ANNUAL REPORT 2008

26th Annual Report

الإستثماري
البنك الأردني للإستثمار والتمويل
investbank
Jordan Investment & Finance Bank

His Majesty
King Abdullah II

Contents

Vision & Mission Statements

Vision

The bank of choice in communities we serve.

Mission

Our mission is to deliver high quality comprehensive banking products and services, through our talented and dedicated employees, in order to efficiently serve all customers locally, regionally and internationally; to maximize stakeholders' value.

The Founder

Nizar Jardaneh... A Journey of Giving (1925-2009)

It is with great sorrow, that the family of Investbank bid farewell to the founder, Mr. Nizar Abdel Rahim Jardaneh, who passed away in Amman on the 20th of April 2009. Mr Jardaneh was chairman of the bank since it was founded in 1982, until his retirement in February 2006.

Mr. Nizar Jardaneh was born in Nablus in 1925. He attended primary and secondary schools in Amman and Nablus and graduated from the School of Pharmacy at the American University in Beirut in 1948.

Mr. Jardaneh had a prominent role within the business community in Jordan, especially in the banking sector and the pharmaceutical trade and industry. His passion for education and scientific research had a significant impact on the pharmaceutical industry and education in the region. He dedicated much of his time to serving his country and his community. Over the years, he was awarded several medals and awards in recognition for his services and contributions.

The Pharmaceutical Industry

Mr. Jardaneh's pioneering work, dedication and innovation left its mark on the Jordanian pharmaceutical industry and contributed to the privileged position it enjoys today. He started his career by setting up the Jordan Drugstore in 1948. In 1975. He established Dar al Dawa Pharmaceuticals, a leading pharmaceutical manufacturer in the region, soon to be followed by its sister companies that produce veterinary products and baby foods. All along, he was active and involved in the professional affairs in Jordan and the Arab World. He was a founding member of the Jordan Pharmaceutical Association and was elected as its president for several terms between the years 1969 and 1983. He was also one of the founding members of the Arab Union of Pharmaceutical Associations and the Arab Union of the Manufacturers of Pharmaceuticals and Medical Appliances, in which he took leading roles until his retirement.

Other Economic Activities

Mr. Jardaneh contributed to the establishment and management of several business ventures in Jordan and Palestine. These include the Jordan Steel Company and the United Insurance Company. He was also the founder and chairman of Al-Quds Bank for Investment and Finance and Al-Quds Real Estate Development Company.

Contribution to Education and Research

Mr. Jardaneh was a strong believer in education and scientific research. He served as a member of the Board of Directors of the School of Pharmacy at the University of Jordan. He also served on the Board of Directors of the Royal Scientific Society and was granted its honorary fellowship. Furthermore, he established and chaired the Pharmaceuticals Research Unit and the Arab Pharmaceutical Consulting Company.

Contribution to the Community

Mr. Jardaneh was a founding member of the Welfare Association where he served as vice-chairman, trustee, and chairman to its executive committee. Through this organization he supported a number of important projects the most significant of which is the Abdel Rahim Jardaneh School in Nablus.

Throughout, he lent his support to other charitable organizations. These include al Muntada al Arabi, the Jordan Society for the Prevention of Tuberculosis and Respiratory Disease, the Jordanian Society for Quality Assurance, the Jordanian Society for the Blind, and Medical Aid for the Palestinians.

May God bless his soul, and may he rest in peace.

Board of Directors

CHAIRMAN
H.E. Mr. Basil Jardaneh
Until 1/7/2008

Mr. Bisher M. Jardaneh
Representative of Abdul Raheem Jardaneh & Sons Co.
starting from 1/7/2008

VICE CHAIRMAN
Mr. Ayman S. Jumean

MEMBERS

Dr. Osama M. Al Talhouni	
Dr. Mohammad K. Al-Tell	
Mr. Ahmad H. Tantash	
Dr. Nabil H. Al-Qaddumi	
Mr. Ziad R. Abu Jaber	Representative of Ra'ouf Abu Jaber & Sons Co.
Mr. Walid E. Finan	Representative of Al-Nahda Financial Investments
Mr. Abdul Raheem N. Jardaneh	
Dr. Eyhab S. Jumean Starting from 21/10/2007 to 23/3/2008 Starting from 1/9/2008 to 27/10/2008	Representative of Madaba Financial Investments
Mr. Samir Al-Rifai Starting from 23/3/2008 to 1/9/2008	Representative of Madaba Financial Investments
Mr Rajai Kossous Starting from 27/10/2008 to 13/4/2009	Representative of Madaba Financial Investments
Mrs. Zina Jardaneh Starting from 1/7/2008 Starting from 26/11/2007 until 26/5/2008	Representative of Abdul Raheem Jardaneh & Sons Co
Khalil A. Nasr	CEO / General Manager

Dear Shareholders,

With great sorrow the Board and staff of Investbank mourn the passing of the founder and first chairman of our bank, Pharmacist Nizar Abdul Rahim Jardaneh. He, along with the founding partners established the solid foundations that allowed Investbank to carve out our distinctive position within the Jordanian Banking Sector. We will always celebrate and cherish the vision and guidance that Mr. Jardaneh instilled.

It is with pleasure that the Board of Investbank presents the twenty sixth, Annual Report of 2008. Due to the extraordinary and unprecedented global financial crisis (since the great depression) that caused a slowdown to the world economy, the year 2008 has been an exceptional and challenging one.

The Jordanian Economy…

Being an integral part of the global economy, the Jordanian economy was not immune to the repercussions of the crisis; yet one positive element that emerged and had a calming effect was the drop in oil prices and other commodities that have helped the economy to catch its breath and consequently led to lower inflation. Notwithstanding the anxiety over the exacerbation of negative indicators that persists.

Government Commitment…

The Government has continued its commitment towards the spirit of an open economy, the modernization of the economic legislations and attracting investments. This coincided with the Government's announcement to guarantee all deposits in Jordanian banks until the end of 2009; bolstering trust and confidence into the Jordanian economy.

Controlling the Money Supply…

The Central Bank of Jordan exercised its role in steering the monetary policy by being vigilant and cautious. This has mitigated the severity of the global crisis on the financial system and contributed towards containing the consequent adverse ramifications.

Performing Under Pressure…

In this context, the growth achieved by the bank during 2008 is a testament to the healthy performance delivered under pressure and our ability to continue the journey on the same positive path. The bank is no stranger to this. Since its inception in 1982, our bank was able to overcome all challenges and reinforce its position – what position is it reinforcing?! - in the marketplace.

Sustainable Banking Relationships…

Our bank maintained its prudence in the provision of its banking services to its customers; be those corporations, SME, or retail. Our aim is to cultivate sustainable banking relationships with our customers, by focusing on a client base that is characterized by being loyal to the bank, coupled with qualified and proactive human capital who are the providers of our banking service which subscribes to the mission, vision and objectives of the bank. Moreover, upgrading the capabilities of our human asset through good recruitment, continuous trainings, better work environment, and encouragement of new initiatives will collectively result in higher productivity culminating in a better performance.

Financial Performance…

The results achieved underscores a new, which the bank took, was the correct one and we are heading in the right direction. This has manifested itself in the shareholders equity which reached JD 86 million versus JD 79 million in the year before, translating into a growth of 9%. The gross income was at JD 22 million and after tax reduction, the profits in 2008 reached a total of JD 8.8 million. Moreover, our portfolio of facilities has totaled JD 324 million against JD 313 million in the year before with a growth of 3.6%, while our portfolio of deposits has reached JD 448 million versus JD 412 million the year before with a growth of 9%. The foregoing improvements have led to a capital adequacy of 17% which is considered a healthy rate.

Reinforcing our Position and a new Strategy…

In the meantime, the bank has embarked on a new ambitious strategy for the years 2009 to 2011 by enacting the action plans and the corresponding initiatives to cement and enhance our competitive position in the local market place. This will come about by providing distinct and diversified services while simultaneously deep rooting the management process; through complementing the principle of good governance with modernizing and upgrading in all the IT and operational systems that underlies the bank. We will also further anchor the bank's corporate identity.

The Eye of the Storm…

In regards to the economic conditions, all current indicators point to a challenging period ahead that might take a turn to the worse during 2009 due to the portents of a recession starting to emerge. This means that the banking sector will be in the eye of the storm.

Responsibilities…

We all shoulder the responsibilities individually or collectively as a team to handle the repercussions of the financial crisis. This can be in the form of fortifying our decisions and taking precautionary coordinated measures to confront any emergency on the one hand or to preserve the economic activity and the needs of our clients on the other hand. In doing so, our bank will be able to achieve our common interests and to create the conducive conditions to overcome the crisis and its associated challenges with little damage. Our bank will be proactive in taking measures that will be necessary to seize the opportunities inherent in these challenges through well studied plans that will measure up to the highest standards of financial compliance

We Change with the Seasons but the Seasons will not Change us…

The bank has proved numerously and on several occasions its ability to steadfast in the face of change predicated on the will to continue that has governed its journey. In vein and tapping into this will, the bank was able over the years to adapt to market developments despite the changing seasons.

We Remain True to Our Commitments…

Finally, on behalf of our Board of Directors, I am honored to pay tribute to the outstanding efforts of our former chairman, His Excellency Mr. Basil Jardaneh, in building our great institution. We promise to honor both his and our pledges to our customers and the broader community whilst adhering to the principles of integrity, responsible work ethic and loyalty which were weaved into the bank's culture since 1982.

I would like also to express my gratitude to the Bank's family of shareholders, clients and employees for their continuous support and trust so that the bank continues to prosper on solid foundation.

God bless,,,

Bisher Mohammed Jardaneh
Chairman of the Board

Dear Shareholders,

The Board of Directors is proud to present to you the Bank's twenty-sixth annual report which summarizes Investbank's most important achievements and activities undertaken during the year 2008, in addition to the financial statements and the audit report for the fiscal year ending 31/12/2008.

Financial Achievements:
Profits:

In 2008, Investbank achieved a net profit of 8.875 million JD, compared with a net profit of 6.385 million JD in 2007, a growth of 39%. Profit before taxes totaled 11.553 million JD, while tax to deductions equaled 2.678 million JD. The table below is a breakdown of the profits:

Description	Rounded to the nearest million JD	
	2008	2007
Tax deduction	2.678	2.748
Statutory reserve	1.192	1.037
General banking risks reserve	0.364	0.596
Retained earnings	7.319	4.752
Total	11.553	9.133

Gross Income:
Investbank's gross income for the year 2008 totaled 21.614 million JD, with revenues from net interests and commission revenues constituting 92% of the total.

Balance Sheet:
The total balance sheet recorded a decrease of 2.3%, with 683 million JD compared to 699 million JD at the end of 2007. However, there was an increase of 8.8% in deposits, a total of 448 million JD at the end of 2008, compared to 412 million JD in 2007. Facilities increased by 3.6% in 2008 to around 324 million JD (a net amount of 303 million JD), compared to 313 million JD (a net amount of 288 million JD) in 2007. The following table shows the changes in the main balance sheet items:

Description	Rounded to the nearest million JD	
	2008	2007
Gross income	21.614	21.190
Net revenues from interests and commissions	19.805	18.127
Net income before tax	11.553	9.133
Net income after tax	8.875	6.385
Client deposits	447.973	411.931
Total direct credit facilities	324.110	313.266
Bank's net shares portfolio	22.127	32.534
Volume of issued guarantees	103.629	86.925
Volume of letters of credit and bills of collection	185.540	195.973

Important Notes:
The following overview is of the consolidated balance sheet for Investbank and Al-Mawared for Brokerage:

1- Capital Adequacy
The Bank maintained a high percentage of capital adequacy as of the end of 2008, with 17%, whereas the stipulated percentages from the Central Bank of Jordan and Basel Committee were 12% and 8% respectively.

2- Facilities Portfolio
Investbank's total credit facilities portfolio grew by the end of 2008 to 324 million JD (a net of 303 million JD), with a growth of 3.6% compared to 2007. The increase (a total of 11 million JD) covers different activities, including general commerce, construction, transportation services, real estate financing and stock operations, in addition to personal loans, housing loans, financing vehicles, and external trade.

3- Credit Rating
Capital Intelligence maintained the Bank's rating at: Financial Strength: BB+/ Outlook: Stable.

4- Corporate Governance
The Board of Directors formed committees as required by corporate governance, pursuant to the governance manual issued by the Central Bank of Jordan. These committees continued to perform the mandated tasks and duties, in compliance with the corporate governance policy. These committees are:

- Corporate Governance Committee
- Audit Committee
- Credit Management and Compliance Committee
- Nominations and Rewards Committee
- Executive Committee
- Investment Committee

5- Corporate Governance Policy
Investbank's corporate governance policy, the regulations of the Board of, and the policy of the Nominees and Rewards Committee have been approved pursuant to the Governance guide and Audit Charter. The corporate governance policy was amended in compliance with the Corporate Governance Rules issued by the Securities Commission. Work is currently underway to approve additional policies.

6- Money Laundry and Terrorism Funding
The Anti Money Laundry and Terrorism Funding polices have been approved, work is currently in progress to draft procedures necessary to execute the policy.

7- Shareholder Equity
Investbank increased its capital during the first half of 2008 to 61.325 million JD/share, through giving bonus shares to shareholders, significantly affecting the increase of shareholders equity by the end of 2008. The Board of Directors recommends capitalizing 8.675 million JD to increase the paid up capital to 70 million JD/share.

8- The Board of Directors aims to increase the capital during the coming years through capitalizing profits and retained profits, and distributing the same to shareholders as bonus shares.

9- To conform with the highly qualified personnel recruitment policy, Investbank attracted a number of senior employees with distinguished qualifications and experience in the banking sector. The increase rate was around 80%.

10- Investbank's updated organogram has been approved by the Board of Directors, adopted to strengthen the competitiveness of the human resources policy.

11- In the area of developing the banking system, Investbank concluded a contract to purchase an advanced banking system. Conversion procedures for its installment have already been initiated.

12- Investbank purchased a building for its main headquarters in a strategic location of Al-Shmeisani, Abdel Hameed Sharaf Street. A contract has been concluded with the design agency, Symbiosis, to undertake the internal design and supervision of its execution. This report includes some illustrations and images of the new headquarters and branches.

13- In the area of expansion and growth, Investbank is currently working on the necessary procedures to open, before the end of 2009, its Mecca Street Branch and the E'maar Towers Branch in the Sixth Circle area. This will bring the total branches in the Kingdom to 10, in addition to the Bonded Center in Sahab Industrial City.

