JORDAN COMMERCIAL BANK

FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2010

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JORDAN COMMERCIAL BANK AMMAN - JORDAN

We have audited the accompanying financial statements of **JORDAN COMMERCIAL BANK** (a public shareholding company) ("the Bank"), which comprise the statement of financial position at 31 December 2010 and the income statement, 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 information. The financial statements of the Bank at 31 December 2009 were audited by another auditor who issued a qualified report dated on 28 February 2010.

Management Responsibility for the Financial Statements

The Board of director is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation 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 have conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance whether the financial statements are free from material misstatements.

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' judgement, 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 Jordan Commercial Bank as of 31 December 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Legal & Regulatory Requirements

The Bank maintains proper accounting records, and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report.

Amman – Jordan
10 February 2011

Ernst + Young

JORDAN COMMERCIAL BANK
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Notes	2010	2009
		JD	JD
ASSETS			
Cash and balances with Central Banks	4	84,846,369	72,288,321
Balances at banks and financial institutions	5	72,046,776	58,552,264
Deposits at banks and financial institutions	6	709,000	709,000
Trading financial assets	7	351,645	615,951
Direct credit facilities	8	390,445,134	325,815,439
Available for sale financial assets	9	9,309,252	13,778,210
Held to maturity financial assets	10	172,525,794	130,140,171
Repurchase agreements		3,090,635	-
Property and equipment	11	11,574,252	9,333,706
Intangible assets	12	723,856	517,552
Other assets	13	17,155,664	18,337,072
Total Assets		762,778,377	630,087,686
LIABILITIES AND SHAREHOLDERS EQUITY			
LIABILITIES -			
Banks and financial institutions' deposits	14	47,728,290	19,622,345
Customers' deposits	15	551,567,066	443,335,338
Cash margins	16	45,589,009	43,038,994
Borrowed funds	17	10,000,000	20,000,000
Other provisions	18	741,034	1,394,099
Provision for income tax	19	2,732,535	1,496,848
Other liabilities	20	10,178,064	10,223,806
Total Liabilities		668,535,998	539,111,430
SHAREHOLDERS' EQUITY			
Paid in capital	21	80,359,125	73,053,750
Share premium	21	56,698	56,698
Statutory reserve	22	7,440,123	6,723,652
General banking risk reserve	22	3,681,843	2,843,954
Pro-cyclicality reserve		204,308	-
Cumulative changes in fair value	23	(324,954)	785,349
Retained earnings	24	2,825,236	7,512,853
Total Shareholders' Equity		94,242,379	90,976,256
Total Liabilities and Shareholders Equity		762,778,377	630,087,686

The accompanying notes from 1 to 46 are an integral part of these financial statements and should be read with them

JORDAN COMMERCIAL BANK
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010	2009
		JD	JD
Interest income	26	39,412,888	39,359,752
Interest expense	27	(18,073,441)	(20,562,780)
Net interest income		21,339,447	18,796,972
Net commission income	28	5,688,708	5,524,520
Net interest and commission income		27,028,155	24,321,492
Foreign currencies exchange gain	29	897,154	871,435
(Loss) from trading financial assets	30	(56,974)	(340,615)
(Loss) from available for sale financial assets	31	(2,319,835)	(57,910)
Other income	32	2,219,814	1,942,747
Gross profit		27,768,314	26,737,149
Employees' expenses	33	7,692,605	6,917,326
End of service indemnity provision	18	198,401	111,408
Depreciation and amortization	11,12	3,464,299	3,181,223
Other expenses	34	5,722,638	5,264,515
Direct credit facilities impairment loss	8	3,305,343	3,923,638
Other provisions		213,868	108,657
Total expenses		20,597,154	19,506,767
Income before tax		7,171,160	7,230,382
Income tax expense	19	(2,794,734)	(1,669,517)
Income for the year		4,376,426	5,560,865
		Fils /JD	Fils /JD
Earnings per share	35	0/054	0/069

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Jordan Commercial Bank
Statement of Comprehensive Income
For the Year Ended 31 December 2010

	2010	2009
	JD	JD
Profit for the year	4,376,426	5,560,865
Comprehensive income items:		
Change in cumulative change of fair value of available for sale financial assets	(1,110,303)	1,265,944
Total other comprehensive income for the year	(1,110,303)	1,265,944
Total Comprehensive Income for the year	3,266,123	6,826,809

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JORDAN COMMERCIAL BANK
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010
(In Jordanian Dinars)

	Paid in Capital	Share premium	Statutory reserve	General Banking Risk reserve*	Pro-cyclicality reserve	Cumulative Change in Fair Values**	Retained Earnings	Total Equity
	JD	JD	JD		JD	JD	JD	JD
2010 -								
Balance as of 1 January 2010	73,053,750	56,698	6,723,652	2,843,954	-	785,349	7,512,853	90,976,256
Total comprehensive income for the year	-	-	-	-	-	(1,110,303)	4,376,426	3,266,123
Transfer to reserves	-	-	716,471	837,889	204,308	-	(1,758,668)	-
Capital increase	7,305,375	-	-	-	-	-	(7,305,375)	-
Balance as of 31 December 2010	80,359,125	56,698	7,440,123	3,681,843	204,308	(324,954)	2,825,236	94,242,379
2009 -								
Balance as of 1 January 2009	69,575,000	56,698	5,982,650	3,431,436	-	(480,595)	9,063,008	87,628,197
Total comprehensive income for the year	-	-	-	-	-	1,265,944	5,560,865	6,826,809
Transfer (from) to reserves	-	-	741,002	(587,482)	-	-	(153,520)	-
Dividends	-	-	-	-	-	-	(3,478,750)	(3,478,750)
Capital increase	3,478,750	-	-	-	-	-	(3,478,750)	-
Balance as of 31 December 2009	73,053,750	56,698	6,723,652	2,843,954	-	785,349	7,512,853	90,976,256

* According to the instructions of the Central Bank of Jordan, the general banking risks reserve can not be utilized without prior approval from the Central Bank of Jordan.

** According to the instructions of the Securities Exchange Commission the Bank can't utilize JD 324,954 against the drop in the fair value of the available for sale financial assets.

*** According to the instructions of the Palestine Monetary Authority, the pro-cycicily reserve can not be utilized without prior approval from the Palestine Monetary Authority.

The accompanying notes from 1 to 46 are an integral part of these financial statements and should be read with them

JORDAN COMMERCIAL BANK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		JD	JD
Income for the year before tax		7,171,160	7,230,382
Adjustments for non-monetary items:			
Depreciation and amortization		3,464,299	3,181,223
Unrealized losses from trading financial assets		9,289	343,782
Impairment in available- for- sale financial assets transferred to income statement		2,402,833	1,076,332
(Gain) losses on sale of property and equipment		(9,923)	(7,961)
Direct credit facilities impairment loss		3,305,343	3,923,638
Effect of foreign currency exchange fluctuations		(536,977)	(575,679)
Other provisions		393,373	259,068
Cash Flows from Operating Activities before Changes in Working Capital		16,199,397	15,430,785
Changes in Assets and Liabilities:			
Decrease central banks balances		-	7,000,000
Decrease (increase) in direct credit facilities		(67,935,038)	38,621,523
Decrease in trading financial assets,		255,017	7,500
(Increase) in other assets		(544,480)	(555,900)
(Increase) decrease in restricted balances at banks and financial institutions		(5,431,177)	823,274
(Increase) decrease in repurchase agreements		(3,090,635)	-
Increase in customers' deposits		108,231,728	21,801,370
(Decrease) increase in cash margins		2,550,015	(23,301,798)
Increase (decrease) in other liabilities		(45,742)	2,786,079
(Decrease) in other provisions		(1,046,437)	(511,564)
Net Cash Flows from Operating Activities before Income Tax Paid		49,142,648	62,101,269
Income tax paid		(1,559,047)	(3,121,028)
Net Cash Flows from Operating Activities		47,583,601	58,980,241
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) sale of available for sale financial assets		805,846	360,617
Held-to-maturity financial assets		(42,385,623)	(42,563,310)
Purchase of intangible assets		(418,773)	(115,152)
Proceeds from sale of property and equipment		18,228	107,818
Purchase of property and equipment and advance payment on purchases of property and equipment		(3,624,818)	(2,992,730)
Net Cash Flows (used in) Investing Activities		(45,605,140)	(45,202,757)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of borrowed funds		(10,000,000)	-
Cash dividends paid to shareholders		-	(3,478,750)
Net Cash Flows (used in) Financing Activities		(10,000,000)	(3,478,750)
Net (Decrease) Increase in Cash and Cash Equivalents		(8,021,539)	10,298,734
Effect of foreign exchange rate fluctuations on cash and cash equivalents		536,977	575,679
Cash and cash equivalents, beginning of the year		111,111,890	100,237,477
Cash and Cash equivalents, end of the year	36	103,627,328	111,111,890

The accompanying notes from 1 to 46 are an integral part of these financial statements and should be read with them

(1) GENERAL INFORMATION

The Bank was established as a public shareholding company on 3 May 1977 according to the Jordanian Companies Law No. (12) for the year 1964 with its headquarters in Amman.

During the year 1993, Mashrek Bank (Jordan branches) was merged into Jordan Gulf Bank. Consequently, Jordan Gulf Bank replaced Mashrek Bank (Jordan branches) in terms of its rights and liabilities.

At the beginning of the year 2004, the Bank's capital was restructured after taking the necessary measures specified by the concerned governmental entities.

On June 28, 2004, procedures relating to changing the Bank's name were completed, and the new bank's name became Jordan Commercial Bank.

The Bank is engaged in commercial banking activities through its headquarters and branches which total (27) branches in Jordan and (3) branches in Palestine.

The Bank's shares are listed on Amman Stock Exchange.

The Board of Directors approved the accompanying financial statements in its meeting No. (12/M73/2011) held on 10 February 2011. These financial statements are subject to the approval of the General Assembly of Shareholders.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of the Financial Statements

The Bank's financial statements have been prepared according to the standards issued by the International Accounting Standards Board, interpretations issued by the International Financial Reporting Interpretations Committee ensuing from the International Accounting Standards Board, local prevailing laws, and instructions of the Central Bank of Jordan.

The financial statements have been prepared according to the historical cost convention except for trading financial assets liabilities and available-for-sale financial assets shown at fair value at the date of the financial statements.

The Jordanian Dinar is the reporting currency of the financial statements and represents the Bank's functional currency.

The accounting policies adopted for the current year are consistent with those applied in the prior year, except for the following:

IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions

IFRS 2 Share-based Payment (Revised)
The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Bank adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Bank.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Bank has concluded that the amendment will have no impact on the financial position or performance of the Bank, as the Bank has not entered into any such hedges.

IFRIC 17 Distributions of Non-cash Assets to Owners
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either, the financial position or performance of the Bank.

Basis of presentation of the financial statements
The accompanying financial statements include the accounts of the Bank's branches in Jordan and Palestine after eliminating inter- branch balances and transactions. Year – end inter branch transactions in transit are shown under "other assets" or "other liabilities" according to their nature in the accompanying statement of financial position.

Segment Information
A business segment is a distinguishable component of an entity engaged in providing an individual product or service or a group of related products or services and subject to risks and returns different from those of other business segments and are measured in accordance with reports sent to the chief operating decision maker.

A geographical segment is a distinguishable component of an entity engaged in providing products or services within a particular economic environment and is subject to risks and returns different from those of components operating in other economic environments.

Trading Financial Assets
Trading financial assets represent investments in companies shares traded in the active markets. The objective of holding these assets is to generate profits from the short-term fluctuations in market prices or trade profit margins.

Financial assets held for trading are initially recognized at fair value when purchased (the acquisition cost is recorded in the statement of income on the purchase date). They are subsequently re-measured to fair value as of the date of the financial statements, and the resulting change is included in the statement of income in the period in which it arises. Moreover, fair value differences resulting from the translation of foreign currency non-monetary assets are taken to the statement of income.

Interest earned is included in interest income and dividends received are recorded in the income statement.

