 000
Total assets	187,142	138,520	80,946	49
Total revenues	4,455	-	895	-
Capital expenses	6,119	1,677	-	-

(54) Capital Management

The Bank takes into account the Central Bank's instructions requiring adequate capital to cover a specific ratio of risk weighted assets in line with the nature of the financing provided and direct investment. Capital is composed for this purpose of the Central Bank requirements related to corporate capital (which is the basic capital and additional capital).

Capital management aims at investing funds in financial instruments of different risks (between high and low risks) for attaining a good return and achieving the minimum capital adequacy ratio required by the Central Bank of Jordan is 12%.

Capital adequacy is calculated based on central bank of Jordan instructions which refer to "Basel". The following is the capital adequacy details.

	2010 JD 000	2009 JD 000
Basic capital items	108,288	112,320
Paid in capital	75,000	50,000
Share premium	10,606	35,781
Statutory reserve	19,572	19,572
Voluntary reserve	5,338	5,338
(Accumulated losses) retained earnings	(1,232)	1,814
Deduct: intangible assets	996	185
Additional capital	628	1,448
Fair value reserve	294	448
General Banking risk reserve	334	1000
Total corporate capital	108,916	113,768
Total risk weighted assets	155,085	65,664
Capital adequacy ratio (%)	70.23%	173.26%
Basic capital ratio (%)	69.82%	171.05%



(55) Assets And Liabilities Maturity Analysis:

Analysis of both assets and liabilities, expected to be retrieved or settled, is detailed per period as follows:

	Within one year JD 000	More than year JD 000	Total JD 000
Assets			
Cash and balances with Central Bank	45,042	-	45,042
Balances at Banks and financial institutions	16,421	-	16,421
International Wakala investments	31,344	-	31,344
Deferred sale receivables and other receivables, net	104,621	5,111	109,732
Unconverted loans-net	6,641	-	6,641
Financial assets available for sale	1,791	3,534	5,325
Financial assets held to maturity	-	1,337	1,337
Investment in associate	276	-	276
Local Wakala investments	205	2,856	3,061
Ijara Muntahia Beltamleek assets, net	7,763	18,872	26,635
Property and equipment	-	9,212	9,212
Intangible assets	-	996	996
Deferred tax assets	-	289	289
Other assets	695	11,082	11,777
Total assets	214,799	53,289	268,088
Liabilities and unrestricted investment account's equity			
Banks and financial institutions' accounts	10,635	-	10,635
Customers' current accounts	28,784	-	28,784
Cash margins accounts	1,851	-	1,851
Borrowed funds	-	2,528	2,528
Other provisions	-	311	311
Income tax provision	5,632	-	5,632
Deferred tax liabilities	-	280	280
Other liability	4,280	635	4,915
Unrestricted investment accounts	102,382	-	102,382
Investment risk fund	243	-	243
Total liabilities , unrestricted investment accounts' and shareholders' equity	153,807	3,754	157,561
Net	60,992	49,535	110,527

**(56) Contingent Commitments (Off Balance Sheet)****A- Contingent credit commitments.**

	2010 JD	2009 JD
Letters of credit	3,843,490	-
Acceptances	1,410,737	-
Letter of guarantees:		
Payment	375,000	1,001,456
Performance	330,235	-
Others	468,426	-
Unutilized limits	11,885,968	9,213,319
Total	18,313,856	10,214,775

B- Contractual commitments.

	2010 JD	2009 JD
Consulting contracts	1,234,437	1,076,126
	1,234,437	1,076,126

Contractual commitments mentioned above mature within a year.

(57) Lawsuits Against The Bank

There are lawsuits filed against the Bank amounting to JD 1,252,311 as at 31 December 2010 (2009: JD 1,244,125). According to the Legal Advisor, the lawsuits provision amounted to JD 250,000 is sufficient to face the liabilities that may arise from lawsuits.

(58) Comparative Figures

Some of 2009 balances were reclassified to correspond with those of 2010 presentation.

The reclassification has no effect on the profit and equity for the year. The comparative figures were not presented for the statement of income, comprehensive income, change in equity and cash flows since it was impractical to classify them in accordance with the financial accounting standards issued by the Accounting and Audit Organization for Islamic Financial Institutions.