14- In 2008, Investbank began the process of transforming the bank's corporate image to be in line with Investbank's strategic plan.

New Headquarters and Shmeisani Branch

Abdel Hamed Sharaf Street, beside Jerusalem Insurance Company

Headquarter Shmeisani

Shmeisani Branch Entrance

Client Servicing Lobby

Dealing Room

Mecca Street Branch

Next to Mecca Mall

Branch Entrance

Tellers

Investbank's Strategic Plan

Investbank's 2009 Work Plan:

The bank's operational program for the year 2009 focuses on the 2009 – 2011 strategic plan endorsed at the beginning of the year, based on the Balanced Scorecard System.

The plan primarily targets client classes currently dealing with the bank after reorganizing and restructuring their sector-based distribution to conform with the strategic plan.

The implementation of this plan is divided into ten strategic initiatives as follows:

1- Restructuring Investbank: This will be achieved by developing policies and procedures necessary for progressing with the work and reorganizing the bank's organizational structure to ensure the achievement of its strategic goals. Approval for the new organizational structure has been granted, and preparations for its implementation have been initiated. Moreover, strategic employees have been recruited to higher management to lead the main activities according to the new organizational structure and the strategic plan.

2- Developing Investbank's Sales Potential: This will be implemented by enhancing the capacities that support this objective and investing more time in selling Investbank's services and products through a staff skilled in interacting with current and prospective clients.

3- Maximizing revenues from investments in information technology: This will be achieved by fully utilizing the information technology used by Investbank and by the efficient application of the Core Banking System, including all its related advanced applications that facilitate the execution of banking operations, decrease cost, and raise work performance and efficiency.

4- Updating existing sales channels and offering new banking services: This will be achieved through the expansion of the network of branches with the addition of two new branches; the Sixth Circle-E'maar Towers and the Mecca Street branch. This is in addition to providing multi-functional ATMs, increasing their number and their coverage areas, forming sales teams that are trained and qualified, and expanding electronic banking services.

5- Designing effective marketing campaigns: This will be achieved by executing organized and studied marketing campaigns that take into consideration current and prospective clients on one hand and community sectors and other individuals on the other, to reflect in both cases the new image of Investbank by offering better opportunities to increase loyalty among current and attract new clients.

6- Developing new products and services: This initiative aims at developing new banking products and services which meet the current and changing needs of current and prospective clients while introducing Investbank to the local market as an innovative and creative bank that meets client expectations. Additionally, the plan aims to develop the bonded center operations to support the bank's operations and expand its activities in the external commercial field.

7- Risk management: The expansion of Investbank's operations and activities necessitates creating an advanced system of managing risks at all levels, including a credit rating and an evaluation for credit facility applications, establishing the credit-processing department and enhancing internal audits, along with a number of other steps.

8- Planning and follow-up: Updating all administrative processes, including planning, strategic management and financial administration, in addition to a more comprehensive and supportive MIS, with proper mechanisms to provide all information and facts required by the senior management quickly and precisely. This will assist it in the follow-up and management of Investbank's performance as well as increase the effectiveness of the decision-making process.

9- Enhancing employee performance: This can be achieved by setting clear goals for each employee as well as comprehensive objectives for each administrative unit, all of which are in line the general objectives of Investbank. In addition to this, employees will be motivated to work as one team to achieve these common goals. All the of these points will be monitored through a new system of employee performance evaluations, which will have the added benefit of identifying training needs, bonuses earned and promotions merited by each employee.

10- Investbank's investment services: These services are aimed at expanding investment services offered by the bank, through restructuring the investment group and improving its performance to enhance efficiency.

Recommendations by the Board

Taking the above into consideration, the Board of Directors recommends the following to the Shareholders:

1- Endorse Investbank's financial statements for the year 2008.
2- Approve the appointment of Mrs. Zina Jardaneh as a new member of the Board to succeed H.E. Mr. Basel Jardaneh, the Chairman of the Board.
3- Distribute the sum of 8.675 million JD, equivalent to 14.146% of the capital, as bonus shares among shareholders, raising the capital to 70 million JD/share.
4- Retain the sum of 1.966 million JD of net profit for the future.

The Board of Directors extends its appreciation to the shareholders and to the bank's clients for their confidence and continuous support. The Board further expresses its appreciation to all staff members for their sincere efforts that contributed to the continuous success of Investbank.

In 2008, Investbank registered a significant presence in the Jordanian banking market, with its expanded business and the building of its image to reinforce public confidence and build a reputation in investment circles as a bank that offers integrated and developed banking services for its clients and the public. This was achieved by expanding its marketing of retail lending products, investment services and other banking services. The following is an overview of the financial statements (consolidated for Investbank and Al-Mawared Brokerage Company):

First: Fund Resources:

1- Deposits

Client deposits at Investbank grew by 8.8%, totaling 448 million JD, 97 million of which were in foreign currency as of the end of 2008, compared to 412 million JD, 118 million JD of which were in foreign currency in 2007. Investbank concentrates on client deposits as they are the most important source of funding resources, specifically low cost resources, taking into consideration the bank's need to finance its activities. Table (1) summarizes fund distribution resources:

Table (1), Fund distribution resources:

	Rounded to the nearest million JD			
Description	2008		2007	
Client deposits	81%	448	71%	412
Bank deposits	13%	69	24%	137
Cash collaterals	6%	34	5%	30
Total	100%	551	100%	579

"Illustration of the Distribution of Finance Resources in 2008"

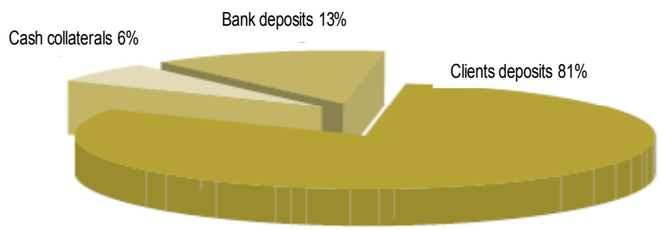


Table (2) shows the growth in the volume of client deposits in Jordanian Dinars and foreign currencies for the year 2008, compared to 2007:

	Rounded to the nearest million JD	
Description	2008	2007
Client deposits in Jordanian Dinars	351	294
Client deposits in Foreign Currencies	97	118
Total	448	412

2- Increase in Shareholder Equity

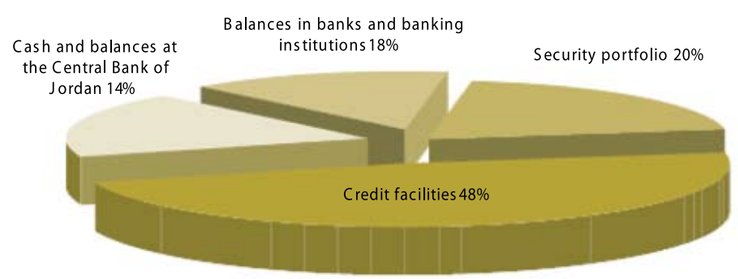
As of the end of 2008, shareholder equity increased to 86 million JD, compared to 79 million JD as of the end of 2007, a growth of 9%.

Second: Fund Utilizations

Table (3) shows the distribution of asset utilization in different sectors, and the share allocated to each sector.

	Rounded to the nearest million JD			
Description	2008		2007	
Balance in banks and banking institutions	18%	121	26%	181
Cash and balance at the Central Bank of Jordan	14%	94	7%	48
Credit facilities	48%	324	44%	313
Securities portfolio	20%	134	23%	163
Total	100%	673	100%	705

"Illustration of asset management in 2008"



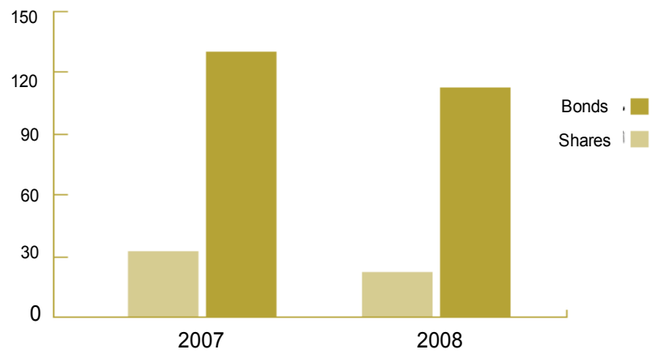
1- Investment in financial assets portfolio:-

Investbank worked on enhancing the quality of its portfolio's investments locally and internationally, and was able to absorb the decrease of share value in the market in 2008, as well as the noticeable decrease that ensued in the size of the bank's portfolio of local shares.

The following table (4) shows the size of investments as of the end of 2008 compared to 2007:

	Rounded to the nearest million JD	
Description	2008	2007
Total financial assets/shares	22.127	32.534
Total financial assets/bonds	112.322	130.222

"Chart showing the distribution of the bank's investment portfolio in 2008 and 2007"



2- Credit Facilities:-

In 2008, Investbank focused on increasing its credit activity through adopting a studied grant policy. The following information details these activities and their respective types:-

A) Direct Facilities:-

Investbank expanded the various loans and financing programs in 2008, with a focus on personal loan programs, car financing, housing loans, corporate lending and financing through bonded loans, financing external commerce, and financing projects from various active sectors. Investbank's results for the year 2008 indicated growth in the credit facilities portfolio, a net of 303 million JD (after deducting allocations of debts and pending interests), compared to a net of 288 million JD in 2007, an increase of 5%.

The total banking facilities value increased to 324 million JD at the end of 2008, compared to 313 million JD in 2007, an increase of 3.6%.

B) Indirect Facilities:-

Investbank recognized the significance of external commerce (instrument credits, collection bills, guarantees) as another form of utilizing funds. It focused on reinforcing and strengthening this to support its operations and activities as well as increase its contribution to financing commercial activities in the Kingdom. The volume of these facilities totaled approximately 289 million JD in 2008, compared to 283 million JD in 2007. Table (5) provides details on this:

Table No. (5)

Description	Rounded to the nearest million JD	
	2008	2007
Instrument credits and collection bills	185.540	195.973
Guarantees	103.629	86.925
Total	289.169	282.898

Third: Income Statement and Statement of Changes in Shareholder Equity

A) Income Statement:

Operational revenues in 2008 totaled 21.614 million JD, while net profits totaled 8.875 million JD after tax. Table (6) illustrates the most significant revenue and expense items for 2008 and 2007:

Table No. (6)

Description	Rounded to the nearest million JD			
	2008		2007	
Total revenues	**49.701**	**100%**	**55.429**	**100%**
Credit interests	40.964	82%	46.301	84%
Net credit commissions	6.928	14%	6.065	11%
Financial assets profits	(2.059)	-4%	288.000	1%
Currency differences and others	3.868	8%	2.775	4%
Total Expenses	**38.148**	**100%**	**46.296**	**100%**
Debit interests and commissions	28.088	74%	34.240	74%
Administrative and general expenses and depreciations	6.974	18%	7.286	16%
Debts allocation and miscellaneous allocations	3.086	8%	4.77	10%
Net profits before tax	**11.553**		**9.133**	
Income tax	**2.678**		**2.748**	
Net profits after tax	**8.875**		**6.385**	

B) Statement of Changes in Shareholder Equity

1- Divisible profits totaled 8.875 million JD in 2008, after the addition of the retained earnings of 2007, a total of 3.322 million JD. The balance thus became 12.197 million JD. The distribution of profits is detailed in Table (7):-

Table No. (7)

Description	Rounded to the nearest JD	
	2008	2007
Legal reserve	1,192,197	1,037,206
General banking risks reserve	364,481	596,459
Retained earnings*	10,641,301	9,347,933
Total	12,197,979	10,981,598

* An amount of 8.675 million JD will be transferred to the capital at the beginning of 2009, raising the capital to 70 million JD.

2- With this, the total shareholder equity becomes 86 million JD, compared with 79 million JD in 2007, an increase of 9%. Table (8) details the total shareholder equities for the years 2008 and 2007:

Table No. (8)

Description	Rounded to the nearest JD	
	2008	2007
Paid in capital	61,325,000	55,000,000
Statutory reserve	10,621,559	9,429,362
Voluntary reserve	-	300,000
General banking risks reserve	3,071,182	2,706,701
Change in fair value	93,756	2,445,948
Retained earnings*	10,641,301	9,347,933
Total	**85,752,798**	**79,229,944**

An amount of 8.675 million JD will be transferred to the capital at the beginning of 2009, thus raising the capital to 70 million JD.

- Significant Financial Indicators

Description	Rounded to the nearest million JD				
	2004 (amended)	2005	2006	2007	2008
A- Growth					
1- Total shareholder equity	41.172	69.153	73.996	79.230	85.752
2- Paid in capital	30.000	33.000	44.000	55.000	61.325
3-Total assets	393.908	554.885	671.915	699.127	683.282
4- Client deposits	291.683	365.057	392.591	411.931	447.973
5- Extended loans and facilities	138.211	210.670	264.915	313.266	324.110
B-Profitability					
1- Total income	14.312	39.751	19.596	21.190	21.614
2- Profit for the year (after tax)	4.083	27.551	9.772	6.385	8.875
3- Cash dividends distributed to shareholders	1.500	3.960	2.200	-	-
Percentage of cash dividends	5%	12%	5%	-	-
4- Net earnings per share	136 Fils	262 Fils	222 Fils	116 Fils	145 Fils
5- Return on assets	1.00%	5.00%	1.45%	0.91%	1.3%
6-Return on shareholder equity	10.00%	39.80%	13.20%	8.06%	10.35%
C- Market value per share (Jordanian Dinars)	**3.360**	**6.300**	**3.290**	**2.880**	**1.900**

Bonus shares were distributed as follows:

Year	Percentage/Capital	Shares
2004	10%	3,000,000
2005	33.333%	11,000,000
2006	25%	11,000,000
2007	11.5%	6,325,000

INVESTBANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
DECEMBER 31, 2008

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INVESTBANK

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN – JORDAN

CONSOLIDTATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

DECEMBER 31, 2008

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

AM/ 31664

To the Shareholders of
Investbank
Amman – The Hashemite Kingdom of Jordan

We have audited the accompanying financial statements of Invest Bank (a public shareholding limited company), which comprise of the consolidated balance sheet as of December 31, 2008, and the consolidated statement of income, consolidated statement of changes in owners> equity and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank>s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank>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 consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of Invest Bank as of December 31, 2008, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The Bank maintains proper accounting records and the accompanying consolidated financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

The accompanying consolidated financial statements are a translation of the statutory financial statements which are in the Arabic language to which reference should be made.