Direct Credit Facilities
A provision for the impairment in direct credit facilities is recognized when it is obvious that the financial assets of the Bank can not be recovered, there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities, and the impairment amount can be estimated. The provision is taken to the statement of income.

Interest and commission on non-performing credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan.

Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to recover the debts. Any surplus in the provisions is taken to the statement of income, while debt recoveries are taken to income.

Available-for-Sale Financial Assets
These represent the financial assets that the Bank does not intend to classify as trading financial assets or held to maturity.

Available-for-sale financial assets are initially recorded at fair value including acquisition costs. They are subsequently re-measured to fair value as of the date of the financial statements. Moreover, changes in fair value are recorded in the statement of comprehensive income in a separate account within the statement of comprehensive income in the shareholders' equity. When these assets are fully or partially sold, disposed of, or determined to be impaired, the income or losses are recorded in the statement of income, including the related amounts previously recorded within shareholders' equity. The loss resulting from the impaired value of the debt instruments is reversed when it is objectively evident that the increase in their fair value occurred after the losses had been recognized. Impairment losses resulting from the decline in the value of equity securities are reversed through the cumulative change in fair value.

Income and losses resulting from the foreign exchange of (interest-bearing) debt instruments classified as available- for-sale financial assets are included in the statement of income. The differences resulting from the foreign exchange of equity instruments are included in the cumulative change in fair value within shareholders' equity.

Interest earned on available for sale financial investments is reported as interest income using the effective interest method. Any impairment in value is charged to the income statement.

Financial instruments for which fair value cannot be reliably determined are shown at cost.

Held to maturity financial assets
Held to maturity financial assets are financial assets the Bank has the intention and ability to hold it to maturity.

Held to maturity financial assets are recorded at cost (fair value) plus acquisition costs. Premiums and discounts are systematically amortized in the income statement according to the "effective interest rate method" and are either credited or debited to interest earned. Provisions associated with irrecoverable impairment in their value are deducted. Any impairment in assets is recorded in the statement of income.

Fair Value
Fair value represents the closing market price of financial assets and derivatives in active markets on the date of the financial statements. In case declared market prices do not exist, active trading of some financial assets and derivatives is not available, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.

The valuation methods aim at providing a fair value reflecting the expectations of the market, expected risks, and expected benefits upon valuing financial instruments.

Financial assets the fair value of which cannot be reliably measured are stated at cost less any impairment.

Impairment in the Value of Financial Assets
The Bank reviews the values of financial assets on the date of the statement of financial position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio. In case such indications exist, the recoverable value is estimated so as to determine the impairment loss.

The impairment is determined as follows:

- The impairment in financial assets recorded at amortized cost represents the difference between the bank value and is the present value of the expected cash flows discounted at the original interest rate.

- The impairment in the financial assets available for sale recorded at fair value represents the difference between the book value and fair value.

- The impairment in the financial assets recorded at cost represents the differences between the book value and the present value of the expected cash flows discounted at the market interest rate of similar instruments.

The impairment in value is recorded in the statement of income. Any surplus in the following period resulting from previous declines in the fair value of financial assets is taken to the statement of income except for available-for-sale equity securities, the impairment of which is recovered through the cumulative change in fair value.

Property and equipment
Property and equipment are stated at cost net of accumulated depreciation and any impairment in its value. Property and equipment (except for land) are depreciated, when ready for their intended use, according to the straight-line method over their estimated useful lives using the following rates:

	%
Buildings	2
Equipment	15
Furniture	10
Vehicles	15
Computers	20
Decorations	15

When the carrying amounts of fixed assets exceed their recoverable values, assets are written down, and impairment losses are recorded in the statement of income.

The useful lives of fixed assets are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being a change in estimate.

Property and equipment are derecognized when disposed of or no future benefits are expected from their use or disposal.

Provisions
Provisions are recognized when the Bank has an obligation on the date of the statement of financial position as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions for employees end of service indemnities
Provision for end of service indemnity is established by the bank to face any legal or contractual obligation at the end of employees' services and is calculated based on the service terms as of the financial statements date.

Income Tax
Income tax expenses represent accrued taxes and deferred taxes.

Accrued income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions of the countries where the Bank operates.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the amount of taxable income. Deferred tax is calculated on the basis of the liability method in the statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

The Bank calculates the deferred tax in accordance with IAS12. Management have made a judgment that it is more appropriate not to record the deferred tax effect as an asset in the financial statements.

Treasury Shares Issue or Purchase Costs
Any costs resulting from issuing or purchasing treasury stocks are recorded in retained earnings (net of the tax effect of these costs, if any). If the issue or purchase is incomplete, the costs are charged as expenses to the statement of income.

Accounts Managed on Behalf of Customers
These represent the accounts managed by the Bank on behalf of its customers, but do not represent part of the Bank's assets. A provision is taken against the decline in the value of capital-guaranteed portfolios managed on behalf of customers below capital.

The fees and commissions on managing these accounts are taken to the income statement.

Offsetting
Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position only when there are legal rights to offset the recognized amounts, the Bank intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Repurchase and resale agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognized in the Bank's financial statements due to the Bank's continuing exposure to the risks and rewards of these assets, using the same accounting policies.

The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and the repurchase price is recognized as an interest expense over the agreement term using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the Bank's financial statements as assets since the Bank is not able to control these assets. The related payments are recognized as part of deposits at banks and financial institutions or direct credit facilities as applicable, and the difference between purchase and resale price is recognized in the income statement over the agreement term using the effective interest method.

Realization of Income and Recognition of Expenses
Interest income is realized and recognized based on the actual interest rate method except for interest and commission on non-performing loans which are not recognized as revenue but recorded as interest and commission in suspense.

Expenses are recognized on the accrual basis.

Commission is recorded as revenue when the related services are provided. Moreover, dividends are recorded when realized (approved by the General Assembly).

Recognition of Financial Assets
Financial assets and financial liabilities are recognized on the trading date which is the date the Bank commits itself to purchase or sell the financial assets.

Assets Seized by the Bank
Assets that have been subject to foreclosure by the Bank are shown in the statement of financial position under "other assets" at the acquisition value or fair value, whichever is lower. As of the financial statements date, these assets are revalued individually at fair value. Any impairment in their market value is taken to the income statement whereas any increase in value is not recognized. Subsequent increase in value is taken to the statement of income to the extent it does not exceed the previously recorded impairment.

Intangible Assets
Intangible assets obtained through mergers are recorded at fair value at the date of acquisition. Intangible assets obtained otherwise are recorded at cost.

Intangible assets are to be classified on the basis of either a definite or an indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives and amortization is recorded as an expense in the income statement. Intangible assets with indefinite lives are reviewed for impairment as of the financial statements date, and impairment loss (if any) is recorded in the income statement as an expense for the period.

No capitalization of intangible assets resulting from the Banks' operations is made. They are rather recorded as an expense in the statement of income for the period.

Any indications of impairment in the value of intangible assets are reviewed as of the financial statements date. Furthermore, the estimated useful lives of intangible assets are reassessed, and any adjustments are made in the subsequent periods.

Intangible assets include computer software are amortized over their estimated economic useful lives at an annual rate of 20%.

Foreign Currency
Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.

Financial assets and financial liabilities denominated in foreign currencies are translated at the average exchange rates prevailing on the statement of financial position date and declared by the Central Bank of Jordan.

Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.

Gain or losses resulting from foreign currency translation are recorded in the statement of income.

Translation gains and losses on non-monetary items carried at fair value (such as stocks) through equity are included in equity as part of cumulative changes in fair value. For non-monetary items carried at fair value through profit and loss, such gains and losses are taken to the income statement.

Cash and Cash Equivalents
Cash and cash balances maturing within three months are considered as cash and cash equivalents. These include cash and cash balances with central banks and balances with banks and financial institutions maturing within three months, less deposits of banks and financial institutions maturing within three months and restricted funds.

3. Accounting Estimates

Preparation of the financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of financial assets, liabilities, cumulative change in fair value and to disclose contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, provisions, and changes in the fair value shown in the statements of comprehensive income and owners' equity. In particular, this requires the Bank's management to issue significant judgments and assumptions to assess future cash flows amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

Management believes that the assessments adopted in the financial statements are reasonable. And detailed as follows:

A provision for the impairment of direct credit facilities is taken on the bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs). The outcome of these bases and estimates is compared to the provisions required in accordance with the instructions of the Central Bank of Jordan. The more stringent outcome that conforms with (IFRSs) is used for determining the provision.

Impairment loss in real estates seized by the Bank (if any) is taken after sufficient and recent evaluations have been conducted by approved surveyors. These evaluations are reviewed periodically.

Income tax expense for the year is accounted for in accordance with the prevailing laws, regulations, and accounting standards.

Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general status of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the statement of income.

Management frequently reviews financial assets stated at cost to estimate any impairment in their value. Impairment loss (if any) is charged to the income statement.

A provision for lawsuits raised against the Bank is formed based on a legal study prepared by the Bank's legal advisors. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed frequently.

(4) CASH AND BALANCES WITH CENTRAL BANKS

	2010	2009
Cash in vaults	12,212,047	10,344,277
Balances at Central Banks-		
Current accounts	7,595,576	7,147,754
Time and term deposit	33,448,774	32,448,404
Statutory cash reserve	31,589,972	22,347,886
Total balances with Central Banks	72,634,322	61,944,044
Total	84,846,369	72,288,321

- Except for the cash reserve and capital deposit of JD 7,444,500 at the Palestinian monetary authority, there are no other restricted cash balances as of 31 December 2010 and 2009.

- The balance of certificates of deposit that matures after three months from 31 December 2010 is JD 10,789,721 (nil balance as of 31 December 2009).

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

	Local Banks and Financial Institutions		Foreign Banks and Financial Institution		Total	
	2010	2009	2010	2009	2010	2009
Current and demand deposits	275,715	46,721	(1,495,414)	13,018,552	(1,219,699)	13,065,273
Deposits maturing within 3 months or less	24,539,379	5,105,299	48,727,096	30,381,692	73,266,475	45,486,991
TOTAL	24,815,094	5,152,020	47,231,682	43,400,244	72,046,776	58,552,264

Non interest bearing balances at banks and financial institutions amounted to 275,715 JD as of 31 December 2010 (2009: JD 46,721).

Restricted balances as of 31 December 2010 amounted to JD 5,537,527 (2009: JD 106,350).

(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

	2010	2009
Certificate of deposits at foreign banks	709,000	709,000
Total	709,000	709,000

(7) TRADING FINANCIAL ASSETS

	2010	2009
Companies shares listed in financial markets	351,645	615,951
Total	351,645	615,951

(8) DIRECT CREDIT FACILITIES

	2010	2009
Individuals (retail):		
Overdraft facilities	1,926,637	1,562,676
Loans and bills*	58,355,011	57,354,089
Credit cards	2,333,382	2,482,827
Real estate loans	28,287,390	25,348,198
Corporate:		
Overdraft facilities	61,714,323	41,792,494
Loans and bills*	197,842,433	177,314,184
Small and medium companies		
Overdraft facilities	23,801,139	18,154,437
Loans and bills*	26,241,490	19,873,873
Public Sector	10,500,911	11,935,637
Total	411,002,716	355,818,415
Less:		
Interest in suspense	(5,500,372)	(15,208,638)
Provision for impairment loss	(15,057,210)	(14,794,338)
Net Direct Credit Facilities	390,445,134	325,815,439

* Net of interest and commission received in advance amounted to JD 732,747 as of December 31, 2010 (JD 973,351 as of December 31, 2009).

Non-performing credit facilities plus interest in suspense amounted to JD 70,181,184 representing (17%) of the direct credit facilities balance as of 31 December 2010 (JD 47,728,324 representing (13.4%) of the direct facilities balance as of 31 December 2009).

Non-performing credit facilities net of interest in suspense amounted to JD 64,680,812 representing 16% of the direct credit facilities balance net of interest in suspense as of 31 December 2010 (JD 32,519,686 representing 9.5% of the direct credit facilities balance net of interest in suspense as of 31 December 2009).