Amman – Jordan
March 11, 2009

ديلويت اند توش

Deloitte & Touche (M.E.) – Jordan

Consolidated Balance Sheet

	Note	For Year Ended December 31, 2008	2007
ASSETS		JD	JD
Cash and balances at the Central Bank	4	94,357,848	48,219,005
Balances at banks and financial institutions	5	120,793,768	180,628,298
Deposits at banks and financial institutions	6	2,455,034	39,361
Trading financial assets	7	8,541,216	20,164,883
Direct credit facilities	8	303,259,965	287,632,475
Available-for-sale financial assets	9	125,908,510	142,590,811
Fixed assets	10	16,881,279	8,029,729
Intangible assets	11	780,181	342,606
Deferred tax assets	18	1,560,372	1,056,436
Other assets	12	8,744,090	10,423,270
TOTAL ASSETS		683,282,263	699,126,874
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES			
Banks and financial institutions deposits	13	68,813,264	136,596,518
Customers deposits	14	447,972,925	411,931,021
Cash margins	15	33,741,932	30,105,780
Borrowed funds	16	31,587,210	24,996,326
Financial derivatives	36	825	-
Various provisions	17	2,434,336	2,438,424
Provision for income tax	18	4,038,294	1,437,475
Deferred tax liabilities	18	1,070,074	2,850,503
Other liabilities	19	7,870,605	9,540,883
TOTAL LIABILITIES		597,529,465	619,896,930
OWNERS' EQUITY (Shareholders)			
Paid-up capital	20	61,325,000	55,000,000
Statutory reserve	21	10,621,559	9,429,362
Voluntary reserve	21	-	300,000
General banking risks reserve	21	3,071,182	2,706,701
Cumulative change in fair value	22	93,756	2,445,948
Retained earnings	23	10,641,301	9,347,933
TOTAL OWNERS' EQUITY (Shareholders)		85,752,798	79,229,944
TOTAL LIABILITIES AND OWNERS' (SHAREHOLDERS') EQUITY		683,282,263	699,126,874

THE ACCOMPANYING NOTES FROM (1) TO (46) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

Chairman of Board of Directors General Manager

Consolidated Statement of Income

	Note	For Year Ended December 31, 2008	2007
Interest income	25	40,964,276	46,300,994
Less: Interest expense	26	28,087,554	34,239,656
Net Interest Income		12,876,722	12,061,338
Commission income - net	27	6,928,329	6,065,214
Net Interest and Commission Income		19,805,051	18,126,552
Foreign exchange income	28	1,552,638	1,667,089
(Loss) from trading financial assets	29	(2,682,834)	(13,142)
Income from available-for-sale financial assets	30	623,984	301,160
Other income	31	2,315,079	1,108,237
Gross Income		21,613,918	21,189,896
Employees expenses	32	3,649,718	3,928,615
Depreciation and amortization	10 & 11	751,023	564,219
Other expenses	33	2,573,478	2,793,896
Impairment loss on avilable-for-sale financial assets		800,000	-
Provision for impairment in credit facilities	8	2,282,792	3,363,882
Other various provisions	17	3,691	1,406,279
Total Expenses		10,060,702	12,056,891
Income from Operations Before Taxes		11,553,216	9,133,005
Less: Income tax	18	2,678,170	2,747,882
Income for the Year		8,875,046	6,385,123
Earnings per Share			
Basic and diluted	34	0.145	0.104

THE ACCOMPANYING NOTES FROM (1) TO (46) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

Chairman of Board of Directors General Manager

Consolidated Statement of Changes in Owners' Equity

	Subscribed and Paid-up Capital	Reserves: Statutory Reserve	Reserves: Voluntary Reserve	Reserves: General Banking Risks Reserve	Reserves: Cumulative Change in Fair Value - Net	Retained Earnings	Total
For the Year Ended December 31, 2008	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	55,000,000	9,429,362	300,000	2,706,701	2,445,948	9,347,933	79,229,944
Change in fair value	-	-	-	-	(3,152,192)	-	(3,152,192)
Impairment loss on avilable- for- sale financial assets, transferred to the statement of income					800,000		800,000
Total Revenues and Expenses Recorded Directly in Owners' Equity	-	-	-	-	(2,352,192)	-	(2,352,192)
Income for the year	-	-	-	-	-	8,875,046	8,875,046
Total Revenues and Expenses for the Year	-	-	-	-	(2,352,192)	8,875,046	6,522,854
Transferred to in paid-up capital (Note 24)	6,325,000	-	(300,000)	-	-	(6,025,000)	-
Transferred to reserves	-	1,192,197	-	364,481	-	(1,556,678)	-
Balance - End of the Year	61,325,000	10,621,559	-	3,071,182	93,756	10,641,301	85,752,798
For the Year Ended December 31 2007							
Balance - beginning of the year	44,000,000	8,360,542	300,000	2,110,242	1,396,758	17,828,089	73,995,631
Statutory reserve for the subsidiary company	-	31,614	-	-	-	(31,614)	-
Total	44,000,000	8,392,156	300,000	2,110,242	1,396,758	17,796,475	73,995,631
Change in fair-value	-	-	-	-	1,049,190	-	1,049,190
Total Revenues and Expenses Recorded Directly in Owners' Equity	-	-	-	-	1,049,190	-	1,049,190
Income for the year	-	-	-	-	-	6,385,123	6,385,123
Total Revenues and Expenses for the Year	-	-	-	-	1,049,190	6,385,123	7,434,313
Transferred to paid-up capital (Note 24)	11,000,000	-	-	-	-	(11,000,000)	-
Transferred to reserves	-	1,037,206	-	596,459	-	(1,633,665)	-
Dividends paid	-	-	-	-	-	(2,200,000)	(2,200,000)
Balance - End of the Year	55,000,000	9,429,362	300,000	2,706,701	2,445,948	9,347,933	79,229,944

- Included in retained earnings is an amount of JD 1,560,372 as of December 31, 2008 restricted by the Central Bank of Jordan against deferred tax assets (JD 1,056,436 as of December 31, 2007).
- Use of the general banking risks reserve is restricted and requires the prior approval of the Central Bank of Jordan.
- Upon the request of the Securities Commission, an amount of JD 91,464 from retained earnings has been restricted against unrealized gains from trading financial assets for the period from December 1, 2007 up to December 31, 2008.

THE ACCOMPANYING NOTES FROM (1) TO (46) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

Consolidated Statement of Cash Flows

	Note	2008 JD	2007 JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income before taxes		11,553,216	9,133,005
Adjustments:			
Depreciation and amortization		751,023	564,219
Impairment loss on avilable-for-sale financial assets		800,000	-
Provision for impairment in credit facilities		2,282,792	3,363,882
Provision for employees end-of-service indemnity		3,691	8,723
Provision for lawsuits against the Bank		-	1,397,556
(Gain) from sale of fixed assets		(8,913)	(14,500)
Effect of exchange rate fluctuations on cash and cash equivalents		(387,827)	(422,156)
Unrealized loss from evaluation of trading financial assets		3,369,129	541,850
Total		18,363,111	14,572,579
CHANGES IN ASSETS AND LIABILITIES:			
Decrease (increase) in deposit at central bank due after 3 months		2,500,000	(1,500,000)
(Increase) decrease in deposits at banks and financial institutions due after 3 months		(2,415,673)	203,970
(Increase) in direct credit facilities		(17,910,282)	(69,047,510)
Decrease (increase) in trading financial assets		8,254,538	(3,902,485)
Decrease in other assets		1,132,855	2,458,830
Increase (decrease) in banks and financial institutions deposits due after 3 months		1,970,452	(3,807,403)
Increase in customers deposits		36,041,904	19,339,791
Increase in cash margins		3,636,152	1,731,531
Increase (decrease) in financial derivatives		825	(7,521)
(Decrease) in other liabilities		(1,670,278)	(55,774)
Net Cash from (used in) Operating Activities before Tax and Employees Indemnities Paid		49,903,604	(40,013,992)
Employees indemnities paid		(7,779)	(103,000)
Income tax paid		(1,202,242)	(3,300,160)
Net Cash from (used in) Operating Activities		48,693,583	(43,417,152)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Decrease in available-for-sale financial assets		12,916,960	38,050,921
Proceeds from sale of fixed assets		9,002	14,500
(Purchases) of Fixed assets and payment on purchases of fixed assets		(9,485,034)	(3,084,772)
(Purchases) in intangible assets		(555,203)	(242,352)
Net Cash Flows from Investing Activities		2,885,725	34,738,297
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in borrowed funds		6,590,884	(55,503,674)
Dividends paid		-	(2,163,042)
Net Cash Flows from (used in) Financing Activities		6,590,884	(57,666,716)
Effect of exchange rate fluctuations on cash and cash equivalents		387,827	422,156
Net Increase (Decrease) in Cash and Cash Equivalents		58,558,019	(65,923,415)
Cash and cash equivalents - beginning of the year		95,014,349	160,937,764
Cash and Cash Equivalents - End of the Year	35	153,572,368	95,014,349

THE ACCOMPANYING NOTES FROM (1) TO (46) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

INVESTBANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

1. General

Investbank was established as a Jordanian public shareholding limited company number (182) during the year 1982 in accordance with the Companies Law No. 12 for the year 1964. Moreover, the Bank's headquarters is in Amman, Issam Ajluni Street, Shmesani, Tel: 5665145, P.O. Box 950601, Amman – 11195 Jordan.

The Bank is engaged in banking and related financial operations through its headquarters and branches in the Hashemite Kingdom of Jordan totaling 8 branches. In addition, the subsidiary company, Resources for Financial Brokerage Company (a limited liability company) is engaged in financial brokerage. Furthermore, the Bank has established another subsidiary company Resources for Financial Lease Company (a limited liability company) specialized in financial leasing. This subsidiary had not yet started its operations as of the consolidated financial statements date.

Investbank is a public shareholding company listed in Amman Stock Exchange.

The consolidated financial statements have been approved by the Bank's Board of Directors in its meeting number (2) held on March 11, 2009, pending approval of the General Assembly of Shareholders.

2. Significant Accounting Policies

Basis of Presentation

- The accompanying consolidated financial statements of the Bank and its subsidiary companies are prepared in accordance with the standards issued by the International Accounting Standards Board (IASB), interpretations issued by the Committee of the IASB, prevailing local laws, and instructions of the Central Bank of Jordan.

- The consolidated financial statements are prepared under the historical cost convention except for financial assets/liabilities held for trading, financial assets available for sale, and financial derivatives stated at fair value on the date of the financial statements. Hedged assets and liabilities are also stated at fair value.

- The reporting currency of the consolidated financial statements is the Jordanian Dinar, which is also the functional currency of the Bank.

- The accounting policies for the current year are consistent with those used in the previous year. The details are as follows:

Basis of Consolidation

- The consolidated financial statements include the financial statements of the Bank and the wholly owned subsidiary companies controlled by it. Control exists when the Bank has the ability to control the financial and operating policies of the subsidiary companies in order to achieve financial benefits out of their operations. All inter-company transactions between the Bank and its subsidiaries are eliminated.

- The Bank owns the following subsidiaries as of December 31, 2008:

Company's Name	Paid-up Capital	Ownership	Nature of Operations	Location	Date of Acquisition
	JD				
Al - Mawared for Financial Brokerage Co.	10,000,000	100 %	Financial Brokerage	Amman	2006
Al - Mawared for Financial Lease Co*.	1,000,000	100 %	Financial Lease	Amman	2006

* Company established in past periods and had not yet started its operations as of the date of the consolidated financial statements.

- The financial statements of the subsidiaries relating to the same financial year of the Bank are prepared using the same accounting policies adopted by the Bank. In case the accounting policies applied by the subsidiaries are different from those adopted by the Bank, then the necessary adjustments to the financial statements of the subsidiaries are effected in order to match those applied by the Bank.

- Results of operations are consolidated in the consolidated statement of income from the date of acquisition which represents the date when control over the subsidiaries is passed on to the Bank. Moreover, results of operations of the disposed of subsidiaries (if any) are consolidated in the consolidated statement of income until the disposal date which represents the date when the Bank loses control over the subsidiaries.

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 subject to risks and returns different from those of other business segments.

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

Financial Assets Held for Trading

- Financial assets held for trading represent investments in stocks, funds and bonds of companies in active markets. Moreover, the purpose of keeping these investments is to generate profits from the fluctuation in short-term market prices or a trading profit margin.

- Financial assets held for trading are initially recognized at fair value when purchased (acquisition costs are taken to the consolidated statement of income). They are subsequently re-measured to fair value as of the date of the consolidated financial statement, and the resulting changes are included in the consolidated 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 consolidated statement of income.

- Distributed income or realized interest is recorded in the consolidated statement of income.

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 consolidated statement of income.

- Interests and commissions 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 assets. Any surplus in the provisions is taken to the consolidated statement of income, while debt recoveries are taken to income.

Available-for-Sale Financial Assets

Available-for-sale financial assets are financial assets held by the Bank and classified as neither trading nor held-to-maturity financial assets.

- 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 consolidated financial statements. Moreover, change in fair value is recorded in a separate account within owners' equity. Incase these assets are fully or partially sold, disposed of, or determined to be impaired, the income or losses are recorded in the consolidated statement of income, including the related amounts previously recorded within owners' 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 and recorded in the consolidated statement of income. Impairment losses resulting from the decline in the value of equity securities are reversed through the cumulative change in fair value.

- Income and losses from foreign exchange of interest-bearing debt instruments within available - for - sale financial assets are included in the consolidated statement of income. Differences in the foreign currency of equity instruments are included in the cumulative change in fair value within owners' equity.

- Interest from available-for-sale financial instruments is recorded in the consolidated statement of income using the effective interest method. Impairment in such assets is recorded in the consolidated statement of income when incurred.

- Financial assets for which fair value can't be reliably determined are shown at cost. Any impairment is recorded in the consolidated statement of income.

Held-to-Maturity Investments

Held-to-maturity investments are financial assets with fixed or determinable payments and the Bank has the positive intent and ability to hold to maturity.

- Held-to-maturity investments are recorded at cost (fair value) plus acquisition costs. Premiums and discounts are amortized in the consolidated statement of income according to the effective interest rate method. Provisions associated with irrecoverable impairment in their value, partially or totally, are deducted. Any impairment in assets is recorded in the consolidated statement of income.

Fair Value

Fair value represents the closing market price of financial assets and derivatives 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, and it takes in consideration the market factors, risks and expected benefits.

Financial assets, the fair value of which can not 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 balance sheet 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 in order to determine the impairment loss.

Impairment is determined as follows:

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

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

- Impairment in financial assets recorded at cost represents the difference 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 consolidated statement of income. Any surplus in the following period resulting from previous impairment in value of financial assets is taken to the statement of income except for the impairment in available-for-sale equity securities which is reversed through the cumulative change in fair value.

Fixed Assets

Fixed assets are stated at cost net of accumulated depreciation and any impairment in value. Moreover, fixed assets (except for land) are depreciated according to the straight-line method over their estimated useful lives using the following rates:

	%
Buildings	2
Equipment and furniture	15 – 20
Vehicles	15
Computers	20
Decorations	25

- When the carrying values of fixed assets exceed their recoverable values, assets are written down to the recoverable value, and impairment losses are recorded in the consolidated 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.

- Fixed assets are derecognized when disposed of or when there is no expected future benefit from their use or disposal.

Provisions

- Provisions are recognized when the Bank has an obligation on the date of the balance sheet 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.

Provision for Employees End-of-Service Indemnities

- The employees' end-of-service indemnities provision is calculated at a rate of one month per service year for contracted employees more than 60 years old.

- The required provision for end-of-service indemnities for the year is recorded in the consolidated statement of income while payments to departing employees are deducted from the provision amount.

Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.

- 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 in Jordan.

- 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 value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the balance sheet according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

- Deferred tax assets are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

Accounts Managed on Behalf of Customers

This item represents the accounts managed by the Bank on behalf of its customers and is not part of the Bank's assets. The fees and commissions for managing these accounts are shown in the consolidated statement of income. Furthermore, a provision is taken against the decline in the value of capital-guaranteed portfoliosmanaged on behalf of customers.

Offsetting
Financial assets and financial liabilities are offset, and the net amount is reflected in the balance sheet 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.

Realization of Income and Recognition of Expenses
- Interest income is realized and expenses are recognized using the effective interest rate method, except for interest and commission on non-performing loans which are not recognized as revenue but recorded in the interest and commission in suspense account until they are received in cash.

- Expenses are recognized on the accrual basis.

- Commission is recorded as revenue when the related services are provided.

- Dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

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.

Financial Derivatives and Hedge Accounting
For hedge accounting purposes, financial derivatives are stated at fair value. Hedges are classified as follows:

- Fair value hedge: hedge for the change in the fair value exposures of the Bank's assets and liabilities.

When the conditions of effective fair value hedge are met, the resulting gain or loss from re-measuring of the fair value hedge is recognized in the consolidated statement of income.

When the conditions of effective portfolio hedge are met, the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio are recorded in the consolidated statement of income for the same period.

- Cash flow hedge: hedge for the change in the current and expected cash flows exposures of the Bank's assets and liabilities.

- When the conditions of effective cash flow hedge are met, the gain or loss of the hedging instruments is recognized in owners' equity. Such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

- Hedge for net investment in foreign entities:

  When the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in owners' equity. The ineffective portion is recognized in the consolidated statement of income. The effective portion is recorded in the consolidated statement of income when the investment in foreign entities is sold.

- When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income in the same period.

Financial Derivatives for Trading:
The fair value of financial derivatives for trading such as forward foreign currency contracts, future interest rate contracts, swap agreements, and foreign currency options is recorded in the consolidated balance sheet under other assets or other liabilities as the case may be. Fair value is measured according to the prevailing market prices, and if they are not available, the measurement method should be disclosed. The change in their fair value is recognized in the consolidated statement of income.

Repurchase and Resale Agreements
- Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the financial statements as a result of the Bank's continuous control over these assets and as the related risks and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.

- Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the consolidated financial statements because the Bank has no control over such assets and the related risks and benefits are not transferred to the Bank upon occurrence. Payments related to these contracts are recorded under deposits with banks and other financial institutions or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract using the effective interest rate method.

Assets Seized by the Bank
Assets seized by the Bank are shown under "other assets" at the acquisition value or fair value, whichever is lower. As of the balance sheet date, these assets are revalued individually at fair value. Any decline in their market value is taken to the consolidated statement of income whereas any such increase is not recognized. A subsequent increase is taken to the consolidated statement of income to the extent it does not exceed the previously recorded impairment.

Intangible Assets
- Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Intangible assets purchased other than through acquisition are recorded at cost.

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

- No capitalization of internally generated intangible assets resulting from the Bank's operations is made. They are rather recorded as an expense in the consolidated statement of income for the period.

- Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

- The following is the accounting policy for each item of the intangible assets owned by the Bank:

- Softwares and computer programs are amortized over their estimated useful economic lives at a rate of 20% annually.

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 rates prevailing on the balance sheet 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.

- Gains or losses resulting from foreign currency translation are recorded in the consolidated statement of income.

- Translation differences on non-monetary assets and liabilities denominated in foreign currencies are recorded as part of the change in fair value.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with the Central Bank of Jordan. and balances with banks and financial institutions maturing within three months, less balances due to banks and financial institutions maturing within three months and restricted funds.

Accounting Estimates

Management, through applying the accounting policies, uses assumptions and estimates with material impacts on the recognition of the balances recorded in the consolidated financial statements. Some of these assumptions are as follows:

- A provision is set against lawsuits raised against the Bank. This provision is subject to an adequate 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 periodically.

- A provision for performing and non-performing loans is taken on the bases and estimates approved by the Bank management in conformity with International Financial Reporting Standards (IFRS). The outcome of these bases and estimates is compared against the adequacy of the provisions as per the Central Bank of Jordan's instructions. The most strict outcome that conforms with International Financial Reporting Standards is used for determining the provision.

- Impairment loss (if any) is taken after a sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors. The impairment loss is reviewed periodically.

- 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 condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the consolidated statement of income.

- Management frequently reviews the financial assets stated at cost to estimate any decline in their value. Impairment loss (if any) is taken to the consolidated statement of income as an expense for the year.

- Management estimates the impairment in fair value when the market value reaches a certain limit indicative of the amount of impairment loss.

We believe that our estimates adopted in the preparation of the consolidated financial statements are reasonable.

4. Cash and Balance at Central Banks:

This item consists of the following:

	December 31,	
	2008	2007
	JD	JD
Cash in vaults	4,012,160	6,427,605
Balances at the Central Bank:		
Current accounts	45,592,021	7,635,232
Mandatory cash reserve	31,753,667	22,656,168
Certificates of deposit *	13,000,000	11,500,000
Total	94,357,848	48,219,005

- Except for the mandatory cash reserve, there are no restricted balances as of December 31, 2008 and December 31, 2007.

* This item includes an amount of JD one million due after 3 months as of December 31, 2008 against JD 3.5 million as of December 31, 2007.

5. Balances at Banks and Financial Institutions

This item consists of the following:

	Local Banks & Financial Institutions December 31,		Banks & Financial Institutions Abroad December 31,		Total December 31,	
	2008	2007	2008	2007	2008	2007
	JD	JD	JD	JD	JD	JD
Current and demand accounts	49,137	44,212	19,236,270	16,193,439	19,285,407	16,237,651
Deposits due within 3 months	57,931,979	22,971,068	43,576,382	141,419,579	101,508,361	164,390,647
Total	57,981,116	23,015,280	62,812,652	157,613,018	120,793,768	180,628,298

- Non-interest bearing balances at banks and financial institutions amounted to JD 189,194 as of December 31, 2008 against JD 364,973 as of December 31, 2007.

- There are no restricted balances as of December 31, 2008 and 2007.

6. Deposits at Banks and Financial Institutions

This item consists of the following:

	Local Banks & Financial Institutions December 31,		Banks & Financial Institutions Abroad December 31,		Total December 31,	
	2008	2007	2008	2007	2008	2007
Description	JD	JD	JD	JD	JD	JD
Deposits	-	-	2,455,034	39,361	2,455,034	39,361
Total	-	-	2,455,034	39,361	2,455,034	39,361

- There are no restricted deposits as of December 31, 2008 and 2007.

7. Trading Financial Assets

This item consists of the following:

	December 31,	
	2008	2007
	JD	JD
Quoted investment funds in financial markets	192,338	205,865
Quoted shares in financial markets	8,348,878	19,959,018
Total	8,541,216	20,164,883

8. Direct Credit Facilities

This item consists of the following:

	December 31,	
	2008	2007
	JD	JD
Individuals (retail)		
Overdraft	5,666,519	-
Loans and promissory notes*	21,359,492	45,954,876
Credit Cards	438,840	176,960
Property loans	47,458,394	30,036,375
Companies		
Large Companies		
Loans and promissory notes*	131,319,821	164,231,161
Overdraft	42,757,970	-
Medium and small companies		
Loans and promissory notes*	52,474,504	67,743,227
Overdraft	18,084,729	-
Government and public sector	4,549,464	5,123,085
Total	324,109,733	313,265,684
Less: Provision for impairment in direct credit facilities	18,166,433	19,162,078
Suspended interest	2,683,335	6,471,131
Net Direct Credit Facilities	303,259,965	287,632,475

* Net after deducting interest and commissions received in advance of JD 6,172,017 as of December 31, 2008 against JD 7,012,566 as of December 31, 2007.

Non-performing credit facilities amounted to JD 25,620,723, which is equivalent to (7.9%) of total direct credit facilities as of December 31, 2008 against JD 34,103,757, which is equivalent to (10.9%) of total credit facilities as of December 31, 2007.

Non- performing credit facilities excluding interest and commissions in suspense amounted to JD 22,938,994, which is equivalent to (7.1%) of total direct credit facilities as of December 31, 2008 against JD 27,632,626, which is equivalent to (9%) of total credit facilities as of December 31, 2007.

Direct credit facilities granted to / guaranteed by the Government of Jordan amounted to JD 4,549,464, which is equivalent to (1.4%) of total direct facilities as of December 31, 2008 against JD5,123,085, which is equivalent to (1.6%) at the end of the year 2007.

Provision for Impairment in Direct Credit Facilities:

The movement on the provision for impairment in direct credit facilities was as follows:

2008	Individuals	Property Loans	Companies		Total
			Large Companies	Small and Medium Companies	
	JD	JD	JD	JD	JD
Balance – beginning of the year	3,617,548	197,019	9,708,780	5,638,731	19,162,078
(Surplus) provision for the year taken from revenues	1,934,864	26,701	101,315	219,912	2,282,792
Used during the year (written-off) *	1,715,625	-	815,620	747,192	3,278,437
Balance – End of the Year	3,836,787	223,720	8,994,475	5,111,451	18,166,433
2007					
Balance – beginning of the year	18,140,222	171,404	10,726,826	6,636,175	35,674,627
(Surplus) provision for the year taken from revenues	1,032,131	25,615	1,962,562	343,574	3,363,882
Used during the year (written-off) *	15,554,805	-	2,980,608	1,341,018	19,876,431
Balance – End of the Year	3,617,548	197,019	9,708,780	5,638,731	19,162,078

- The provisions no longer needed due to settlements or repayments of debts and transferred against other debts amounted to JD 1,130,255 against JD 898,004 for the previous year.

- The provision for impaired credit facilities representing underwatch and non-performing loans are calculated based on the individual customer and not the protfolio.

Interest in Suspense

- The movement on interest in suspense was as follows:

	Individuals	Real Estate Loans	Companies		Total
			Large Companies	Small & Medium Companies	
2008	JD	JD	JD	JD	JD
Balance – beginning of the year	1,544,387	1,038	1,023,636	3,902,070	6,471,131
Add: Interest in suspense for the year	332,160	25,615	1,134,383	481,320	1,973,478
Less: Interest taken to income	126,689	9,028	333,875	90,902	560,494
Less: Interest and commission in suspense written-off	1,073,856	-	1,402,405	2,724,519	5,200,780
Balance - End of the Year	676,002	17,625	421,739	1,567,969	2,683,335
2007					
Balance – beginning of the year	1,228,365	2,343	2,312,267	3,749,328	7,292,303
Add: Interest in suspense for the year	424,135	698	689,380	1,117,815	2,232,028
Less: Interest taken to income	21,827	2,003	265,219	135,203	424,252
Less: Interest and commission in suspense written-off	86,286	-	1,712,792	829,870	2,628,948
Balance - End of the Year	1,544,387	1,038	1,023,636	3,902,070	6,471,131

* The Board of Directors resolved to write-off bad debts and interest in suspense amounting to JD 8,523,780 (against JD 22,505,379 for the year 2007).

9. Available-for-Sale Financial Assets

The details of this item are as follows:

	December 31, 2008	December 31, 2007
Quoted Available-for-Sale Financial Assets:	JD	JD
Governmental bonds or bonds guaranteed by the Government *	84,824,602	92,210,733
Companies bonds and debentures	10,497,789	9,804,214
Companies shares	9,355,255	8,223,891
Total Quoted Available-for-Sale Financial Assets	104,677,646	110,238,838
Unquoted Available-for-Sale Financial Assets:		
Governmental bonds *	17,000,000	28,000,000
Companies shares	4,230,864	4,351,973
Total Unquoted Available-for-Sale Financial Assets	21,230,864	32,351,973
Total Available-for-Sale Financial Assets	125,908,510	142,590,811
Bonds Analysis:		
Fixed return	112,322,391	130,014,947
Variable return	-	-
Total	112,322,391	130,014,947

- Some available-for-sale financial assets are recorded at cost/amortized cost as their fair values cannot be reliably determined.
These assets amounted to JD 21,230,864 as of December 31, 2008 against JD 32,351,973 as of December 31, 2007.

* Government bonds include repurchase transactions with the Social Security Corporation amounting to JD 25,000,000 as of December 31, 2008, pledged to be sold to the Social Security Coproration by the Bank according to the sale agreement (JD 22,000,000 as of December 31, 2007).