There are no credit facilities granted to the Government of Jordan as of December 31, 2010 and 2009.

Credit facilities granted with the guarantee of Government of Jordan amounted to JD 3,830,816 as if 31 December 2010 (2009:4,451,191).

Provision for impairment in direct credit facilities:

2010-	Individuals (retail customers)	Property loans	Corporates	SMEs	Total
Balance at the beginning of the year	4,401,755	179,022	8,556,360	1,657,201	14,794,338
Charge for the year	10,023	383,387	2,519,863	392,070	3,305,343
Used from the provision (written-off debts)	(19,527)	-	-	(194,385)	(213,912)
Provision for loans listed in contra accounts	(409,680)	-	(2,192,262)	(226,617)	(2,828,559)
Balance at the end of year	3,982,571	562,409	8,883,961	1,628,269	15,057,210
Individual impairment	3,930,988	562,409	8,502,855	1,601,364	14,597,616
Collective impairment	51,583	-	381,106	26,905	459,594
Balance	3,982,571	562,409	8,883,961	1,628,269	15,057,210

2009-	Individuals (retail customers)	Property loans	Corporate companies	SMEs	Total
Balance at the beginning of year	6,856,821	179,022	2,644,248	1,895,198	11,575,289
Charge for the year	(1,890,320)	-	5,912,112	(98,154)	3,923,638
Used from the provision (written-off debts)	(90,225)	-	-	-	(90,225)
Provision for loans listed in contra accounts (Palestine Branches)*	(439,050)	-	-	(139,843)	(578,893)
Differences on provision evaluation for debts in foreign currencies	(35,471)	-	-	-	(35,471)
Balance - End of the Year	4,401,755	179,022	8,556,360	1,657,201	14,794,338
Individual impairment	4,360,654	179,022	7,069,232	1,639,737	13,248,645
Collective impairment	41,101	-	1,487,128	17,464	1,545,693
Balance	4,401,755	179,022	8,556,360	1,657,201	14,794,338

* Provisions for impairment losses that were settled or collected amounted to JD 5,549,785 as of 31 December 2010 (2009: JD 1,295,677).

Interest in suspense

The movement on interest in suspense is as follows:

2010-	Individuals	Property loans	Corporate	SMEs	Total
Balance at the beginning of year	9,484,064	322,266	2,677,131	2,725,177	15,208,638
Add: interest in suspense for the year	2,267,499	169,142	1,128,050	1,338,015	4,902,706
Less: interest transferred to income	(292,578)	(4,050)	-	(100,683)	(397,311)
Less: interest in suspense (written off)	(136,714)	(43,203)	(691,228)	-	(871,145)
Less: interest in suspense listed in contra accounts	(10,170,549)	-	(2,282,457)	(889,510)	(13,342,516)
Balance at the end of year	1,151,722	444,155	831,496	3,072,999	5,500,372

2009-	Individuals	Property loans	Corporate companies	SMEs	Total
Balance at the beginning of year	10,433,269	182,117	2,292,915	1,984,588	14,892,889
Add: interest in suspense for the year	1,087,627	185,344	1,050,039	954,803	3,277,813
Less: interest transferred to income	(154,639)	(23,692)	(40,000)	(44,321)	(262,652)
Less: interest in suspense (written off)	(801,310)	(21,503)	(514,734)	(95,117)	(1,432,664)
Less: interest in suspense listed in contra accounts (Palestine branches)	(1,080,883)	-	(111,089)	(74,776)	(1,266,748)
Balance at the end of year	9,484,064	322,266	2,677,131	2,725,177	15,208,638

(9) AVAILABLE FOR SALE FINANCIAL ASSETS

	2010	2009
Quoted investments		
Companies shares	5,474,269	10,152,229
Total quoted investments	5,474,269	10,152,229
Unquoted investments		
Companies shares	3,834,983	3,537,356
Investment funds	-	88,625
Total unquoted investments	3,834,983	3,625,981
Total available for sale financial assets	9,309,252	13,778,210

There are no available for sale financial assets pledged as collateral as of 31 December 2010 and 31 December 2009.

Unquoted investment include investments carried at cost amounted to JD 3,834,983 as of 31 December 2010 (2009: JD 3,537,356).

(10) HELD TO MATURITY INVESTMENTS

	2010	2009
Financial assets without quoted market prices		
Government treasury bills	-	8,942,980
Government bonds guaranteed by the government	129,122,017	81,129,007
Corporate bonds	40,235,103	38,435,353
Other bonds	3,168,674	1,632,831
Total held to maturity financial assets	172,525,794	130,140,171

	2010	2009
Bonds return analysis:		
Financial assets with a fixed income	172,525,794	130,140,171

The maturities of held-to-maturity financial assets extend up to the year 2015, and fall due in several installments the last one matures on 15 December 2015. The following schedule shows the maturities as of 31 December 2010 of held to maturity financial assets:

From one month to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years	Total
JD	JD	JD	JD	JD	JD
21,000,000	5,000,000	4,509,267	106,064,974	35,951,553	172,525,794

(11) PROPERTY AND EQUIPMENT

	Land	Buildings	Furniture & Fixtures	Machinery and equipment	Decoration	Vehicles	Computers	Total
2010-	JD	JD	JD	JD	JD	JD	JD	JD
Cost:								
At 1 January 2010	2,350,863	1,964,811	1,275,543	2,292,574	5,078,761	537,710	4,290,018	17,790,280
Additions	116,100	267,480	131,701	575,733	770,417	97,921	119,446	2,078,798
Disposals	-	-	17,309	65,193	-	42,532	111,402	236,436
At 31 December 2010	2,466,963	2,232,291	1,389,935	2,803,114	5,849,178	593,099	4,298,062	19,632,642
Accumulated depreciation								
At 1 January 2010	-	764,404	869,868	1,205,439	2,694,167	202,386	3,628,774	9,365,038
Depreciation charge during the year	-	15,090	62,623	286,813	637,996	73,933	299,487	1,375,942
Disposals	-	-	16,977	64,464	-	38,158	108,532	228,131
At 31 December 2010	-	779,494	915,514	1,427,788	3,332,163	238,161	3,819,729	10,512,849
Payments on account for the construction of the bank's new building	-	2,454,459	-	-	-	-	-	2,454,459
Net book value of property and equipment as at 31 December 2010	2,466,963	3,907,256	474,421	1,375,326	2,517,015	354,938	478,333	11,574,252
2009-								
Cost:								
At 1 January 2010	1,727,498	1,291,397	1,237,779	2,057,717	4,866,932	463,559	4,121,913	15,766,795
Additions	623,365	673,414	63,133	273,241	213,405	242,211	168,105	2,256,874
Disposals	-	-	25,369	38,384	1,576	168,060	-	233,389
At 31 December 2010	2,350,863	1,964,811	1,275,543	2,292,574	5,078,761	537,710	4,290,018	17,790,280
Accumulated depreciation								
At 1 January 2010	-	750,484	856,321	997,097	2,113,558	227,098	3,287,165	8,231,723
Depreciation charge during the year	-	13,920	38,633	236,235	581,776	54,674	341,609	1,266,847
Disposals	-	-	25,086	27,893	1,167	79,386	-	133,532
At 31 December 2010	-	764,404	869,868	1,205,439	2,694,167	202,386	3,628,774	9,365,038
Payments on account for the construction of the bank's new building	-	908,464	-	-	-	-	-	908,464
Net book value of property and equipment as at 31 December 2010	2,350,863	2,108,871	405,675	1,087,135	2,384,594	335,324	661,244	9,333,706

Property and equipment includes a fully depreciated items amounted to JD 6,413,652 as of December 2010 (2009: 6,462,183 JD).

(12) INTANGIBLE ASSETS

	Computer Software and key money	
	2010	2009
	JD	JD
At 1 January,	517,552	590,888
Additions	418,773	115,152
Amortization during the year	(212,469)	(188,488)
At 31 December	723,856	517,552

(13) OTHER ASSETS

	2010	2009
Accrued interest income	3,087,474	2,166,682
Prepaid expenses	377,693	399,018
Restructuring balance	5,177,555	6,903,443
Assets seized by the bank*	7,730,293	6,147,764
Notes receivable	225,169	742,381
Refundable deposits	263,953	118,541
Receivables and other debit balances	293,527	1,859,243
	17,155,664	18,337,072

* This item includes buildings and plots of land sold by instalments at a cost of JD 1,202,686 as of 31 December 2010 against amounts received of JD 641,783 included in other liabilities (JD 1,231,269 as of 31 December 2009 against amounts received of JD 617,371) (Note 20).

The movement on assets seized by the bank is as follows:

	2010	2009
	JD	JD
At 1 January	6,147,764	4,577,108
Additions	1,894,381	2,371,000
Retirements	(155,554)	(743,418)
Impairment loss	(156,298)	(56,926)
At 31 December	7,730,293	6,147,764

According to the Banks Law, real estates seized by the Bank against unsettled debts should be sold within two years from the date of acquisition.

(14) BANKS AND FINANCIAL INSTITUTIONS DEPOSITS

	2010			2009		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and demand deposits	2,815,527	1,562,818	4,378,345	1,348,843	163,051	1,511,894
Time deposits	29,611,974	13,737,971	43,349,945	9,411,798	8,698,653	18,110,451
At 31 December,	32,427,501	15,300,789	47,728,290	10,760,641	8,861,704	19,622,345

(15) CUSTOMERS' DEPOSITS

2010-	Consumer	Corporate	Small and medium companies	Government and sectors	Total
	JD	JD	JD	JD	JD
Current and demand deposits	65,830,275	13,265,218	12,819,557	14,875,304	106,790,354
Saving accounts	29,340,782	-	-	5,500	29,346,282
Time and notice deposits	312,371,063	26,192,843	18,753,701	58,112,823	415,430,430
Total	407,542,120	39,458,061	31,573,258	72,993,627	551,567,066
2009-					
Current and demand deposits	52,691,106	11,546,126	22,925,666	10,191,484	97,354,382
Saving accounts	24,111,679	-	332,291	8,789	24,452,759
Time and notice deposits	210,841,255	26,568,876	46,729,399	37,388,667	321,528,197
Total	287,644,040	38,115,002	69,987,356	47,588,940	443,335,338

Deposits of the Jordanian government and public sector inside Jordan amounted to JD 68,481,057 equivalent to (12.4%) of total deposits as of December 31, 2010 (JD 46,272,204, equivalent to (10.4%) of total deposits as of December 31, 2009).

Non-interest bearing deposits amounted to JD 108,857,986, equivalent to (19.7%) of total deposits as of December 31, 2010 (JD 98,790,258, equivalent to (22.3%) of total deposits as of December 31, 2009).

Restricted deposits amounted to JD 19,193,918, equivalent to (3.5 %) of total deposits as of December 31, 2010 (JD 9,160,563, equivalent to (2.1%) of total deposits as of December 31, 2009).

Dormant accounts amounted to JD 6,979,276 as of December 31, 2010 (JD 8,133,348 as of December 31, 2009).

(16) CASH MARGINS

	2010	2009
	JD	JD
Margins on direct credit facilities	24,093,762	21,761,342
Margins on indirect credit facilities	20,847,486	20,515,214
Deposits against margin accounts	647,761	762,438
	45,589,009	43,038,994

(17) BORROWED FUNDS

2010-	Amount	Number of payments	Collaterals	Interest rate
	JD			
Jordan Real Estate Mortgage Refinance Company	10,000,000	One payment maturing on 7 February 2011	Mortgaged real states to the bank against customers residential facilities	7.90%
	10,000,000			
2009-				
Jordan Real Estate Mortgage Refinance Company	10,000,000	One payment maturing on 20 June 2010	Mortgaged real states to the bank against customers residential facilities	8.30%
Jordan Real Estate Mortgage Refinance Company	10,000,000	One payment maturing on 7 February 2011	Mortgaged real states to the bank against customers residential facilities	7.90%
	20,000,000			

On February 7, 2008, the Bank loans granted a loan from the Jordan Real Estate Mortgage Refinance Company for JD 10 million at a fixed annual interest rate of 7.90% the loan can be revolved upon the Bank's request. The loan is to be paid on one installment on 7 February 2011.

The above amounts was lent in a form of residential facilities with an avarege annual interest rate of 8.25%.

(18) OTHER PROVISIONS

	Balance at January 1	Provided during the year	used during the year	Balance at December 31
2010-	JD	JD	JD	JD
Legal provision	300,000	153,869	(239,508)	214,361
Employees end of service indemnity provision	1,000,896	198,401	(806,930)	392,367
Others provision	93,203	41,103	-	134,306
Total	1,394,099	393,373	(1,046,438)	741,034
2009-				
Legal provision	225,000	101,157	(26,157)	300,000
Employees end of service indemnity provision	1,374,895	111,408	(485,407)	1,000,896
Others provision	46,700	46,503	-	93,203
Total	1,646,595	259,068	(511,564)	1,394,099

(19) INCOME TAX

A-Income tax provision

The movements on the income tax provision were as follows:

	2010	2009
	JD	JD
At January 1	1,496,848	2,948,359
Income tax paid	(1,559,047)	(3,121,028)
Accrued income tax for the year	2,794,734	1,669,517
At December 31	2,732,535	1,496,848

Income tax appearing in the income statement consist of the following:

	2010	2009
	JD	JD
Accrued income tax for the year	(2,794,734)	(1,669,517)
	(2,794,734)	(1,669,517)

The Income and Sales Tax Department in Jordan approved the tax assessments and cleared all due taxes for the years up to 2008.

A final settlement has been reached with the tax authorities for Palestine branches for the year up to 2005. clearance for the years 2006, 2007, 2008 and 2009 is still in process.

In the opinion of the Bank's management and the tax advisor of the Bank, no tax liabilities shall arise against the Bank in excess of the amount booked in the financial statements as of 31 December 2010.

B-Deferred tax assets:

Movement in temporary differences giving rise to deferred tax assets were as follows:

	2010					2009
	Balance at January 1	Released amount	Added amount	Balance end of the year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Impairment loss on credit facilities	8,034,583	423,557	-	7,611,026	2,158,226	2,436,490
Interest in suspense	1,607,420	26,124	-	1,581,296	376,664	444,677
Real estate impairment losses	56,926	-	99,372	156,298	17,002	17,002
Provision for lawsuits	159,000	-	-	159,000	47,700	47,700
Pending lawsuits fees	1,193,944	86,008	91,404	1,199,340	356,593	355,200
Provision for employees end of service indemnity	1,000,896	806,929	198,400	392,367	110,313	293,770
Provision for lawsuits charged against the bank	300,000	239,508	153,869	214,361	64,308	90,000
Other provisions	395,637	26,388	126,991	496,240	148,772	118,691
	12,748,406	1,608,514	670,036	11,809,928	3,279,578	3,803,530

Deferred tax benefits have not been included in the Bank's records. In case they are recorded in retained earnings, they cannot be disposed of, according to the requirements of the central bank of Jordan, except for the equivalent of what is realized from those deferred tax benefits.

C- The summary of the reconciliation of the accounting profit with the taxable profit is as follows:

	2010	2009
	JD	JD
Accounting profit	7,171,160	7,230,382
Less non-taxable income*	(2,711,737)	(6,817,353)
Add non-deductible expenses	4,874,820	3,565,534
Taxable profit	9,334,243	3,978,563
Effective income tax rate**	38.9%	23%

* This includes a provision for loans recorded before the year 2000. Tax was paid on these loans upon their formation. Moreover, they relate to accounts written off or recovered, wholly or partially, during the year.

** The income tax rate for banks in Jordan is 30% and 15% in Palestine.

(20) OTHER LIABILITIES

	2010	2009
	JD	JD
Certified cheques	2,993,815	2,197,354
Accrued interest expense	2,673,027	2,441,432
Other deposits	2,872,398	1,224,360
Safe boxes refundable deposits	47,607	43,610
Shareholders payables	24,683	22,937
Social security withholdings	67,366	60,077
Withholding tax payable	10,617	17,815
Accrued expenses	502,220	612,471
Transactions between branches	52,820	1,450,811
Incoming transfers	2,590	2,132
Provision for scientific research and technical training	-	39,546
Universities fees	56,970	39,546
Vocational and technical education and training support fund fees	-	65,549
Board of Directors' remuneration	35,000	35,000
Amounts received on account of the sale of real estate and land	641,783	617,371
Other credit balances	197,168	1,353,795
	10,178,064	10,223,806

(21) PAID UP CAPITAL AND SHARE PREMIUM

Paid in capital amounted to JD 80,359,125, represented by 80,359,125 shares with a par value of one JD each as of 31 December 2010 (2009: JD 73,053,750).

Share premium amounted to JD 56,698 as of 31 December 2010 and 2009.

According to the General Assembly's extraordinary meeting held on 18 April 2010, it was approved to increase subscribed (paid up) capital by JD 7,305,375 through capitalizing part of retained earnings so that the bank's authorized and paid up capital would become JD 80,359,125.

RESTRUCTURING PLAN

The restructuring balance amounted to JD 17,258,765 as of 16 February 2004. The Board of Directors resolved to amortize this balance on 10 years starting from 2004 at 31 December 2010 the restructuring balance was JD 5,177,000 included in other assets after the amortization (2009: JD 6,903,443).

(22) RESERVES

Statutory Reserve:
The amounts accumulated in this account represent what has been transferred from the annual profits before tax at a rate of 10% during the year and prior years according to the Banks Law and the Companies Law. These amounts cannot be distributed to shareholders.

General Banking Risks Reserve:
This reserve represents the general banking risks reserve according to the instructions of the Central Bank of Jordan.

The details of the restricted reserves are as follows:

Description	Amount	Restriction Law
Statutory reserve	7,440,123	Banking law, corporate law
General banking risk reserve	3,681,843	Central Bank of Jordan regulations
Pro-cyclicality	204,308	Palestine monetary authority regulations

(23) CUMULATIVE CHANGE IN FAIR VALUE

	2010	2009
	JD	JD
Balance at 1January,	785,349	(480,595)
Add: Unrealised (losses)	(3,820,476)	(116,624)
Impairment loss on available for sale assets transferred to the income statement	2,402,833	1,076,332
Add: Realized gains transferred to the income statement	307,340	306,236
Balance at 31 December	(324,954)	785,349

(24) RETAINED EARNINGS (LOSSES)

	2010	2009
	JD	JD
Balance at 1January,	7,512,853	9,063,008
Transferred for capital increase	(7,305,375)	(3,478,750)
Dividends paid	-	(3,478,750)
Transferred to profit for the year	4,376,426	5,560,865
Transferred to statutory reserve	(716,471)	(741,002)
Transferred to general banking risks reserve	(837,889)	587,482
Transferred to pro-cyclicality reserve	(204,308)	-
Balance at 31 December	2,825,236	7,512,853

(25) PROPOSED DIVIDENDS

The Board of Directors recommended that 3% of capital, equivalent to JD 2,410,773 be distributed as stock dividends to shareholders through capitalizing an equivalent amount from retained earnings. The above amounts are subject to the approval of the Central Bank and General Assembly of Shareholders. Last year, stock dividends at a rate of (10%) of capital were distributed.

(26) INTEREST INCOME

	2010	2009
	JD	JD
Direct credit facilities:		
Individuals (retail):		
Overdraft facilities	197,467	172,550
Loans and bills	5,245,096	5,263,234
Credit cards	201,360	230,515
Residential loans	1,350,702	1,956,215
Corporate		
Corporate companies:	4,234,143	4,308,165
Overdraft facilities	13,720,251	14,909,735
Loans and bills		
Small and medium companies:		
Overdraft facilities	1,825,284	1,790,203
Loans and bills	2,373,358	1,539,988
Public sector:	514,141	639,609
Balances with Central banks	337,365	826,151
Balances at banks and financial institutions	777,655	502,044
Held to maturity financial assets	8,636,066	7,221,343
	39,412,888	39,359,752

(27) INTEREST EXPENSE

	2010	2009
	JD	JD
Banks and financial institution deposits	820,697	538,185
Customers' deposits -		
Current accounts	244,965	200,105
Saving accounts	433,166	380,597
Time and notice deposits	13,392,389	15,182,203
Cash margins	880,043	1,780,952
Borrowed funds	1,419,204	1,644,806
Deposits guarantee fees	882,977	835,932
	18,073,441	20,562,780

(28) NET COMMISSION INCOME

	2010	2009
	JD	JD
Commission income:		
Commission from direct credit facilities	2,320,465	2,302,181
Commission from indirect credit facilities	3,368,243	3,222,339
	5,688,708	5,524,520

(29) FOREIGN CURRENCIES EXCHANGE GAIN

	2010	2009
	JD	JD
Resulting from:		
Trading in foreign currencies	285,263	295,756
Revaluation of foreign currencies	611,891	575,679
	897,154	871,435

(30) (LOSS) GAIN FROM TRADING FINANCIAL ASSETS INCOME

	Realized gains	Unrealized (losses)	Dividends	Total
2010-	JD	JD	JD	JD
Companies shares	(52,710)	(9,289)	5,025	(56,974)
2009-				
Companies shares	-	(343,782)	3,167	(340,615)

(31) (LOSS) FROM AVAILABLE FOR SALE FINANCIAL ASSETS

	2010	2009
	JD	JD
Dividend income	106,337	180,534
Gain (losses) from the sale of financial assets available for sale	(23,339)	837,888
Impairment loss of available for sale assets	(2,402,833)	(1,076,332)
	(2,319,835)	(57,910)

(32) OTHER INCOME

	2010	2009
	JD	JD
Credit cards income	321,402	273,603
Safe boxes rent	19,599	22,281
Excess in cash	3,732	2,079
Documents copying income	8,377	4,789
Collection service fees	7,732	10,455
Immediate account statement issuance income	9,145	8,527
Telephone, post and telex income	103,860	98,967
Interest in suspense returned to revenues (Note 8)	397,311	262,652
Collections of previously written off receivables	727,971	717,582
Miscellaneous revenues	489,342	298,191
Gains from sale of real estate seized by the bank	30,814	101,417
Seized real estate revenues	9,328	18,944
Consulting service revenues	13,300	53,175
Other commissions	77,901	70,085
	2,219,814	1,942,747

(33) EMPLOYEES EXPENSES

	2010	2009
	JD	JD
Salaries and benefits	6,357,248	5,464,620
Bank's share in social security	509,297	479,780
Bank's share in saving fund	108,941	185,348
Employees end-of- service indemnity	30,936	110,380
Medical expenses	460,427	483,393
Staff training expenses	92,989	74,052
Travel expenses	94,007	70,310
Life insurance	19,236	16,636
Clothing for workers	13,524	22,807
Banks contribution in Takafull fund	6,000	10,000
	7,692,605	6,917,326

(34) OTHER EXPENSES

	2010	2009
	JD	JD
Rentals	607,118	560,932
Printing and stationery	431,912	275,197
Water, electricity, telephone, swift and postage	606,115	589,598
Lawyers fees and litigations	166,698	286,845
Repairs, maintenance and cars expenses	352,386	288,840
Insurance expenses	149,363	200,523
Programs and computers maintenance	651,241	586,092
Transportation and attendance allowance of the Board of Directors	102,893	109,170
Governmental fees	258,104	217,347
Advertising and subscriptions	661,982	683,839
Professional fees	222,226	203,666
Collection incentives	320,520	360,724
Donations	276,573	156,058
Cleaning and services	197,576	188,257
Credit cards	259,081	114,423
Entertainment	84,483	96,937
Additional Jordanian University fees	56,970	39,546
Scientific research university fees	-	39,546
Vocational and technical education and training support fund fees	-	65,549
Board of Directors' remuneration	35,000	35,000
Impairment loss for assets seized by the Bank	99,372	13,655
Money transportation fess	65,899	62,248
Other	117,126	90,523
	5,722,638	5,264,515

(35) EARNINGS PER SHARE

Earnings per share is calculated by dividing net profit of the year on the weighted average number of shares outstanding at the year end as follows.