10. Fixed Assets

The details of this item are as follows:

Year 2008	Land	Buildings	Furniture, Fixtures and Equipment	Vehicles	Computers	Total
	JD	JD	JD	JD	JD	JD
Cost:						
Balance - beginning of the year	2,244,336	2,878,586	1,176,047	175,556	518,794	6,993,319
Additions	-	-	420,140	85,368	135,276	640,784
Disposals	-	-	7,067	18,022	-	25,089
Balance - End of the year	2,244,336	2,878,586	1,589,120	242,902	654,070	7,609,014
Accumulated Depreciation:						
Balance - beginning of the year		667,667	545,976	41,950	140,747	1,396,340
Additions		137,750	367,429	37,194	91,022	633,395
Disposals		-	6,980	18,020	-	25,000
Balance - End of the year	-	805,417	906,425	61,124	231,769	2,004,735
Net Book Value of Fixed Assets	2,244,336	2,073,169	682,695	181,778	422,301	5,604,279
Down payments on fixed assets purchases *	-	11,277,000	-	-	-	11,277,000
Balance - End of the Year	2,244,336	13,350,169	682,695	181,778	422,301	16,881,279
Year 2007						
Cost:						
Balance - beginning of the year	2,244,336	2,478,586	1,008,223	53,831	228,338	6,013,314
Additions	-	400,000	247,806	127,750	314,930	1,090,486
Disposals	-	-	79,982	6,025	24,474	110,481
Balance - End of the year	2,244,336	2,878,586	1,176,047	175,556	518,794	6,993,319
Accumulated Depreciation:						
Balance - beginning of the year	-	528,149	356,927	30,619	96,852	1,012,547
Additions	-	139,518	232,892	17,352	66,047	455,809
Disposals	-	-	43,843	6,021	22,152	72,016
Balance - End of the year	-	667,667	545,976	41,950	140,747	1,396,340
Net Book Value of Fixed Assets	2,244,336	2,210,919	630,071	133,606	378,047	5,596,979
Down payments on fixed assets purchases *	-	2,432,750	-	-	-	2,432,750
Balance - End of the Year	2,244,336	4,643,669	630,071	133,606	378,047	8,029,729

- Fixed assets as of December 31, 2008 include an amount of JD 2,482,401, representing fully depreciated fixed assets against JD 2,492,393 as of December 31, 2007.

* This item represents down payments for the purchase of a new building to expand the Bank in its location at Shmeisani and to buy a new branch at Imar Tower, which is still under construction as of the balance sheet date.

11. Intangible Assets

This item consists of the following:

	Computer Software and Applications	
	2008	2007
	JD	JD
Description		
Balance-beginning of the year	342,606	208,664
Additions	555,203	242,352
Less: Amortization for the year	117,628	108,410
Balance - End of the Year	780,181	342,606

12. Other Assets

This item consists of the following:

	December 31,	
	2008	2007
	JD	JD
Accrued interest	2,480,509	2,987,554
Prepaid expenses	422,600	777,888
Assets seized by the Bank *	5,244,212	5,619,392
Refundable deposits	435,318	433,868
Income tax paid	-	546,325
Other	161,451	58,243
Total	8,744,090	10,423,270

* According to the Banks Law, buildings and plots of land seized by the Bank against debts due from customers are to be sold within two years from the ownership date. For exceptional cases, the Central Bank of Jordan can extend this period for two consecutive years at maximum.

- The movement on assets (properties) seized by the Bank was as follows:

	Real Estate	
	2008	2007
	JD	JD
Balance - beginning of the year	5,619,392	6,502,284
Additions	19,577	508,180
Disposals	394,757	1,391,072
Balance - End of the Year	5,244,212	5,619,392

13. Banks and Financial Institutions Deposits

This item consists of the following:

	December 31, 2008			December 31, 2007		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	14,278,452	7,335,739	21,614,191	18,264,904	9,007,268	27,272,172
Time deposits *	38,746,187	8,452,886	47,199,073	20,219,844	89,104,502	109,324,346
Total	53,024,639	15,788,625	68,813,264	38,484,748	98,111,770	136,596,518

* This account includes JD 8,234,016 due within a period exceeding 3 months as of December 31, 2008 against JD 6,263,564 as of December 31, 2007.

14. Customers Deposits

This item consists of the following:

	December 31, 2008				
	Individuals	Large Companies	Small and Medium Companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current accounts and demand deposits	54,758,101	26,052,823	13,427,230	8,255,590	102,493,744
Saving deposits	1,591,334	18,273	7,831	-	1,617,438
Time deposits subject to notice	163,947,329	94,009,902	40,289,958	41,596,064	339,843,253
Deposits certificates	-	2,812,943	1,205,547	-	4,018,490
Total	220,296,764	122,893,941	54,930,566	49,851,654	447,972,925

	December 31, 2007				
	Individuals	Large Companies	Small and Medium Companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current accounts and demand deposits	45,738,833	24,385,679	16,257,119	9,659,107	96,040,738
Saving deposits	1,282,107	12,160	8,106	-	1,302,373
Time deposits subject to notice	169,784,227	56,237,216	37,491,478	49,606,486	313,119,407
Deposits certificates	448,035	552,281	368,187	100,000	1,468,503
Total	217,253,202	81,187,336	54,124,890	59,365,593	411,931,021

a. Public sector deposits inside Jordan amounted to JD 49,851,654, which is equivalent to (11.1%) of total customers deposits as of December 31, 2008 against JD 59,365,593, which is equivalent to (14.4%)of total customers deposits as of December 31, 2007.

b. Non-interest bearing deposits amounted to JD 20,844,134, which is equivalent to (4.7%) of total customers deposits as of December 31, 2008 against JD 26,772,223, which is equivalent to (6.5%) of total customers deposits as of December 31, 2007.

c. Restricted deposits amounted to JD 8,872,071, which is equivalent to (2%) of total customers deposits as of December 31, 2008 against JD 9,927,516, which is equivalent to 2.4% as of December 31, 2007.

d. Frozen deposits amounted to JD 1,776,346 as of December 31, 2008 against JD 1,233,066 as of December 31, 2007.

15. Cash Margins

This item consists of the following:

	December 31, 2008	December 31, 2007
	JD	JD
Cash margins on direct credit facilities	15,238,587	12,834,794
Cash margins on indirect credit facilities	17,287,261	14,357,729
Marginal deposits	1,216,084	2,913,257
Total	33,741,932	30,105,780

16. Borrowed Funds

This item consists of the following:

	Amount	Number of Installments		Frequency of Installments	Guarantees	Interest Rate
		Total	Remaining			
Year 2008	JD				JD	%
Borrowings form local institutions - Repurchase agreement	15,500,000	1	1	One payment on January 29, 2009	Jordanian treasury bills and bonds	6.70
Borrowings form local institutions - Repurchase agreement	3,000,000	1	1	One payment on January 29, 2009	Jordanian treasury bills and bonds	6.70
Borrowings form local institutions - Repurchase agreement	6,500,000	1	1	One payment on January 29, 2009	Jordanian treasury bills and bonds	6.70
Overdraft	6,587,210	1	1	One payment on August 20, 2009	-	8.5
Total	31,587,210					
Year 2007						
Borrowings form the local institutions - Repurchase agreement	15,000,000	1	1	One payment on February 15, 2008	Jordanian treasury bills and bonds	6.84
Borrowings form local institutions - Repurchase agreement	7,000,000	1	1	One payment on August 19, 2008	Jordanian treasury bills and bonds	6.28
Overdraft *	2,996,326	1	1	One payment on August 7, 2008	-	7.9
Total	24,996,326					

* This amount represents credit facilities granted to the subsidiary company by Capital Bank during the year 2008 against the guarantee of the Company's networth.

Notes to the Consolidtaed Financial Statements

17. Various Provisions

This item consists of the following:

	Beginning Balance	Additions	Disposals	Returned to Income	Ending Balance
	JD	JD	JD	JD	JD
Year 2008					
Provision for employees indemnity	8,075	3,691	7,779	-	3,987
Provision for lawsuits against the Bank	2,019,637	-	-	-	2,019,637
Provision for contingent liabilities	410,712	-	-	-	410,712
Total	2,438,424	3,691	7,779	-	2,434,336
Year 2007					
Provision for employees indemnity	102,352	8,723	103,000	-	8,075
Provision for lawsuits against the Bank	622,081	1,397,556	-	-	2,019,637
Provision for contingent liabilities	410,712	-	-	-	410,712
Total	1,135,145	1,406,279	103,000	-	2,438,424

18. Income Tax

A. Provision for income tax:
The movement on the provision for income tax was as follows:

	2008	2007
	JD	JD
Beginning balance	1,437,475	2,347,241
Income tax paid	(1,202,242)	(3,300,160)
Payment on account (amortized) / payment on account	(546,325)	546,325
Prior years' income tax	243,701	648,652
Income tax for the year	4,105,685	1,195,417
Ending Balance	4,038,294	1,437,475

- Income tax for the year consists of the following:

	2008	2007
	JD	JD
Income tax for the year	4,105,685	1,195,417
Accrued income tax - prior years	243,701	648,652
Deferred tax liabilities for the year	899	394,852
Amortization of deferred tax liabilities	(1,168,179)	(86,925)
Deferred tax assets	(673,735)	(492,197)
Amortization of deferred tax assets	169,799	1,088,083
	2,678,170	2,747,882

- Income tax has been settled with the Income and Sales Tax Department up to the end of the year 2007 except for the year 2000 which is still pending in the concerned court and has been submited to the tax advisor. Moreover, the Sales and Income Tax Department has assessed the tax on the Bank for JD 590,313, and the Bank has paid an amount of JD 415,933 of which JD 175,952 is held as deposits at the Ministry of Finance at 50% of the disputed amount.

- In the opinion of management and its tax advisor, the tax liabilities relating to those years do not exceed the provisions taken as of the end of the year 2008.

- Al-Mawared for Financial Brokerage Company (subsidiary company) has properly submitted its tax return within the specified period for the period from inception on March 5, 2006 until December 31, 2006 and the year 2007, but no final settlement has been issued thereon yet. In the opinion of management and its tax advisor, the tax liabilities relating to those years do not exceed the provision taken as of the end of the year 2008.

- Al-Mawared for Financial Lease Company (subsidiary company) has not submitted its tax return within the period from inception on October 31, 2006 to January 31, 2007. In the opinion of management and its tax advisor, no tax liabilities shall arise against this company as it has incurred losses for that period.

b- Deferred Tax Assets / Liabilities:

The details of this item are as follows:

	2008				December 31,	
	Amounts				2008	2007
Accounts Included	Beginning Balance	Amounts Released	Additions	Ending Balance	Deferred Tax *	Deferred Tax *
	JD	JD	JD	JD	JD	JD
1- Deferred Tax Assets						
Provision for impairment credit facilities	990,676	477,360	1,921,265	2,434,581	852,103	346,737
Provision for employees end-of-service indemnities	8,075	7,779	3,691	3,987	1,396	2,826
Provision for lawsuits against the Bank	2,019,637	-	-	2,019,637	706,873	706,873
	3,018,388	485,139	1,924,956	4,458,205	1,560,372	1,056,436
2- Deferred Tax Liabilities						
Unrealized profit on trading financial assets	5,819,175	4,384,341	3,429	1,438,263	381,966	1,549,246
Cumulative change in fair value *	4,923,900	2,766,247	392,570	2,550,223	688,108	1,301,257
	10,743,075	7,150,588	395,999	3,988,486	1,070,074	2,850,503

* Deferred tax liabilities include JD 688,108 as of December 31, 2008 against JD 1,301,257 for the previous year resulting from the revaluation gain on available-for-sale financial assets presented at a net amount within the cumulative change in fair value under the owners' equity.

- The movement on deferred tax assets / liabilities was as follows:

	2008		2007	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Beginning balance	1,056,436	2,850,503	1,652,322	2,129,082
Additions during the year	673,735	118,062	492,197	839,406
Deductions	169,799	1,898,491	1,088,083	117,985
Ending Balance	1,560,372	1,070,074	1,056,436	2,850,503

C- The summary of the reconciliation between declared income and taxable income is as follows:

	2008	2007
	JD	JD
Declared income	11,553,216	9,133,005
Tax exempt income	(5,947,611)	(8,079,856)
Un-deductible expenses	7,034,592	2,922,028
Taxable income	12,640,197	3,975,177
Income tax percentage	35%	35%
Percentage of deferred taxes	35%	35%
Income tax percentage for the subsidiaries	25%	25%
Deferred tax interest for the subsidiaries	25%	25%

19. Other Liabilities

This item consists of the following:

	December 31,	
	2008	2007
	JD	JD
Brokerage receivable	1,817,240	3,429,752
Accepted and certified checks	387,763	1,403,234
Accrued interest	2,889,249	2,405,007
Various creditors	380,646	172,393
Head Office-branches off-setting	450,038	274,271
Shareholders' deposits	284,931	314,719
Deposits on safe deposit boxes	24,865	23,665
Credit accounts in suspense	122,108	58,989
Accrued expenses	559,678	548,843
Jordanian universities fees	110,616	215,282
Scientific research and vocational training	431,773	409,982
Vocational and technical education and		
Training support fund fees	134,354	53,200
Board of Directors' remunerations	55,000	55,000
Other liabilities	222,344	176,546
Total	7,870,605	9,540,883

20. Paid-up Capital

Paid-up capital amounted to JD 61,325 thousand and is distributed over 61,325 thousand shares at a par value of JD 1 per share as of the end of the year 2008 (against JD 55 million distributed over 55 million shares at a par value of JD 1 per share as of December 31, 2007).

21. Reserves

The details of the reserves as of December 31, 2008 are as follows:

a- Statutory Reserve:
This account represents the accumulated amount of appropriations from income before tax at 10% at the end of the year 2008 according to the Banks Law. This amount is not to be distributed to shareholders.

b- Voluntary Reserve
This account represents the accumulated amount of appropriations from income before tax at a maximum of 20% at the end of the year 2008. The voluntary reserve is to be used according to a resolution by the Board of Directors. The General Assembly has the right to distribute this reserve or any portion therefrom as dividends to shareholders. Moreover, the Bored of Directors decided to capitalized the voluntary reserue and it was approved of the Bank's General Assembly on July 16, 2007.

c- General Banking Risks Reserve
This reserve represents the general banking risks according to the Central Bank of Jordan's instructions.
The details of the restricted reserves are as follows:

Reserve	December 31, 2008	December 31, 2007	Nature of Restriction
	JD	JD	
Statutory reserve	10,621,559	9,429,362	Restricted according to the Banks Law
General banking risks reserve	3,071,182	2,706,701	Restricted according to the Central Bank of Jordan Regulations

22. Cumulative Change in Fair Value

This item consists of the following:

	2008 Available-for-Sale Financial Assets			2007 Available-for-Sale Financial Assets		
	Shares	Bonds	Total	Shares	Bonds	Total
	JD	JD	JD	JD	JD	JD
Beginning balance	3,244,235	(798,287)	2,445,948	2,062,596	(665,838)	1,396,758
Unrealized net profits / (losses)	(3,915,009)	52,489	(3,862,520)	1,584,803	(118,360)	1,466,443
Deferred tax liabilities	595,943	17,206	613,149	(409,632)	(3,862)	(413,494)
Realized net (profit)-losses transferred to						
the statement of income	103,496	(6,317)	97,179	6,468	(10,227)	(3,759)
Impairment loss on available -for-sale						
financial assets	800,000	-	800,000	-	-	-
Ending Balance *	828,665	(734,909)	93,756	3,244,235	(798,287)	2,445,948

* The cumulative change in fair value is presented as a net amount after deducting deferred tax liabilities of JD 688,108 against JD 1,301,257 for previous years.