	2010	2009
	JD	JD
Net income for the year	4,376,426	5,560,865
Weighted average number of shares	80,359,125	80,359,125
Net income per share for the year	0.054	0.069

Earnings per share for the prior year have been adjusted by the number of stock dividends distributed during the year 2009 in accordance with International Financial Reporting Standards.

(36) CASH AND CASH EQUIVALENTS

This item consists of the following:

	2010	2009
	JD	JD
Cash and balances at central banks maturing within 3 months	84,846,369	72,288,321
Add: Balance at bank and financial institutions maturing within 3 months	72,046,776	58,552,264
Less: Banks and financial institutions deposits maturing within 3 months	(47,728,290)	(19,622,345)
Less: Restricted bank balances	(5,537,527)	(106,350)
	103,627,328	111,111,890

(37) RELATED PARTY TRANSACTIONS

The Bank was involved in transactions with major shareholders, members of the Board of Directors, executive management, and subsidiary companies, within its regular activities using the prevailing interest and commission rates. All credit facilities granted to related parties are classified as performing and were not provided for any credit losses.

The details of transactions with related parties at the end of the year are as follows:

	Board of Directors	BOD joint members	Employees loans	Total 31December 2010	Total 31December 2009
				JD	JD
Balance sheet items					
Deposits	12,463,916	1,663,186	-	14,127,102	18,661,503
Direct facilities	3,005,120	11,860,305	1,440,539	16,305,964	15,284,116
Cash margins	7,679	1,525,825	-	1,533,504	1,533,504
Off – Balance sheet items					
Letters of guarantee	525,458	2,941,692	-	3,467,150	2,711,222
Letters of credit					-
Acceptances	1,833,822	3,225,808	-	5,059,630	12,694,335

	Board of Directors	BOD joint members	Employees loans	Total For the year ended 31 December 2010	Total For the year ended 31 December 2009
				JD	JD
Statement of Income Items					
Interest and commission income	185,653	1,150,350		1,336,003	1,659,169
Interest and commission expense	507,307	127,630		634,937	474,238

The lowest and highest interest rate

Credit	8.25%	8%
Debit	6.9%	5.85%

Executive management salaries and bonuses

Executive management salaries and bonuses amounted to JD 1,108,459 for the year 2010 (JD 1,094,378 for the year 2009).

(38) FAIR VALUE OF FINANCIAL INSTRUMENTS

These financial instruments include cash balances, deposits at banks and central bank, direct credit facilities, other financial assets, customers deposits, banks deposits, and other financial liabilities.

As detailed in note 9, available for sale financial assets includes investments in unquoted equity investments valued at JD 3,834,983 as at 31 December 2010 and JD 3,537,356 as at 31 December 2009. These investments ware stated at cost since the fair value could not be measured reliably.

There are no significant differences between the book value and fair value of the financial assets and liabilities in 2010 and 2009.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly from market information.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
31 December 2010	JD	JD	JD	JD
Held for trading financial assets	351,645	-	-	351,645
Available for sale financial assets	5,474,269	3,834,983	-	9,309,252
Held to maturity financial assets	-	172,252,794	-	172,252,794
Total financial assets	5,825,914	176,087,777	-	181,913,691
31 December 2009				
Held for trading financial assets	615,951	-	-	615,951
Available for sale financial assets	10,152,229	3,625,981	-	13,778,210
Held to maturity financial assets	-	130,140,171	-	130,140,171
Total financial assets	10,768,180	133,766,152	-	144,534,332

(39) RISK MANAGEMENT POLICIES

The bank manages its risks through a comprehensive strategy for risk management by which the roles and responsibilities of all parties concerned are identified. These include the Board of Directors and subcommittees such as the Risk Committee, the Investment Committee and Audit Committee, in addition to the executive management and its subcommittees, such as Assets and Liabilities Committee , Procedures Development Committee , Credit committees and other specialized Departments such as the Risk Management Department and the Audit Department. Furthermore, all of the Bank's business units are considered responsible for identifying the risks associated within their banking operations and committed to applying the appropriate controls and monitoring their effectiveness and maintaining integrity within the internal control system .

The process of managing the risks within Jordan Commercial Bank activities include the identification, measurement, assessment and monitoring of financial and non-financial risks which could negatively affect the bank's performance and reputation or its goals ensuring that the bank achieves optimum yield in return for the risks taken.

The bank is exposed at least to the following risk categories:

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Compliance Risk

The general framework of risk management at the bank is in line with the size, complexity and nature of its operations, and in harmony with local regulations as well as taking into account the best international practices in this regard.

The bank's set of principles include the following:

1 - The Board of Directors' responsibility for risk management. The risk committee of the board of directors does a periodic review of policies, strategies and risk management procedures of the bank, including setting acceptable risk limits.

2 - The responsibility of the Board of Directors, represented by the Risk Committee in the development of the internal assessment of capital and analysis of current and future requirements for capital and as appropriate with the structure of the Bank's risk and strategic goals and taking action on particular in addition to its responsibility in ensuring a good system to evaluate the types of risks faced by the Bank and the development of the system to link these risks with the level of capital required to cover.

3 - The responsibility of the Board of Directors to approve the policies developed by the executive management.

4 - The risk management department, which is independent of other bank's operations, reports to the Risk Committee on risk issues. For daily operations it is linked with the General Manager, and analyses all the risks including credit, market, liquidity and operational risk in addition to the development of measurement methodologies and controls for each type of risk as needed.

5 - Internal Audit department provides independent confirmation of the compliance of the working units with the policies and procedures set to manage risks and their efficiency.

6 - Managing risk is considered the responsibility of each unit and every employee of the bank, in relation to those risks which are within their functions.

Credit Risks

Credit risks are those which may result from the default or failure of the other party's financial instrument in settling obligations leading to losses occurrence.

The Bank aims to develop the size of business and increase its portfolio of banking credits and facilities. Therefore, it aspires to adopt the best levels of credit standards and follow up the latest techniques in credit risk management that would maintain the portfolio's quality.

The bank pursues, in credit risk management, an approach that is characterized by independency and integrity, this approach involves the following:

Credit Policies:

The bank manages its credit risk through the annual policies set by the board of Directors including credit ceilings and various credit conditions, which are renewed annually, according to several changing factors and the results of the analysis, and studies. These policies define maximum credit limits given to any customer and / or group of related customers in addition to the distribution of credit according to geographical regions and different economic sectors. The bank considers the diversification of portfolios as an important risk mitigation factor.

Customer Rating:

Customer credit risk rating is performed internally; customers are rated according to their creditworthiness and ability to pay, in addition to assessing the quality of the facilities granted to clients, in terms of account activity and regularity of payment of principal and interest. The collaterals are classified according to type and percentage coverage of risk. Moreover the bank periodically monitors the portfolios and their diversification, according to several classifications.

Mitigation Methodologies:

The bank follows different procedures to mitigate risks, including determining the acceptable types of collaterals and their conditions , whereby good collaterals that can be liquidated at a reasonable time and value are accepted by the bank taking into consideration that the value of the collateral is not related to the business of the customer . Moreover, the bank requires insurance policies on certain properties as a means of mitigating risks. The values of the collaterals are monitored on a regular basis and in the event of decrease in its value, additional collaterals are required.

Credit review is made through credit analysis divisions which are responsible for studying and analysing in order to take the credit decision in addition to credit control that is responsible for documentation, legal verification and execution.

Credit granting:

The Bank adopts the principle of segregation of functions in line with best practices in this regard, clarifying the roles and responsibilities between each of the different credit functions (sales, credit approvals, credit administration, credit operations), to ensure a strong control over credit granting operations.

Credit decision are checked against the credit policies and authority limits, all documentations and contracts are reviewed before executing the credit.

Before granting any facility, the Bank makes sure that all document, contracts, and Bank collaterals have been properly documented in accordance with law and regulations to guarantee right in these collaterals.

Maintenance and follow-up of credit

The performance of the credit portfolio is continuously monitored to make sure it is within the acceptable risk limits and to identify any increasing risk levels.

The bank continuously monitors its performing portfolio to identify any need for additional provision.

There are specialized and independent departments responsible for managing irregular credit facilities and handle the task of their administration and collection.

Second: Quantitative Disclosures

(39.a) Credit Risks

Credit risk exposures (after the impairment provision and interest in suspense but before collaterals and other risks mitigating factors).

	2010	2009
	JD	JD
On – Balance sheet		
Cash and balances at central banks	72,634,322	61,944,044
Balance at banks and financial institutions	72,046,776	58,552,264
Deposits at banks and financial institutions	709,000	709,000
Direct credit facilities:		
Individuals (retail)	57,480,737	47,513,773
residential loans	27,280,826	24,846,910
Corporate:		
Corporate companies	249,841,299	207,873,187
SMEs	45,341,361	33,645,932
Public sector	10,500,911	11,935,637
Held to maturity investments	172,525,794	130,140,171
Off – Balance sheet		
Guarantees	98,129,156	95,309,726
Letters of credit	63,125,689	103,296,342
Acceptances	9,909,733	4,966,762
Utilized credit facilities ceiling	27,335,208	19,406,580
Total	906,860,812	800,140,328

The above schedule represent the maximum credit risk the bank exposed as of 31 December 2010 and 2009 without taking into considerations any collaterals or risk mitigations.

Collaterals against facilities are as follows:
- Real estate mortgage.
- Financial instrument such as stocks.
- Letter of guarantee.
- Cash margins.
- Governmental guarantee.

The management monitors the market value for these collaterals on periodic basis. In case the value of the collateral decreases, the Bank requests additional collaterals to cover the value of the deficit. The Bank also periodically evaluates the collaterals against non-performing credit facilities.

Credit exposures according to the degree of risk are categorized in the following table:

			Corporate				
	Individuals	Property loans	Corporate companies	SMEs	Public sector	Banks and other financial institution	Total
2010	JD	JD	JD	JD	JD	JD	JD
Low risk	-	-	14,314,275	-	139,622,928	-	153,937,203
Acceptable risk	52,285,926	25,895,250	180,265,362	40,625,039	43,403,777	145,390,098	487,865,452
Of which is due*	105,842	67,893	15,091,914	1,848,464	-	-	17,114,113
Within 30 days							
From 31 to 60 days	46,347	22,049	2,997,996	291,034	-	-	3,357,426
Watch list	1,632,068	-	39,522,966	1,793,578	-	-	42,948,612
Non-performing:							
Substandard	700,297	98,199	2,346,637	870,164	-	-	4,015,297
Doubtfull	4,588,857	728,274	45,461,286	1,793,462	-	-	52,571,879
Bad debts	3,870,419	1,565,667	5,436,321	2,721,601	-	-	13,594,008
Total	63,077,567	28,287,390	287,346,847	47,803,844	183,026,705	145,390,098	754,932,451
Less: Interest in suspense	(1,151,722)	(444,155)	(831,496)	(3,072,999)	-	-	(5,500,372)
Less: Impairment provision	(3,982,571)	(562,409)	(8,883,961)	(1,628,269)	-	-	(15,057,210)
Net	57,943,274	27,280,826	277,631,390	43,102,576	183,026,705	145,390,098	734,374,869
2009-							
Low risk	-	-	11,368,728	-	91,946,987	-	103,315,715
Acceptable risk	52,206,689	23,246,061	132,123,063	30,284,229	50,128,821	121,205,308	409,194,171
Of which is due*							
Within 30 days	248,677	29,425	25,306,569	2,990,427	-	-	28,575,098
From 31 to 60 days	54,554	22,249	3,619,541	487,266	-	-	4,183,610
Watch list	985,517	-	44,509,080	1,431,087	-	-	46,925,684
Non-performing:							
Substandard	180,347	87,020	2,895,416	461,816	-	-	3,624,599
Doubtfull	2,376,518	467,637	13,997,556	2,262,458	-	-	19,104,169
Bad debts	5,650,521	1,547,480	14,212,835	3,588,720	-	-	24,999,556
Total	61,399,592	25,348,198	219,106,678	38,028,310	142,075,808	121,205,308	607,163,894
Less: Interest in suspense	(9,484,064)	(322,266)	(2,677,131)	(2,725,177)	-	-	(15,208,638)
Less: Impairment provision	(4,401,755)	(179,022)	(8,556,360)	(1,657,201)	-	-	(14,794,338)
Net	47,513,773	24,846,910	207,873,187	33,645,932	142,075,808	121,205,308	577,160,918

Fair value of collaterals against credit facilities are categorized according to the following table:

			Corporate			
	Individuals	Property loans	Corporate companies	SMEs	Public sector	Total
2010	JD	JD	JD	JD	JD	JD
Low risk	888,734	-	12,281,770	-	10,500,911	23,671,415
Acceptable risk	33,333,774	26,556,763	159,768,591	40,793,724	-	260,452,852
Watch list	1,632,068	-	39,522,966	1,793,578	-	42,948,612
Non- performing						
Substandard	910,549	132,620	506,200	485,701	-	2,035,070
Doubtfull	2,052,648	813,783	4,275,000	1,164,870	-	8,306,301
Bad debts	2,238,007	1,403,404	4,507,049	3,627,623	-	11,776,083
Total	41,055,780	28,906,570	220,861,576	47,865,496	10,500,911	349,190,333
Of it:						
Cash margins	888,734	-	12,072,387	-	-	12,961,121
Bank guarantees	-	-	209,383	-	-	209,383
Real estate	37,759,132	28,906,570	180,632,483	43,979,308	-	291,277,493
Trading stocks	205,696	-	27,947,323	61,652	-	28,214,671
Vehicles and equipment	2,202,218	-	-	3,824,536	-	6,026,754
Other	-	-	-	-	10,500,911	10,500,911
Total	41,055,780	28,906,570	220,861,576	47,865,496	10,500,911	349,190,333
2009-						
Low risk	-	-	11,368,728	-	1,875,000	13,243,728
Acceptable risk	41,751,809	25,348,198	73,360,561	36,485,175	10,060,634	187,006,377
Watch list	985,517	-	44,818,941	1,121,226	-	46,925,684
Non- performing						
Substandard	206,477	66,209	-	808,215	-	1,080,901
Doubtfull	1,232,728	430,808	12,381,816	1,117,275	-	15,162,627
Bad debts	2,956,623	1,443,512	194,280	2,659,069	-	7,253,484
Total	47,133,154	27,288,727	142,124,326	42,190,960	11,935,634	270,672,801
Of it:						
Cash margins	409,812	-	11,499,110	198,000	-	12,106,922
Bank guarantees	-	-	309,610	-	-	309,610
Real estate	42,929,835	27,288,727	100,796,665	41,113,432	-	212,128,659
Trading stocks	175,385	-	28,688,662	245,182	-	29,109,229
Vehicles and equipments	3,279,309	-	830,279	582,429	-	4,692,017
Other	338,813	-	-	51,917	11,935,634	12,326,364
Total	47,133,154	27,288,727	142,124,326	42,190,960	11,935,634	270,672,801

Rescheduled Debts

Rescheduled debts are debts which have been previously classified as non-performing credit facilities, then excluded from the non-performing credit facilities as a result of a rescheduling process, and then classified as watch list. The credit facilities that were rescheduled as of 31 December 2010 is JD 24,679,024 while credit facilities were rescheduled as 31 December 2009 with JD 35,675,571.

Restructured Debts

Restructuring is reorganizing credit facilities in terms of installments, extending the term of credit facilities, deferment of installments, or extending the grace period and accordingly are classified as "Watch List" according to CBJ instructions and its amendments. There no restructuring debt balances of as at 31 December 2010 (2009: 2,408,556).

3) Securities, bonds and bills:

The following table illustrates the classifications of securities, bonds and bills according to the external classification institutions:

	2010	2009
	JD	JD
Classification degree		
Unclassified	43,403,777	40,068,184
Governmental	129,122,017	90,071,987
Total	172,525,794	130,140,171

4. Exposure to credit risk according to geographical distribution:

	Inside Kingdom	Middle East Countries	Europe	Asia	Africa	America	Total
	JD	JD	JD	JD	JD	JD	JD
Cash and balances at Central Banks	56,948,794	15,685,528	-	-	-	-	72,634,322
Balances at banks and financial institutions	24,647,545	12,369,177	31,671,181	1,618,150	14,031	1,726,692	72,046,776
Deposits at banks and financial institutions	-	-	-	709,000	-	-	709,000
Direct credit facilities:							
Individuals	56,570,138	6,044,892	-	-	-	-	62,615,030
Residential loans	28,230,662	56,728	-	-	-	-	28,287,390
For companies:							
Corporate companies	259,556,756	2,238,785	-	-	-	-	261,795,541
Small and medium companies	47,803,844	-	-	-	-	-	47,803,844
Public sector	1,562,500	8,938,411	-	-	-	-	10,500,911
Held –to- maturity financial assets	167,525,794	5,000,000	-	-	-	-	172,525,794
Total 2010	642,846,033	50,333,521	31,671,181	2,327,150	14,031	1,726,692	728,918,608
Total 2009	518,102,351	55,699,749	26,388,090	807,790	354,640	5,811,274	607,163,894

* Excluding Middle East countries.

5. The table shows concentrations in credit exposures according to economic sectors as follows:

	Financial	Industrial	Trade	Real estate	Agricultural	Shares	Transportation	Tourism, hotels and restaurants	Services and public utilities	Individuals	Government and public	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at Central Banks	72,634,322	-	-	-	-	-	-	-	-	-	-	-	72,634,322
Balances at banks and financial institutions	72,046,776	-	-	-	-	-	-	-	-	-	-	-	72,046,776
Deposits at banks and financial institutions	709,000	-	-	-	-	-	-	-	-	-	-	-	709,000
Credit facilities	8,504,488	48,803,897	82,294,563	28,287,390	36,648,958	36,946,185	4,162,830	12,894,226	24,611,167	91,278,700	10,500,911	26,069,401	411,002,716
Held –to- maturity financial assets	20,150,000	288,673	500,000	-	-	-	-	5,696,214	8,880,000	-	137,010,907	-	172,525,794
Total 2010	174,044,586	49,092,570	82,794,563	28,287,390	36,648,958	36,946,185	4,162,830	18,590,440	33,491,167	91,278,700	147,511,818	26,069,401	728,918,608
Total 2009	174,352,281	60,154,454	104,949,409	25,348,198	14,614,701	11,255,816	2,793,984	7,330,703	15,663,564	61,399,592	102,007,624	27,293,568	607,163,894

Market Risk –

Is the risk resulting from fluctuations in the fair value or cash flows of financial instruments caused by the change in market prices such as interest rates and exchange rates and equity prices. Market risk arises due to the existence of open positions in interest rates, currencies and equity investments. Such risks are controlled in accordance to a specific set of policies and procedures and through specialized committees and related departments. Market Risk includes interest rates risk, foreign exchange risks and the risk of change in equity prices.

Market risk is measured and controlled through several methods, including sensitivity analysis and stress testing in addition to stop loss limits.

Interest Rate Risk

Interest Rate Risk results from the possible impact of changes in interest rates on the profits of the Bank or the value of financial instruments, the bank is exposed to interest rate risk due to repricing mismatches between its interest rate sensitive assets and liabilities according to the different maturities and repricing terms .The bank manages these risks through the continuous review of interest rates on its assets and liabilities in the course of its risk management strategy.

The ALM Committee reviews the sensitivity gaps of interest rates during its regular meetings and studies its effect on the Bank profitability in the light of any expected changes in market interest rates.

Interest rate risk management

The Bank seeks to have long term facilities against long term investments with a fixed interest rates as possible to face any changes in interest rates. The Bank uses also hedging instruments such as interest rate swift to minimize losses.

Interest Repricing gap

Classification is based on interest repricing periods or maturities, whichever are nearer.

The sensitivity of interest rates as of 31 December 2010 is as follows:

	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 or more years	Non-interest bearing	Total
2010-								
Assets								
Cash and balances at Central Banks	33,448,774	-	-	-	-	-	51,397,595	84,846,369
Balances at banks and financial institutions	55,939,920	16,106,856	-	-	-	-	-	72,046,776
Deposits at banks and financial institutions	-	709,000	-	-	-	-	-	709,000
Trading financial assets	-	-	-	-	-	-	351,645	351,645
Direct credit facilities	12,579,901	24,685,551	66,865,855	68,694,045	8,854,091	208,765,691	-	390,445,134
Available for sale financial assets	-	-	-	-	-	-	9,309,252	9,309,252
Held to maturity financial assets	-	-	172,525,794	-	-	-	-	172,525,794
Repurchase agreement	-	-	-	-	-	-	3,090,635	3,090,635
Fixed assets	-	-	-	-	-	-	11,574,252	11,574,252
Intangible assets	-	-	-	-	-	-	723,856	723,856
Other assets	-	-	-	-	-	-	17,155,664	17,155,664
Total Assets	101,968,595	41,501,407	239,391,649	68,694,045	8,854,091	208,765,691	93,602,899	762,778,377
Liabilities								
Deposits at banks and financial institutions	44,922,176	-	-	-	-	-	2,806,114	47,728,290
Customers' deposits	311,615,895	64,147,343	38,242,297	28,703,545	-	-	108,857,986	551,567,066
Margin accounts	2,092,168	4,184,336	6,276,504	9,933,283	-	20,921,678	2,181,040	45,589,009
Borrowed funds	-	10,000,000	-	-	-	-	-	10,000,000
Other provisions	-	-	-	-	-	-	741,034	741,034
Provision for income tax	-	-	-	2,460,606	-	-	271,929	2,732,535
Other liabilities	-	-	-	-	-	-	10,178,064	10,178,064
Total Liabilities	358,630,239	78,331,679	44,518,801	41,097,434	-	20,921,678	125,036,167	668,535,998
Interest rate sensitivity gap	(256,661,644)	(36,830,272)	194,872,848	27,596,611	8,854,091	187,844,013	(31,433,268)	94,242,379

2009-	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 or more years	Non-Interest bearing	Total
Assets								
Cash and balances at Central Banks	32,448,404	-	-	-	-	-	39,839,917	72,288,321
Balances at banks and financial institutions	46,657,581	11,056,395	838,288	-	-	-	-	58,552,264
Deposits at banks and financial institutions	-	709,000	-	-	-	-	-	709,000
Trading financial assets	-	-	-	-	-	-	615,951	615,951
Direct credit facilities	18,311,750	36,675,070	200,986,423	67,567,807	1,094,997	1,179,392	-	325,815,439
Available for sale financial assets	-	-	-	-	-	-	13,778,210	13,778,210
Held to maturity financial assets	-	-	129,799,562	340,609	-	-	-	130,140,171
Fixed assets	-	-	-	-	-	-	9,333,706	9,333,706
Intangible assets	-	-	-	-	-	-	517,552	517,552
Other assets	-	-	-	-	-	-	18,337,072	18,337,072
Total Assets	97,417,735	48,440,465	331,624,273	67,908,416	1,094,997	1,179,392	82,422,408	630,087,686
Liabilities								
Deposits at banks and financial institutions	19,622,345	-			-	-	-	19,622,345
Customers' deposits	229,418,906	57,430,019	35,346,339	22,349,816	-	-	98,790,258	443,335,338
Margin accounts	22,707,888	4,128,707	6,193,061	9,031,714	-	-	977,624	43,038,994
Borrowed funds	-	-	20,000,000	-	-	-	-	20,000,000
Other provisions	-	-	-	-	-	-	1,394,099	1,394,099
Provision for income tax	-	-	-	-	-	-	1,496,848	1,496,848
Other liabilities	-	-	-	-	-	-	10,223,806	10,223,806
Total Liabilities	271,749,139	61,558,726	61,539,400	31,381,530	-	-	112,882,635	539,111,430
Interest rate sensitivity gap	(174,331,404)	(13,118,261)	270,084,873	36,526,886	1,094,997	1,179,392	(30,460,227)	90,976,256

1. Currencies Risks:

2010-

Currency	Change in exchange rate %	Impact on profit & loss
Euro	5+	839,210
Pound sterling	5+	(841,270)
Other currencies	5+	(29,738)

2009-

Currency	Change in exchange rate %	Impact on profit & loss
Euro	5+	(334,985)
Pound sterling	5+	53,978
Other currencies	5+	(127,622)

Incase of negative change in the exchange rates the effect will be the same with a change in sign.