23. Retained Earnings

- Included in retained earnings is an amount of JD 1,560,372 restricted by the Central Bank of Jordan against deferred tax assets as of December 31, 2008 compared to JD 1,056,436 as December 31, 2007.

- As per Jordan Securities Commission, an amount of JD 91,464 from retained earnings has been restricted against unrealized gains from trading financial assets for the period from December 1, 2007 until December 31 ,2008.

24. Proposed Dividends

a. The Board of Directors decided to recommend to the General Assembly of Shareholders to distribute free shares amounting to JD 8,675 thousand, about 14% of capital. In addition, the General Assembly of Shareholders approved the Board of Directors' recommendation to distribute JD 6,325 thousand as free shares for the year 2007, equivalent ot 11.5% of capital, through capitalizing part of retained earnings and the voluntary reserve . Moreover, the free shares have been listed since July 17 ,2008 after obtaining the approval of the Jordan Securities Commission.

25. Interest Income

This item consists of the following:

	2008	2007
Direct credit facilities:	JD	JD
Individuals (retail):		
Loans and promissory notes	2,742,129	5,083,770
Credit cards	18,465	19,705
Overdraft	258,324	-
Margin accounts	419,481	264,336
Property loans	3,273,782	1,365,639
Companies		
Large companies		
Loans and promissory notes	11,618,690	15,732,589
Overdraft	2,461,083	-
Medium and small companies		
Loans and promissory notes	4,965,304	6,488,127
Overdraft	1,086,993	-
Government and public sector	391,557	419,714
Balances at central banks	958,481	908,812
Balances and deposits at banks and financial institutions	4,597,554	6,653,481
Available-for-sale financial assets *	8,172,433	9,364,821
Total	40,964,276	46,300,994

* This item includes an amount of JD 821,011 relating to interest from the treasury bills sale agreement against JD 4,663,500 as of December 31, 2007 (Note 9).

26. Interest Expense

This item consists of the following:

	2008	2007
	JD	JD
Deposits at banks and financial institutions	3,863,980	5,330,982
Customers Deposits:		
Current and demand deposits	3,162,631	7,649,615
Saving accounts	7,484	20,759
Time and notice deposits	18,907,768	17,378,757
Certificates of deposit	104,679	122,123
Cash margins	157,351	379,210
Borrowed funds *	1,271,836	2,855,262
Deposit guarantee fees	611,825	502,948
Total	28,087,554	34,239,656

* This item represents an amount of JD 943,012 relating to interest from the treasury bills sale agreement (Note 16) against JD 2,855,262 as of December 31, 2007.

27. Commission Income - Net

This item consists of the following:

	2008	2007
Commission Income:	JD	JD
Direct credit facilities commissions	2,674,891	2,428,720
Indirect credit facilities commissions	3,032,475	2,319,384
Brokerage commissions	1,187,293	1,464,765
Other commissions	524,913	401,901
Total Commissions Income	7,419,572	6,614,770
Less: Commissions expense		
Marketing commissions	-	67,077
Other comissions	491,243	482,479
Net Commissions Income	6,928,329	6,065,214

28. Income from Foreign Currencies

This item consists of the following:

	2008	2007
	JD	JD
Foreign currencies trading	1,164,811	1,244,933
As a result of evaluation	387,827	422,156
Total	1,552,638	1,667,089

29. (Loss) from Trading Financial Assets

This item consists of the following:

Year 2008	Realized (Loss)	Unrealized (Loss)	Dividends Income	Total
	JD	JD	JD	JD
Companies shares	(48,072)	(3,369,129)	734,367	(2,682,834)
	(48,072)	(3,369,129)	734,367	(2,682,834)
Year 2007				
Companies shares	(46,900)	(541,850)	575,608	(13,142)
	(46,900)	(541,850)	575,608	(13,142)

30. Income from Available-for-Sale Financial Assets

This item consists of the following:

	2008	2007
	JD	JD
Dividends income	639,503	194,733
Income from the sale of available-for-sale financial assets	97,376	106,427
Impairment loss on financial assets	(112,895)	-
Total	623,984	301,160

31. Other Income

This item consists of the following:

	2008	2007
	JD	JD
Rental of safe deposit boxes	9,880	10,030
Credit cards income	230,887	208,501
Net income (bonded)	230,539	228,670
Telex income	425,077	368,401
Rental of banks real estate	201,081	178,595
Other *	1,217,615	114,040
Total	2,315,079	1,108,237

* This item includes dividends amounting to JD 615 thousand distributed by International Visa Company in addition to the profit generated from selling the Investment Group's shares of JD 471 thousand.

32. Employees Expenses

This item consists of the following:

	2008	2007
	JD	JD
Salaries, bonuses and employees' benefits	3,104,198	3,482,342
Bank's share in social security	274,528	238,796
Medical expenses	87,630	58,765
Bank's share in savings fund	157,515	125,514
Per diems	910	-
Travel expenses	10,109	5,357
Employees life insurance	14,828	17,841
Total	3,649,718	3,928,615

33. Other Expenses

This item consists of the following:

	2008	2007
	JD	JD
Rent	241,186	347,875
Stationery	168,808	155,159
Advertisements	32,423	197,409
Subscriptions	327,675	333,755
Telecommunication expenses	283,417	287,520
Maintenance and repair	234,031	164,799
Insurance expenses	84,184	50,215
Legal fees and expenses	59,540	100,186
Water, electricity and heating	113,712	78,726
Professional fees	165,519	111,108
Concentration expenses	7,908	117,582
Board of Directors' transportation	54,990	47,845
Donations	90,530	47,510
Jordanian universities fees	110,616	94,254
Scientific research and vocational training fees	110,616	94,254
Vocational and Technical Education and Training Support Fund fees	77,753	48,951
Board of Directors' remunerations	55,000	55,000
Other	355,570	461,748
	2,573,478	2,793,896

34. Earnings Per Share - Bank Shareholders

The details of this item are as follows:

	2008	2007
	JD	JD
Income for the year	8,875,046	6,385,123
	Shares	Shares
Weighted average number of shares *	61,325,000	61,325,000
	JD/ Share	JD/ Share
Income per share for the year	0/145	0/104

* The weighted average number of shares for the year 2007 has been amended to 61,325 thousand shares instead of 55 million shares as the increase represents bonus shares .

35. Cash and Cash Equivalents

The details of this items are as follows:

	2008	2007
	JD	JD
Balances at central banks due within 3 months	93,357,848	44,719,005
Add: Balances at banks and financial institutions due within 3 months	120,793,768	180,628,298
Less: Banks and financial institutions deposits due within 3 months	60,579,248	130,332,954
Cash and Cash Equivalents	153,572,368	95,014,349

36. Financial Instruments

The details of financial derivatives outstanding as of year-end is as follows:

Year 2008	Positive Fair Value	Negative Fair Value	Total Nominal Amounts	Maturity of Nominal Value * Within 3 Months	Form 3 Months up to 12 Months	From 1 Year up to 3 Years	More than 3 Years
	JD	JD	JD	JD	JD	JD	JD
Trading Derivatives:							
Forward sales contracts in foreign currencies	11,731	-	(1,244,312)	(1,244,312)	-	-	-
	11,731	-	(1,244,312)	(1,244,312)	-	-	-
Forward purchase contracts in foreign currencies	17,513	(30,069)	1,919,251	1,919,251	-	-	-
	17,513	(30,069)	1,919,251	1,919,251	-	-	-
Total	29,244	(30,069)	674,939	674,939	-	-	-

* The nominal value represents the deals value outstanding at year-end and does not represent market risks or credit risks.

Year 2007							
Trading Derivatives:							
Forward sales contracts in foreign currencies	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Forward purchase contracts in foreign currencies	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

37. Transactions with Related Parties

The consolidated financial statements include the financial statements of the Bank and the subsidiaries as follows:

Company's Name	Ownership percentage	2007
		JD
Al - Mawared for Financial Brokerage Company	100 %	10,000,000
Al - Mawared for Financial Lease Company	100 %	1,000,000

The Bank entered into transactions with companies owned by members of the Board of Directors ,major shareholders and executive management within the normal banking practice according to the commercial interest rates and commissions.
All credit facilities granted to related party companies represent performing credit facilities and no provision has been taken thereon.
The following represents a summary of tranctions with related parties during the year:

	Related Party			Total December 31,	
	Subsidiaries *	Board of Directors Members and Wigher Executive Management	Relatives of Members of the Board of Directors and Wigher Executive Management	2008	2007
	JD	JD	JD	JD	JD
On-Balance Sheet Items:					
Credit facilities	11,040	4,083,843	53,753,795	57,848,678	47,810,717
Provision for impairment in direct credit facilities:	-	-	1,564,639	1,564,639	1,983,949
Deposits and current accounts	5,271,880	886,994	16,968,379	23,127,253	15,736,089
Off-Balance Sheet Items:					
Letters of guarantee	-	-	991,683	991,683	19,452,740
Letter of credit	840,000	20,050	12,843,444	13,703,494	12,693,481
Statement of Income:					
Interest and commission received	359,153	367,154	3,951,603	4,677,910	3,866,091
Interest and commission paid	411,885	69,808	831,369	1,313,062	1,179,027
Provision for impairment in direct credit facilities	-	-	(419,310)	(419,310)	771,184
Additional Information					
Underwatch credit facilities	-	-	417,658	417,658	15,925,567
Provision for underwatch credit facilities	-	-	6,257	6,257	477,767
Non-performing credit facilities	-	-	1,845,631	1,845,631	2,037,219
Provision for non-performing credit facilities	-	-	1,558,382	1,558,382	1,506,182
Interest in suspense	-	-	-	-	2,130

* All those amounts and transactions are eliminated from the consolidated financial statements and are shown for explanatory purposes only.

Maximum credit interest rates 15%	Maximum credit commission 1%
Minimum credit interest rates 5%	Minimum credit commission 0.5%
Maximum debit interest rates 6.75%	Maximum debit commission 1%

The following is a summary of the executive management benefits

	2008	2007
Salaries and benefits	981,854	721,280

38. Fair Value of Financial Assets and Financial Liabilities

Not Shown at Fair Value in the Financial Statements

As stated in note (9), available-for-sale financial assets include financial assets not listed on financial markets of JD 21,230,864 as of December 31, 2008, of which JD 18,129,973 is recorded at cost as their fair value can not be reliably determined.

39. Risk Management

General framework of risk management

The Board of Directors carries the main duties of setting and supervising the management risk framework for the Bank. Moreover, the Board of Directors has established the Risk and Compliance Committee, formed by the Board members and executive management. Its objective is to monitor and control the various risks (credit risks, operating risks, market risks and compliance risks)

The management risk policies of the Bank aim at identifying and analyzing risks to which the Bank is exposed in order to determine the limits and appropriate ways to monitor these risks, so as to control these risks and ensure adherence to the limits. Moreover, the Bank periodically and continuously reviews these policies which reflect the changes in market circumstances, products and services provided.

The main duty of the Management Risk and Compliance Department is to manage risks with the task of "identifying, measuring, and controlling all types of risks to which the Bank is or might be exposed; hedging against these risks to mitigate their effect on the Bank's various activities; and ensuring their good management in compliance with the Bank's strategy to maximize owners' equity and maintain the Bank's growth within the risks framework.

The Bank adopted Basel II Committee standard. This enables the Bank to achieve the following objectives:

1. To implement Basel II standard according to "the Bank's comprehensive plan to implement Basel II standard" which is approved by the "Risk and Compliance Committee" and "the Board of Directors".
2. To manage the various risks efficiently, bearing the proper risks against the expected return.
3. To maintain good quality assets.
4. To adhere to all rules and regulations in addition to the Central Bank of Jordan instructions while adapting to any related changes.
5. To comply with international standards and Basel II resolutions.
6. To ensure control over the risks to which the Bank is exposed during their different stages, taking into consideration the proper timely measures to mitigate and control these risks.

Risk and Compliance Committee

The Bank has formed the Management Risk and Compliance Committee which includes the Board of Directors members and executive management. The Committee's tasks are as follows:

1. To supervise the management risk policy and ensure that the Management Risk and Compliance Department achieves its objectives according to the approved policies.
2. To ensure appropriate and sufficient support for the Management Risk and Compliance Department in achieving its objectives in accordance with the approved policies and procedures in addition to the Central Bank's instructions
3. To ensure existence of work procedures for risk management in compliance with the various management risk policies at the Bank
4. To determine the bases and principles of managing risks regarding risk, acceptance, risk rejection, risk transfer and risk mitigation.
5. To review the periodical reports of the Management and Compliance Department.
6. To ensure that the Bank adheres to the Central Bank of Jordan instructions.

Risks Management Department

This department manages the Bank's various risks (credit risk, operating risk, market risk, compliance risk, and other risks) within the general framework of risks management. The role of the Risks Management Department can be summarized as follows:

1. Risk Identification

This means presenting a clear definition of risks to be able to measure, manage, and control these risks. Identification of risks should be an on-going process at the level of every transaction and the portfolio as a whole.

2. Risk Assessment

After risk identification comes risk evaluation. Each risk should be viewed from three angles:

1- Size
2- Duration
3- Probability

Moreover, correct timely evaluation is of paramount importance to the Bank.

3. Risk Control / Mitigation

After identification and evaluation, methods of controlling and mitigating these risks are determined to be in line with the Bank's strategy relating to the management and mitigating factors of risks.

4. Risk Monitoring

The Risks Management Department should ensure the availability of an information system that can identify and evaluate risks accurately, and with equal importance, control the significant changes in risks conditions at the Bank. In general, controlling risks means developing the Bank's reporting system which shows opposite changes in the Bank's risks and the Bank's readiness to deal with them.