Concentration in foreign currencies risk:

	US Dollar	Euro	Sterling pound	Shekel	Other	Total
2010-						JD
Assets						
Cash and balances at central banks	6,822,631	-	-	7,037,433	161,180	14,021,244
Balances at banks and financial institutions	17,655,914	19,188,544	1,250,522	4,238,453	1,525,399	43,858,832
Deposits at banks and financial institutions	709,000	-	-	-	-	709,000
Direct credit facilities	33,501,501	-	-	2,977,292	156,667	36,635,460
Available for sale financial assets	1,988,954	-	-	-	-	1,988,954
Held to maturity financial assets	639,349	-	-	-	-	639,349
Other assets	1,569,773	-	-	97,158	-	1,666,931
Total assets	62,887,122	19,188,544	1,250,522	14,350,336	1,843,246	99,519,770
Liabilities:						
Deposits at banks and financial institutions	11,895,686	621,955	41,373	4,850,482	1,325,484	18,734,980
Customers' deposits	33,579,168	949,443	17,762,326	9,448,445	998,780	62,738,162
Cash margins	11,236,448	832,942	272,231	432,543	(302,657)	12,471,507
Other assets	945,458	-	-	35,273	-	980,731
Shareholders' equity	2,400,960	-	-	-	-	2,400,960
Total liabilities	60,057,720	2,404,340	18,075,930	14,766,743	2,021,607	97,326,340
Net concentration on statements of financial position	2,829,402	16,784,204	(16,825,408)	(416,407)	(178,361)	2,193,430
Accrued liabilities off statements of financial position	68,081,644	10,872,873	55,792	248,999	831,643	80,090,951
2009-						
Total assets	63,214,166	12,332,020	2,642,477	10,093,917	190,045	88,472,625
Total liabilities	53,601,599	19,031,722	1,562,916	10,661,819	2,174,589	87,032,645
Net concentration on statements of financial position	9,612,567	(6,699,702)	1,079,561	(567,902)	(1,948,544)	1,439,980
Accrued liabilities off statements of financial position	27,464,563	8,479,648	479,795	640,206	829,864	37,894,076

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the levels of equity indices and the value of individual stocks. The Bank manages this risk through diversification of investments in terms of geographical distribution and industry concentration. The majority of the Bank's investments are quoted on Amman Stock Exchange and the Palestine Securities Exchange.

The effect on income statement and equity due to a reasonably possible change in prices, with all other variables held consent, is as follows:

2010-

Indicator	Change in indicator %	Impact on profit & loss	Impact on equity
2010-			
Amman Stock Exchange & Palestine Stock Exchange	5+	17,517	360,558
Amman Stock Exchange & Palestine Stock Exchange	5-	(17,517)	(360,558)
2009-			
Amman Stock Exchange & Palestine Stock Exchange	5+	30,798	507,611
Amman Stock Exchange & Palestine Stock Exchange	5-	(30,798)	(507,611)

In case of negative change in index the effect will be the same with a change in the sign.

Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances, without incurring high costs or loss, the bank adopts the following principles for the management of liquidity risk.

- Diversification of funding sources
Bank's management seeks to diversify sources of funding and prevent the concentration in the funding sources. The bank also borrows from institutions and local and foreign banks which would provide sources of funding at appropriate costs and maturities.

The bank had also established a **Liquidity Contingency Plan**, which provides the basic framework for the management of liquidity. This includes defining an effective mechanism to manage liquidity during times of crisis, within reasonable costs and preserving the rights of depositors, borrowers, and shareholders.

Liquidity Risk

Liquidity risk is the Bank's inability to make available the necessary funds to meet obligations on their maturity dates. In order to protect the Bank against this risk, the Bank's management diversifies its funding resources and manages assets and liabilities and matches their maturities according to the maturities scale. Moreover, the Assets and Liabilities Committee analyzes and controls the maturities of assets and liabilities monthly, in addition to monitoring the daily and weekly liquidity and maintaining an adequate balance of cash and cash equivalents and marketable securities.

Liquidity risk represents the Bank's failure to fulfill its obligations on their maturity dates due to its inability to obtain the necessary funding or due to its inability to liquidate its assets at the proper time and price.

The Treasury Department manages the Bank's liquidity and funding to ensure the availability of adequate funds to meet the Bank's cash funding requirements and any other unexpected need. Moreover, the Bank always keeps liquidity levels, as it deems appropriate, to meet any deposits, withdrawals, loan repayments, and financing and encounter any possible difficulties that may arise from the local or regional markets or geographical events.

The liquidity risk control process includes financial analysis of the Bank's statement of financial position items, measurement of the present and expected cash flow gap, making available cash resources, controlling the concentration of individual depositors, and maintaining a diversified funding base for deposits. Moreover, liquidity risk is mitigated through ensuring adherence to the pertinent instructions of the Central Bank of Jordan, particularly, the maturities scale difference limit for time periods and compliance with the instructions on keeping the minimum liquid assets (100%) of total weighted assets.

The following are the Bank's policies on managing these risks:

Liquidity risk is managed by the Bank through controlling the following ratios stated within the assets and liabilities management policy approved by the Board of Directors:

- Legal liquidity ratio.
- Ratio of liquid investments to assets.
- Ratio of liquid investments to customer's deposits.
- Ratio of net credit facilities and loans to customer's deposits.
- Ratio of net credit facilities and loans to equity.

The liquidity contingency plan is regularly reviewed and updated by the ALCO.

- Analyzing and monitoring the maturities of assets and liabilities
The Bank studies the liquidity of its assets and liabilities as well as any changes that occur on them on a daily basis, The Bank, seeks through the ALCO Committee to match between the maturities of its assets and liabilities and control the liquidity gaps within the limits defined in the banks policies.

The gap between the maturities of assets and liabilities is monitored through the following indicators that state maximums and minimums thereon:

- During 90 days.
- During a period from 91 days to 365 days.
- Cumulative gap to equity.
- Cumulative gap to assets.

The following table summarizes the distribution of (undiscounted) liabilities based on the remaining period of the contractual maturity as of 31 December:

2010-	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	More than 3 years	No fixed maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities								
Banks and financial institution deposits	47,728,290	-	-	-	-	-	-	47,728,290
Customers' deposits	401,279,963	64,147,343	38,242,297	28,703,545	-	-	19,193,918	551,567,066
Margin accounts	23,013,846	4,184,336	6,276,504	9,933,283	-	-	2,181,040	45,589,009
Loans and borrowings	-	10,000,000	-	-	-	-	-	10,000,000
Other provisions	-	-	-	-	424,374	-	316,660	741,034
Provision for income tax	-	-	2,460,606	-	-	-	271,929	2,732,535
Other liabilities	3,457,268	2,533,499	3,085,370	711,058	390,869	-	-	10,178,064
Total Liabilities	475,479,367	80,865,178	50,064,777	39,347,886	815,243	-	21,963,547	668,535,998
Total Assets (as expected maturities)	146,693,338	46,579,115	74,010,408	79,194,045	368,594,201	9,530,082	38,177,188	762,778,377

2009-	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	More than 3 years	No fixed maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities								
Banks and financial institution deposits	19,622,345	-	-	-	-	-	-	19,622,345
Customers' deposits	324,129,806	52,348,814	35,346,339	22,349,816	-	-	9,160,563	443,335,338
Margin accounts	22,707,888	4,128,707	6,193,061	10,009,338	-	-	-	43,038,994
Loans and borrowings	-	-	10,000,000	-	10,000,000	-	-	20,000,000
Other provisions	-	-	-	-	1,394,099	-	-	1,394,099
Provision for income tax	1,428,919	-	67,929	-	-	-	-	1,496,848
Other liabilities	5,514,399	685,895	2,350,946	-	1,672,566	-	-	10,223,806
Total Liabilities	373,403,357	57,163,416	53,958,275	32,359,154	13,066,665	-	9,160,563	539,111,430
Total Assets (as expected maturities)	148,438,966	46,747,807	209,518,107	89,338,445	67,807,794	33,147,167	35,087,400	630,085,686

Operational Risk

Operational risk is the risk of loss arising from fraud, unauthorized activities, error, omission, inefficiency, system failure and external events. The Bank manages operational risk through a control environment integrated with detailed control tools and a set of procedures, policies, authorities, delegation processes, and segregation of duties. This is in addition to the availability of an operational risk policy that sets the general framework for risks and the pertinent mitigation and control methods plus acceptable risks and roles assigned to the Bank's units. Operational risk facing the Bank's units and relating to their daily operations is assessed and determined by the personnel in charge of these units in coordination with the Risk Department, and controls thereon are established.

The Bank's operational risk is controlled and mitigated through several control tools such as:

- Control risk self-assessment.
- Risk-based audit.
- Loss data registration.
- Risk transfer.
- Business continuity plan.

According to Basel (2) relating to the measurement of risk, the basic indicator approach is used to calculate the capital adequacy ratio according to the instructions of the Central Bank of Jordan. Moreover, the capital required to meet operational risk is calculated based on summing up the average total gross income for the last three years multiplied by a fixed percentage (alpha) set by the Central Bank of Jordan at 15%.

The general framework for the operational risk management is as follows:

- Managing operational risk is the responsibility of all employees in the bank through the proper application of policies and procedures that would curb these risks and exposures that arise during daily operations. A special department was established since 2005 to facilitate and support all departments of the bank to carry out their duties in managing those risks.
- Because of the constant change in the environment of work as a result of the willingness of the bank management to keep pace with technology and new banking products and services, the bank has adopted and implemented several procedures to help the different departments identifying, measuring, following-up and controlling operating risks that arise from the introduction of new products and services.
- An Operational Risk Policy was developed to cover all the bank's departments, branches and subsidiaries which include risk appetite thresholds and risk limits.
- Defining the general operational risk management framework of risk management, including defining the roles and responsibilities of all: the Board of Directors, the Risk committee, senior management, directors of departments, Risk Management and Audit.

Implementing Operational Risk measurement techniques that aim at identifying risks to the Bank and evaluating them in terms of the magnitude of the impact and frequency of occurrence, in order to take appropriate action that would mitigate these risks through the implementation of the Control and Self Assessment System (CRSA) , as well as data collection and review of actual and potential losses resulting from operations.

Reputational Risk

This risk results from failure to properly operate the Bank according to the pertinent laws and regulations. Moreover, the activities performed by the Bank depend on the good reputation about the Bank in front of depositors and customers. The Bank studies matters that detract from its reputation, and all instructions, regulations, policies, and procedures that limit the Bank's exposure to reputation risk. It is the responsibility of all of the Bank's reputation. They should adhere to the code of professional ethics.

Legal Risk

Legal risk relates to contractual, legislative, and litigation risks encountered by the Bank. The responsibility for legal risk falls squarely on the shoulders of the Bank's Legal Department which defines, determines, assesses and evaluates the legal risks to which the Bank is exposed. It prepares the related necessary reports and submits them to the Chief Executive Officer / General Manager. Moreover, the Legal Department constantly and effectively consults the Bank's legal adviser concerning all lawsuits and claims to which the Bank is a party.

Third: off – Balance sheet items

	Up to one year	Form one year up to 5 years	More than 5 year	Total
2010-	JD	JD	JD	JD
Letters of credit and acceptances	72,824,166	211,256	-	73,035,422
Guarantees	98,129,156	-	-	98,129,156
Operating lease contract liabilities	526,909	-	-	526,909
Unutilized credits	27,335,208	-	-	27,335,208
Total	198,815,439	211,256	-	199,026,695
2009-				
Letters of credit and acceptances	107,877,337	385,767	-	108,263,104
Guarantees	95,309,726	-	-	95,309,726
Operating lease contract liabilities	500,669	-	-	500,669
Unutilized credits	19,406,580	-	-	19,406,580
Total	223,094,312	385,767	-	223,480,079

Compliance risk

Compliance risk is the risk of non-compliance with law, regulations and standards issued by domestic and international governing bodies.