39. a. Credit Risks

Credit risks are defined as the probability of not fully recovering the debt or interest in the set time causing financial losses to the Bank. Moreover, credit risk represents the major portion of the financial loss, and relates either to the customer's default or unwillingness to meet his obligations, In this regard, the Bank carries out a set of appropriate procedures to evaluate each customer's credit worthiness and sets the pertinent credit ceiling and other related terms, in addition to the credit analysis and credit legal documentation. Moreover, all credit facilities terms are applied literally by the Credit Department. In recognition of the importance of the Credit Risk Management, the Bank applies the risk rating concept in rating customers according to their credit risks. Accordingly, the Bank is enabled to price credit based on acceptable risks.

The role of the Risks Management Department is not consummated through identifying and measuring credit risks only. Moreover, credit risks should be managed efficiently at the level of the Bank's credit portfolio as well as the customer's level to achieve the following:

First: To mitigate these credit risks.
Second: To manage the concentrations of these credit risks.
Third: To mitigate the effects of exceptional events that enhance credit risks.
Fourth: To properly price these credit risks.
Fifth: To control these credit risks.

1. Credit risk exposure (less the impairment provision and interest in suspense and before guarantees and other risk - mitigating factors):

	December 31,	
	2008	2007
On Balance Sheet Items	JD	JD
Balances at the Central Bank	90,345,688	41,791,400
Balances at banks and financial institutions	120,793,768	180,628,298
Deposits at banks and financial institutions	2,455,034	39,361
Direct credit facilities:		
Individuals	30,799,738	40,969,901
Property loans	55,542,493	29,838,318
Companies		
Large Companies	151,751,015	153,498,745
Small and medium institutions	60,617,255	58,202,426
Government and public sector	4,549,464	5,123,085
Bonds, Bills and Debentures:		
Included in trading financial assets	-	113
Included in available-for-sale financial assets	112,322,391	130,014,947
Other assets	3,338,427	4,199,310
Off Balance Sheet Items		
Letters of guarantee	98,781,660	91,546,582
Letters of credit	25,316,211	21,546,248
Letters of acceptance	12,168,763	15,866,031
Unutilized facility ceilings	21,025,804	29,248,578
Total	789,807,711	802,513,343

To cover the above credit risk exposures, the Bank uses the following risk - mitigatin factors within the conditions of the credit policy set by the Bank:

1. Cash collaterals.
2. Accepted bank letters of guarantee.
3. Real estate mortgages.
4. Listed shares.
5. Vehicles and equipment.

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

December 31, 2008	Individuals	Property Loans	Companies		Government and Public Sector	Banks and Other Financial Institutions	Total
			Large Companies	Small and Medium Companies			
	JD	JD	JD	JD	JD	JD	JD
Low risk	1,475,400	-	8,356,840	1,693,208	106,371,116	196,506,931	314,403,495
Acceptable risk	22,912,833	48,754,913	139,754,338	54,088,905	-	17,087,559	282,598,548
Of which is due:*							
within 30 days	43,897	90,845	2,349,632	1,296,346	-	-	3,780,720
from 31 to 60 days	56,219	110,767	563,209	231,987	-	-	962,182
Under watch	3,561,661	5,280,875	15,589,766	6,309,973	-	-	30,742,275
Non-performing:							
Below level	3,000,633	550,610	-	878,884	-	-	4,430,127
Allowance provided	1,322,639	584,220	-	368,902	-	-	2,275,761
Bad debt	3,029,798	615,220	10,815,024	4,454,793	-	-	18,914,835
Total	35,302,964	55,785,838	174,515,968	67,794,665	106,371,116	213,594,490	653,365,041
Less: Impairment provision	3,836,787	223,720	8,994,475	5,111,451	-	-	18,166,433
Less: Interest in suspense	666,439	19,625	418,739	1,578,532	-	-	2,683,335
Net	30,799,738	55,542,493	165,102,754	61,104,682	106,371,116	213,594,490	632,515,273
December 31, 2007							
Low risk	1,850,187	-	10,638,975	2,826,463	114,526,073	193,535,793	323,377,491
Acceptable risk	29,020,044	29,441,056	126,168,486	27,559,219	-	28,923,266	241,112,071
Of which is due:*							
within 30 days	896,627	191,244	4,479,843	2,430,855	-	-	7,998,569
from 31 to 60 days	260,203	-	1,343,953	607,714	-	-	2,211,870
Under watch	11,377,297	367,010	31,319,254	27,892,729	-	-	70,956,290
Non-performing:							
Below level	929,467	155,568	1,895,956	826,149	-	-	3,807,140
Allowance provided	893,675	-	1,561,580	680,448	-	-	3,135,703
Bad debt	2,061,166	72,741	17,458,292	7,958,219	-	-	27,550,418
Total	46,131,836	30,036,375	189,042,543	67,743,227	114,526,073	222,459,059	669,939,113
Less: Impairment provision	3,617,548	197,019	9,708,780	5,638,731	-	-	19,162,078
Less: Interest in suspense	1,544,387	1,038	1,023,636	3,902,070	-	-	6,471,131
Net	40,969,901	29,838,318	178,310,127	58,202,426	114,526,073	222,459,059	644,305,904

* The whole debt balance becomes due when one of the installments or interest is due. Moreover, the overdraft account becomes due whenever it exceeds the ceiling.

Fair value of guarantees categorized against the facilities given:

2008	Individuals	Property Loans	Companies		Public Sector	Total
			Large Companies	Small and Medium Companies		
	JD	JD	JD	JD	JD	JD
Gurantees against:						
Low risk	1,475,400	-	8,356,840	1,693,208	4,549,464	16,074,912
Acceptable risk	22,912,833	48,754,913	126,402,599	53,601,478	-	251,671,823
Under watch	3,561,661	5,280,875	15,589,766	6,309,973	-	30,742,275
Non-performing:						
Below level	3,000,633	550,610	-	878,884	-	4,430,127
Allowance provided	1,322,639	584,220	-	368,902	-	2,275,761
Bad debt	3,029,798	615,220	10,815,024	4,454,793	-	18,914,835
Total	35,302,964	55,785,838	161,164,229	67,307,238	4,549,464	324,109,733
Of it:						
Cash Margins	915,225	-	7,515,220	995,003	-	9,425,448
Accepted letters of guarantee	-	-	2,100,000	-	-	2,100,000
Trade stocks	224,531		9,826,078	-	-	10,050,609
Real estate	6,674,354	57,216,810	98,548,312	42,436,838	-	204,876,314
Vehicles and equipment	5,872,346	-	7,982,436	12,567,534	-	26,422,316
Total	13,686,456	57,216,810	125,972,046	55,999,375	-	252,874,687
2007						
Gurantees against:						
Low risk	1,850,187	-	10,638,975	2,826,463	5,123,085	20,438,710
Acceptable risk	29,020,044	29,441,056	101,357,104	27,559,219	-	187,377,423
Under watch	11,377,297	367,010	31,319,254	27,892,729	-	70,956,290
Non-performing:						
Below level	929,467	155,568	1,895,956	826,149	-	3,807,140
Allowance provided	893,675	-	1,561,580	680,447	-	3,135,702
Bad debt	2,061,166	72,741	17,458,292	7,958,219	-	27,550,418
Total	46,131,836	30,036,375	164,231,161	67,743,227	5,123,085	313,265,684
Of it:						
Cash Margins	25,116	-	5,709,150	7,480,359	-	13,214,625
Accepted letters of guarantee	-	-	2,100,000	-	-	2,100,000
Real estate	22,739,532	14,255,612	102,846,539	48,709,432	-	188,551,115
Trade stocks	1,384,558	-	22,419,711	17,615,487	-	41,419,756
Vehicles and equipment	16,465,755	-	6,360,969	9,760,853	-	32,587,577
Total	40,614,961	14,255,612	139,436,369	83,566,131	-	277,873,073

Scheduled Debts:

These debts are debts previously classified as non-performing credit facilities but taken out therefrom according to proper scheduling. These debts have been classified as "debts under control", which amounted to JD 10,240,238 as of December 31, 2008 (against JD 9,246,581 for the year 2007).

Restructured Debts:

Restructuring means rearranging credit facilities installments through increasing their duration, postponing some installments, or increasing the grace period, which amounted to JD 30,649,899 as of December 31, 2008 (against JD 25,368,856 for the year 2007).

3. Bonds, Bills, and Debentures

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

Rating Grade	Rating Institution	Within Trading Financial Assets	Within Available-for-Sale Financial Assets	Total
		JD	JD	JD
AA	Moody's	-	879,602	879,602
BB	S & P	-	242,832	242,832
Unclassified		-	9,378,305	9,378,305
Governmental		-	101,821,652	101,821,652
		-	112,322,391	112,322,391

4. Credit Risk Exposure According to Geographical Areas:

Geographical Area	Inside Jordan	Middle East Countries	Europe	Asia *	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD
Balances at Central Bank	90,345,688	-	-	-	-	-	90,345,688
Balances at banks and financial institutions	57,981,116	9,475,981	24,064,205	13,239,314	13,552,671	2,482,481	120,795,768
Deposits at banks and financial institutions	-	-	-	-	2,455,034	-	2,455,034
Credit facilities:							
Individuals	30,799,738	-	-	-	-	-	30,799,738
Real estate loans	55,542,493	-	-	-	-	-	55,542,493
Companies :							
Major companies	151,751,015	-	-	-	-	-	151,751,015
Small to medium							
size companies	60,617,255	-	-	-	-	-	60,617,255
Government and	4,549,464	-	-	-	-	-	4,549,464
public sector							
Bonds, bills, and debentures:							
Within trading financial							
assets	-	-	-	-	-	-	-
Within available-for-sale-							
financial assets	109,092,252	2,350,537	879,602	-	-	-	112,322,391
Total for the current year	563,134,055	11,826,518	24,943,807	13,239,314	16,007,705	2,482,481	629,178,846
Total/comparative figures	479,353,011	16,070,878	74,145,197	11,552,002	55,292,944	3,692,562	640,106,594

*Excluding Middle East Countries.

Exposure According to Economic Sector:

Item	Economic Sector: Financial	Industrial	Trading and Services	Real Estate	Agricultural	Shares	Individuals	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	90,345,688	90,345,688
Balances at banks and financial institutions	120,793,768	-	-	-	-	-	-	-	120,793,768
Deposits at banks and financial institutions	2,455,034	-	-	-	-	-	-	-	2,455,034
Credit facilities	30,359,753	28,653,358	72,454,766	56,147,060	5,232,082	22,656,958	83,206,524	4,549,464	303,259,965
Bonds, bills and debentures:									
Within trading financial assets	-	-	-	-	-	-	-	-	-
Within available-for-sale financial assets	2,919,403	-	-	-	-	-	-	109,402,988	112,322,391
Total for the current year	156,527,958	28,653,358	72,454,766	56,147,060	5,232,082	22,656,958	83,206,524	204,298,140	629,176,846
Total/comparative figures	201,193,094	30,313,062	53,392,982	57,838,019	5,003,701	44,273,071	74,264,324	173,828,341	640,106,594

39. b. Operating Risk

Operating risk is defined as "the loss resulting from the failure or inadequacy of the internal procedures, the human factor, and systems, or from external events including legal risks and excluding strategic risks or reputation risk".

Managing operating risk is based on knowledge and the identification of operating risks that confronted the Bank or other banks in the past, and consequently, spotting the events causing them. This is to enable the Bank to remedy them and to benefit from the mistakes leading to these risks which caused financial losses to the Bank and other banks. As such, the Bank identifies the reasons behind the mistake, corrects the mistake, and avoids it in the future. The Bank has implemented the following:

- Control & Risk Self Assessment (CRSA).
- Key Risk Indicator.
- Key Risk Driver (KRD).

Risk and Compliance Committee

These represent the risks that arise from the probability that the Bank may not comply with (violate / transgress) the prevailing laws, regulations, instructions, bank laws, and code of ethics issued by the international and local regulatory authorities.

Compliance with the regulations and prevailing laws issued by the regulatory authorities represents one of the most important risks which the Bank is exposed to, due to the major financial losses resulting from the violation of the laws and instructions which affect the Bank's reputation. Moreover, the past few years witnessed many new regulations, instructions and laws organizing the work of various institutions. Accordingly, the need for managing the compliance risk of the Bank was necessary. Moreover, compliance enhances the efficiency of managing risks and decreases the risk the Bank might be exposed to as a result of noncompliance with the prevailing laws and instructions. To manage these risks efficiently, the Bank has adopted the following:

1- Setting the appropriate mechanism to classify compliance risks in accordance with their effects on the Bank and determine the appropriate procedures to control them.
2- Establishing the appropriate procedures to guarantee the Bank's commitments to the rules, instructions and Bank's internal policies.
3- Installing the appropriate procedures to protect the Bank's database.
4- Laying the appropriate procedures in compliance with anti - money laundering and anti - financing of terrorism issued by the Central Bank of Jordan.
5- Preparing a code of ethics to be followed by the employees.

38.c Market Risk

Market risk is the potential losses that may arise from the changes in market prices such as the change in interest rates, foreign currency exchange rates, and prices of shares and products.

Moreover, interest rate risk is the most important element in market risks that the Bank should consider greatly as it affects both the trading and banking portfolios.

Market risks can be categorized into two types:

- Price risk which is the probability that income may decrease due to the change in interest rates, foreign currency exchange rate, shares prices and products prices. Risks are managed by the Risks Management Department.

- Liquidity risk represents the financial loss from the inability to fund additions to fixed assets and / or to meet liabilities without incurring unacceptable costs or losses. These risks are managed by the Assets and Liabilities Committee in cooperation with the Risks Management Department-Market Risks.

Increased globalization, complexity in financial markets, and expansion in the use of financial instruments caused the emergence of new instruments and systems used in measuring these risks. Moreover, there are many methods to measure the various market risks faced by banks. Regardless of the instruments used in measuring market risk, the complexity of the instrument should be appropriate to the nature and size of the financial instruments.

c.1. Interest Rate Risk:

Interest rate risk results from the potential change in interest rates, and consequently, the potential impact on the cash flows or the fair value of financial instruments.

The Bank is exposed to interest rate risks as a result of the timing gaps of repricing assets and liabilities. These gaps are periodically monitored by the Assets and Liabilities Committee (ALCO). Moreover, various hedging methods are used to remain within the acceptable interest rate gap limits.