In order to follow the international trends, and Basel, In order to ensure compliance with the Bank's internal policies and all laws, regulations, instructions and rules of conduct and standards banking practices issued by regulatory bodies, a compliance department was established in 2005 to monitor compliance with the Bank's laws, regulations and instructions issued by the regulators and best practices in bank industry through work programs and procedures based the principle of control risk (Risk Based Approach) One of the main objectives of the department.

- Identify, evaluate and manage compliance risks.
- Classification and access files laws and regulations that govern the nature of the work and activities of departments and the various departments within the bank database on the Bank's internal site, and constantly updated by any legal or regulatory developments to assist the executive management of the bank's risk management compliance with their own.
- Advise management on compliance with laws and regulations.
- Monitor compliance risks through creating a data base that includes all laws and regulations that the Bank should comply with and report to the board audit and compliance committee.
- Reporting on the extent and level of compliance by the Bank and the external branches directly to the Audit and compliance Committee Arising from the Board of Directors.
- Review and evaluate all products policies, and internal procedures and their compliance with the laws and regulations.

During 2010 the Board of directors approved the compliance policy which reflects the Board view with regard to compliance and to prepare procedures and plans based on a

Risk Based Approach.

In the field of Anti- money laundering (AML), a sub department of the compliance department was established by the Board in accordance with the AML law # 46 for the year 2007 and best international practices to limit AML risks.

The AML unit was supported by qualified staff and automated systems and is organized in four sub-units:

-KYC unit: Know your customer procedures during the service period.
-Monitoring and review unit: Review transactions by customers and non-customers.
-Investigation and information unit: receiving reports from departments and branches about customers and analyze for the purpose of taking actions.
-Western Union unit: monitoring financial transactions by customers of agents and the branches.

(40) SECTOR ANALYSIS

a. Information on the Bank's business sectors:

For management purposes, the Bank is organized into the following major business sectors:

- Individuals accounts.
- Corporate accounts.
- Treasury accounts.

The following is information on the Bank's business sectors distributed according to activity:

	Individuals	Corporations	Treasury	Other	Total 2010	Total 2009
	JD	JD	JD	JD	JD	JD
Total revenues	5,743,972	28,881,298	9,232,529	1,983,956	45,841,755	47,299,929
Credit facilities impairment loss	(393,410)	(2,911,933)	-	-	(3,305,343)	(3,923,638)
Operating segment results	5,350,562	25,969,365	9,232,529	1,983,956	42,536,412	43,376,291
Undistributed expenses	-	-	(17,316,062)	(18,049,190)	(35,365,252)	(36,145,909)
Income before tax	5,350,562	25,969,365	(8,083,533)	(16,065,234)	7,171,160	7,230,382
Income tax	-	-	-	(2,794,734)	(2,794,734)	(1,669,517)
Profit of the year	5,350,562	25,969,365	(8,083,533)	(18,859,968)	4,376,426	5,560,865
Other information :						
Segmental assets	79,091,784	324,835,673	327,994,359	30,856,561	762,778,377	630,087,686
Segmental liabilities	363,561,057	228,082,794	56,287,711	20,604,436	668,535,998	539,111,430
Capital expenditures	-	-	-	4,043,591	4,043,591	3,107,883
Depreciation and amortization	-	-	-	3,464,299	3,464,229	3,181,223

B. Geographical distribution information

The Bank practices activities mainly in the kingdom, representing local business. Moreover, the Bank practices international activities through its branches in Palestine.

The following is the distribution of the Bank's revenues, assets and capital expenditure according to geographical sector:

	Inside Kingdom		Outside Kingdom		Total	
	2010	2009	2010	2009	2010*	2009*
	JD	JD	JD	JD	JD	JD
Total revenues	42,948,205	44,752,906	3,277,708	5,364,190	45,841,755	47,299,929
Total assets	719,224,809	590,928,592	122,607,520	71,146,873	762,778,377	630,087,686
Capital Expenditure	4,000,080	3,074,511	43,511	33,372	4,043,591	3,107,883

* Net after eliminating the transactions between Jordan branches and Palestine branches.

(41) MANAGEMENT OF THE CAPITAL

There are many terms for describing capital like paid - up capital and regulatory capital and others.

Regulatory capital consists of two parts:

- Capital, which consists of subscribed (paid) capital, legal reserve, premiums and retained earnings. The balance of the Bank's restructuring and investments in the capitals of banks and other financial institutions and intangible assets are deducted from regulatory capital.

- Additional capital, which consists of the net amount after offsetting the effect of applying International Accounting Standard No. (39), the cumulative change in the fair value of available-for-sale assets, general banking risks reserve, and subordinated debt.

Jordan Commercial Bank's capital amounts to JD 80,359,125 million in accordance with the instructions of the Central Bank of Jordan, which require that the paid-up capital of a licensed bank be not less than JD (40) million as of 31 December 2010 and be not less than JD (100) million as of 31 December 2011.

The capital adequacy ratio of the Jordan Commercial Bank is 13.58% in compliance with the instructions of the central bank of Jordan, which require that such ratio be not less than 12%.

The Bank appropriates 10% of its net profits each year to the legal reserve in accordance with the provisions of the Banks Law in this regard to enhance capital.

- The Bank periodically monitors and reviews the credit facilities granted to clients and investments and compares them with capital and ensures that there is no contradiction in this regard with the instructions of the Central Bank of Jordan and other relevant legislations.

- In managing its capital, the Bank aims at developing the Bank's various business activities to achieve the maximum return possible.

- The Bank's management reviews the periodic financial analysis studies and takes the appropriate decisions such as:

1. Comparing the Bank's actual results with budget figures.
2. Comparing the present year financial ratios with those of prior years and explaining variances.
3. Comparing the Bank's performance with the performance of other similar banks.

4. Reasons for and sources of the changes in the Bank's regulatory capital during the year.

The changes in the Bank's regulatory capital during the year represent an increase in capital, statutory reserve, general banking risks reserve, and retained earnings. The table below shows the increase on capital adequacy.

The following table shows the amount considered as capital by the Bank and the capital adequacy ratio:

	2010	2009
	JD	JD
Primary capital items		
Paid up capital	80,359,125	73,053,750
Statutory reserve	7,440,123	6,723,652
Share premium	56,698	56,698
Pro-cyclicality reserve	204,308	-
Retained earnings	2,824,592	7,512,853
Less:		
Bank's restructuring balance	(5,177,555)	(6,903,443)
Investments in the capitals of other banks and financial institutions	(1,772,778)	(1,441,285)
Intangible assets	(723,856)	(517,552)
Total primary capital	83,210,657	78,484,673
Supplementary capital		
Net of offsetting the effect of applying IAS (39) and the cumulative change in the fair value of available for sale financial assets	(324,954)	353,407
General banking risk reserve	3,681,843	2,843,954
Total supplementary capital	3,356,889	3,197,361
Total primary and supplementary capital	86,567,546	81,682,034
Less:		
Investments in the capitals of bank and financial institutions	(1,772,778)	(1,441,285)
Total regulatory capital	84,794,768	80,240,749
Total risk weighted assets	624,206,011	524,104,443
Regulatory capital adequacy (%)	13.58%	15.31%
Primary capital adeqbacy (%)	13.33%	14.98%

(42) ANALYSIS OF THE ASSETS AND LIABILITIES MATURITIES

The following table illustrates the analysis of assets and liabilities according to the remaining period of their recovery or settlement:

2010-	Up to one year	More than one year	Total
	JD	JD	JD
Assets			
Cash and balances at central banks	74,076,648	10,769,721	84,846,369
Balances at banks and financial institutions	72,046,776	-	72,046,776
Deposits at banks and financial institutions	709,000	-	709,000
Trading financial assets	-	351,645	351,645
Direct credit facilities	170,400,352	220,044,782	390,445,134
Available for sale financial assets	-	9,309,252	9,309,252
Held to maturity financial assets	30,509,267	142,016,527	172,525,794
Property and equipment	-	11,574,252	11,574,252
Repurchasing agreement	-	3,090,635	3,090,635
Intangible assets	-	723,856	723,856
Other assets	12,840,071	4,315,593	17,155,664
Total assets	360,582,114	402,196,263	762,778,377
Liabilities			
Banks and financial institutions deposits	47,728,290	-	47,728,290
Customers' deposits	532,373,148	19,193,918	551,567,066
Cash margins	43,407,969	2,181,040	45,589,009
Borrowed funds	10,000,000	-	10,000,000
Other provisions	-	741,034	741,034
Provision for income tax	2,460,606	271,929	2,732,535
Other liabilities	9,787,195	390,869	10,178,064
Total liabilities	645,757,208	22,778,790	668,535,998
Net	285,175,094	379,417,473	94,242,379

2009-	Up to one year	More than one year	Total
	JD	JD	JD
Assets			
Cash and balances at central banks	72,288,321	-	72,288,321
Balances at banks and financial institutions	58,552,264	-	58,552,264
Deposits at banks and financial institutions	709,000	-	709,000
Trading financial assets	-	615,951	615,951
Direct credit facilities	323,541,050	2,274,389	325,815,439
Available –for- sale financial assets	-	13,778,210	13,778,210
Held –to- maturity financial assets	38,731,225	91,408,946	130,140,171
Property and equipment	-	9,333,706	9,333,706
Intangible assets	-	517,552	517,552
Other assets	7,365,965	10,971,107	18,337,072
Total assets	501,187,825	128,899,861	630,087,686
Liabilities			
Banks and financial institutions deposits	19,622,345	-	19,622,345
Customers' deposits	434,174,775	9,160,563	443,335,338
Cash margins	43,038,994	-	43,038,994
Borrowed funds	10,000,000	10,000,000	20,000,000
Other provisions	-	1,394,099	1,394,099
Provision for income tax	1,496,848	-	1,496,848
Other liabilities	8,551,240	1,672,566	10,223,806
Total liabilities	516,884,202	22,227,228	539,111,430
Net	(15,696,377)	106,672,633	90,976,256

(43) COMMITMENTS AND CONTINGENT LIABILITIES

a. Commitments and contingent liabilities:

	2010	2009
	JD	JD
Letters of credit	63,125,689	103,296,342
Acceptances	9,909,733	4,966,762
Letters of guarantees:		
Payments	32,661,961	31,761,460
Performance	32,115,484	31,413,577
Other	33,351,711	32,134,689
Unutilized credit facilities	27,335,208	19,406,580
Total	198,499,786	222,979,410

b. Operating lease contracts of JD 526,909 represent the annual contracts of leasing the Bank's branches as of December 31, 2010 (JD 500,699 as of December 31, 2008).

c. During the year 2009, the Bank's management entered into a contract with one of the contractors to execute the structural work of the new headquarters building project for an amount of approximately JD 2.3 million. The total estimated costs are approximately JD 8 million.

(44) LAWSUITS AGAINST THE BANK

The Bank is a defendant in lawsuits demanding cancellation of the Bank's claims against others, lifting of real estate mortgages, compensation for damages, and non-cashing of checks. These lawsuits amounted to JD 1,182,113 as of 31 December 2010 (JD 1,316,281 as of 31 December 2009). According to the Bank's management and its legal advisor, no liabilities shall arise against the Bank exceeding the existing provision amounted to JD 214,361 as of 31 December 2010.

(45) ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDERS (IFRSS)

IAS 24 Related Party Disclosures (Amendment)
The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Bank does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the bank after initial application.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Bank's financial assets. The Bank will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The adoption of these interpretations will have no effect on the financial statements of the Bank.

(46) COMPARATIVE FIGURES

Some of the year 2009 figures have been reclassified to correspond with the year 2010 presentation. There is no effect on the income and equity for the year 2009.