Sensitivity analysis:

December 31 ,2008	Increase in Interest Rate	Interest Income (loss) Sensitivity	Owners' Equity Sensitivity
Currency:	%	JD	JD
US Dollar	2	(126,507)	-
Euro	2	(12,735)	(23,982)
GBP	2	5,574	(14,772)
Yen	2	(34)	-
Other currencies	2	3,001	-

	Decrease in Interest Rate	Interest Income (loss) Sensitivity	Owners' Equity Sensitivity
Currency:	%	JD	JD
US Dollar	2	108,796	-
Euro	2	10,952	3,649
GBP	2	(4,794)	1,298
Yen	2	29	-
Other currencies	2	(2,581)	-

December 31 ,2007	Increase in Interest Rate	Interest Income (loss) Sensitivity	Owners' Equity Sensitivity
Currency:	%	JD	JD
US Dollar	2	(160,325)	-
Euro	2	(35,797)	(26,950)
GBP	2	12,644	(33,320)
Yen	2	(8)	-
Other currencies	2	5,243	-

	Decrease in Interest Rate	Interest Income (loss) Sensitivity (Gain/Loss)	Owners' Equity Sensitivity
Currency:	%	JD	JD
US Dollar	2	149,390	-
Euro	2	43,328	31,549
GBP	2	(12,327)	13,983
Yen	2	2	-
Other currencies	2	(5,264)	-

c.2. Foreign currencies risk

a. The following table illustrates the currencies to which the Bank is exposed and the potential and reasonable change in their rates against the Jordanian Dinar and the related impact on the profit and loss statement. The currencies positions are monitored daily to ensure that they are within the determined limits. Moreover, the related reports are submitted to the Assets and Liabilities Committee and Board of Directors.

December 31, 2008	Change in Foreign Currency Rate	Effect on Income and Losses	Effect on Owners' Equity
Currency:	%	JD	JD
Euro	5	287,345	89,657
GBP	5	53,298	132,876
Yen	5	324	-
Other currencies	5	98,346	-

December 31, 2008	Change in Foreign Currency Rate	Effect on Income and Losses	Effect on Owners' Equity
Currency:	%	JD	JD
Euro	5	241,116	102,019
GBP	5	58,055	144,128
Yen	5	149	-
Other currencies	5	85,362	-

- Risks of Changes in Shares Prices:

This represents the risk resulting from the decline in the fair value of the investment portfolio of the shares due to the changes in the value of the shares indicators and the change in the value of shares individually.

December 31 2008 Indicator of	Change in Indicator	Impact on Profit and Loss	Impact on Owners' Equity
	%	JD	JD
Amman Stock Exchange	5	377,578	451,379
Palestine Stock Exchange	5	32,254	26,211

December 31 2007 Indicator of	Change in Indicator	Impact on Profit and Loss	Impact on Owners' Equity
	%	JD	JD
Amman Stock Exchange	5	977,755	554,510
Palestine Stock Exchange	5	49,483	73,086

Interest Rate Repricing Gap

The Bank adopts the assets - liabilities compatibility principle and the suitability of maturities to narrow gaps through categorizing assets and liabilities into various maturities or price review maturities, whichever are nearer, to lower risks in interest rates, studying gaps in the related interest rates, and using hedging policies through the adoption of advanced financial instruments such as derivatives.

The interest rate sensitivity is as follows:

	Interest Rate Sensitivity						
2008	Less than One Month	More than 1 Month Up to 3 Months	More than 3 Months Up to 6 Months	More than 6 Months Up to 1 Year	From 1 Year Up to 3 Years	More than 3 Years	Non-Interest Bearing	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets:								
Balances at central banks	2,000,000	10,000,000	1,000,000	-	-	-	81,357,848	94,357,848
Balances at banks and financial institutions	120,604,574	-	-	-	-	-	189,194	120,793,768
Deposits at banks and financial institutions	-	-	-	2,455,034	-	-	-	2,455,034
Trading financial assets	-	-	-	-	-	-	8,541,216	8,541,216
Direct credit facilities	20,697,124	35,832,787	48,233,130	74,441,577	31,665,986	87,027,654	5,361,707	303,259,965
Available-for-sale financial assets	6,500,000	5,000,000	21,596,210	14,282,292	59,354,243	5,589,646	13,586,119	125,908,510
Fixed assets	-	-	-	-	-	-	16,881,279	16,881,279
Intangible assets	-	-	-	-	-	-	780,181	780,181
Deferred tax assets	-	-	-	-	-	-	1,560,372	1,560,372
Other assets	-	-	-	-	-	-	8,744,090	8,744,090
Total Assets	149,801,698	50,832,787	70,829,340	91,178,903	91,020,229	92,617,300	137,002,006	683,282,263
Liabilities:								
Banks and financial institutions deposits	-	38,965,059	2,000,000	6,234,016	-	-	21,614,189	68,813,264
Customers' deposits	259,421,561	136,433,169	16,570,306	14,653,510	50,245	-	20,844,134	447,972,925
Cash margins	3,471,041	1,925,280	1,332,202	2,954,344	6,781,068	-	17,277,997	33,741,932
Borrowed funds	-	31,587,210	-	-	-	-	-	31,587,210
Varios provision	-	-	-	-	-	-	2,434,336	2,434,336
Financial derivatives	-	825	-	-	-	-	-	825
Income tax provision	-	-	-	-	-	-	4,038,294	4,038,294
Deferred tax liabilities	-	-	-	-	-	-	1,070,074	1,070,074
Other liabilities	-	-	-	-	-	-	7,870,605	7,870,605
Total Liabilities	262,892,602	208,910,718	19,902,508	23,841,870	6,831,313	-	75,149,629	597,529,465
Interest Rate Reprising Gap	(113,090,904)	(158,077,931)	50,926,832	67,337,033	84,188,916	92,617,300	61,852,377	85,752,798
2007								
Total Assets	210,154,823	59,517,187	69,299,900	79,841,719	75,598,510	110,390,011	94,324,724	699,126,874
Total Liabilities	296,320,111	188,356,717	20,567,720	24,508,953	5,474,136	-	84,669,293	619,896,930
Interest Rate Repricing Gap	(86,165,288)	(128,839,530)	48,732,180	55,332,766	70,124,374	110,390,011	9,655,431	79,229,944

Concentration in foreign currencies risk:

2008	Currency (Equivalent in Jordanian Dinars)					
	US Dollar	Euro	Sterling Pound	Japanese Yen	Others	Total
	JD	JD	JD	JD	JD	JD
Assets:						
Cash and balances at the Central Bank	15,154,694	599,405	2,872	-	54,026	15,810,997
Balances at banks and financial institutions	77,840,005	12,881,360	8,281,111	154,183	1,587,972	100,744,631
Deposits at banks and financial institutions	2,455,034	-	-	-	-	2,455,034
Trading financial assets	192,338	-	-	-	-	192,338
Direct credit facilities	18,474,926	972,023	-	-	-	19,446,949
Available for sale finanacial assets	2,075,829	1,847,197	906,724	-	503,340	5,333,090
Other assets	-	-	-	-	134,588	134,588
Total Assets	116,192,826	16,299,985	9,190,707	154,183	2,279,926	144,117,627
Liabilities:						
Banks and financial institutions deposits	36,804,062	3,425,618	681,777	1,013	82,948	40,995,418
Customers' deposits	73,567,718	13,468,924	7,874,259	30,212	2,363,191	97,304,304
Cash margins	8,815,616	2,035,627	167,471	29,834	17	11,048,565
Other liabilities	-	-	-	-	157,715	157,715
Total Liabilities	119,187,396	18,930,169	8,723,507	61,059	2,603,871	149,506,002
Net Concentration on-Balance Sheet for the Current Year	(2,994,570)	(2,630,184)	467,200	93,124	(323,945)	(5,388,375)
Off-balance Sheet Contingent Liabilities for the Current Year	38,311,859	4,726,945	1,339,298	6,620	2,586,064	46,970,786
2007						
Assets:						
Cash and balances at the Central Bank	14,624,822	1,147,516	5,778	-	17,797	15,795,913
Balances at banks and financial institutions	127,507,829	39,215,801	718,041	33,607	108,808	167,584,086
Deposits at banks and financial institutions	39,361	-	-	-	-	39,361
Trading financial assets	1,195,528	-	-	-	-	1,195,528
Direct credit facilities	6,729,785	2,232,140	-	-	-	8,961,925
Available for sale finanacial assets	-	2,040,381	2,882,568	-	-	4,922,949
Fixed assets	-	-	-	-	-	-
Other assets	-	-	-	-	710,622	710,622
Total Assets	150,097,325	44,635,838	3,606,387	33,607	837,227	199,210,384
Liabilities:						
Banks and financial institutions deposits	25,521,544	36,516,182	874,451	-	91	62,912,268
Customers' deposits	99,821,102	11,960,268	4,395,209	36,592	1,882,725	118,095,896
Cash margins	12,091,076	981,723	58,195	-	22,806	13,153,800
Other liabilities	-	-	-	-	638,864	638,864
Total Liabilities	137,433,722	49,458,173	5,327,855	36,592	2,544,486	194,800,828
Net Concentration on-Balance Sheet for the Current Year	12,663,603	(4,822,335)	(1,721,468)	(2,985)	(1,707,259)	4,409,556
Off-balance Sheet Contingent Liabilities for the Current Year	69,388,327	39,177,016	2,155,956	-	2,717,103	113,438,402

38 d. Liquidity Risk:

Liquidity risk represents the Bank's inability to meet its obligations on their maturity dates. To ward off these risks, including the management of Assets and Liabilities, matching and analyzing their maturities, matching the maturities of short and long-term assets and liabilities, diversifying sources of funds, and maintaining an adequate fund of cash and cash equivalents and deductible securities, liquidity is managed and reviewed periodically at different levels. According to the Central Bank of Jordan instructions, the Bank maintains cash reserves to mitigate liquidity risks.

First : The following table illustrates the distribution of liabilities (undiscounted) on the basis of the remaining period to the contractual maturity at the date of the financial statements.

	Less than One Month	More than 1 Month up to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	From 1 Year Up to 3 Years	More than 3 Years	Non-Interest Bearing	Total
	JD	JD	JD	JD	JD	JD	JD	JD
2008								
Liabilities:								
Banks and financial institutions deposits	21,614,189	38,965,059	2,000,000	6,234,016	-	-	-	68,813,264
Customers' deposits	280,265,695	136,433,169	16,570,306	14,653,510	50,245	-	-	447,972,925
Cash margins	3,471,041	1,925,280	1,332,202	2,954,344	24,059,065	-	-	33,741,932
Borrowed funds	-	31,587,210	-	-	-	-	-	31,587,210
Varios provision	-	-	-	-	-		2,434,336	2,434,336
Financial derivatives	-	825	-	-	-	-	-	825
Income tax provision	4,038,294	-	-	-	-	-	-	4,038,294
Deferred tax liabilities	-	-	-	1,070,074	-	-	-	1,070,074
Other liabilities	4,769,622	1,349,360	590,528	960,497	200,598	-	-	7,870,605
Total Liabilities	314,158,841	210,260,903	20,493,036	24,802,367	25,379,982	-	2,434,336	597,529,465
Total Assets	233,017,009	50,885,655	72,457,170	91,178,903	92,580,601	101,984,785	41,178,140	683,282,263
2007								
Liabilities:								
Banks and financial institutions deposits	27,272,056	103,060,898	3,522,000	2,741,564	-	-	-	136,596,518
Customers' deposits	318,225,315	68,317,875	14,308,884	11,078,947	-	-	-	411,931,021
Cash margins	4,867,019	1,977,944	2,736,836	3,688,442	16,835,539	-	-	30,105,780
Repurchase agreements and borrowed funds	-	15,000,000	-	7,000,000	2,996,326	-	-	24,996,326
Various Provisions	-	-	-	-	-	-	2,438,424	2,438,424
Income tax provision	1,437,475	-	-	-	-	-	-	1,437,475
Deferred tax liabilities	-	-	-	-	2,850,503	-	-	2,850,503
Other liabilities	5,882,812	1,862,959	542,303	750,592	502,217	-	-	9,540,883
Total Liabilities	357,684,677	190,219,676	21,110,023	25,259,545	23,184,585	-	2,438,424	619,896,930
Total Assets	249,451,055	61,053,697	68,509,034	79,841,719	77,577,935	115,960,957	46,732,477	699,126,874

Second: Financial Derivatives

The following table summarizes the maturities of financial derivatives on the basis of the remaining period to the contractual maturity date from the date of the financial statements:

2008	Up to One Month	From One Month to 3 Months	From 3 Months to 6 Months	Total
	JD	JD	JD	JD
Trading derivatives:				
Currency derivatives	-	825	-	825
2007				
Trading derivatives:				
Currency derivatives	-	-	-	-

Third: Off-balance sheet items:

2008	Up to One Year	From One Year to 5 Years	More than 5 Years	Total
	JD	JD	JD	JD
Letters of credit and acceptances	37,484,974	-	-	37,484,974
Unutilized credits	21,025,804	-	-	21,025,804
Guarantees	98,781,660	-	-	98,781,660
Operating lease contract liabilities	231,186	-	-	231,186
Capital liabilities	12,472,987	-	-	12,472,987
Total	169,996,611	-	-	169,996,611
2007				
Letters of credit and acceptances	37,412,279	-	-	37,412,279
Unutilized credits	29,248,578	-	-	29,248,578
Guarantees	91,546,582	-	-	91,546,582
Operating lease contract liabilities	337,875	-	-	337,875
Capital liabilities	3,365,588	-	-	3,365,588
Total	161,910,902	-	-	161,910,902

39. Sector Analysis

a. The Bank is organized, for managerial purposes, into four major sectors. Moreover, the Bank owns one subsidiary in the financial brokerage sector:

- Individuals accounts: include following up on individual customers accounts, and granting them loans, credit, credit cards, and other services.

- Corporate accounts: include following up on deposits, credit facilities, and other banking services related to customers.

- Treasury: include providing dealing services and management of the Bank's funds.

- Financial brokerage services: include practicing most of the financial brokerage and financial consulting services.

The following table represents information on the Bank's sectors according to activities:

	Individuals	Corporations	Treasury	Others	Total For the Year Ended December 31, Others2008	Others2007
	JD	JD	JD	JD	JD	JD
Gross income	2,546,687	7,373,628	7,825,886	3,867,717	21,613,918	21,189,896
Impairment loss on avilable -for-sale financial assets	-	-	(800,000)	-	(800,000)	-
Provision for credit facilities	(1,967,938)	(314,854)	-	-	(2,282,792)	(3,363,882)
Results of Business Sector	578,749	7,058,774	7,025,886	3,867,717	18,531,126	17,826,014
Less: Undistributed Expenditures	-	-	-	6,977,910	6,977,910	8,693,009
Income before Taxes	578,749	7,058,774	7,025,886	(3,110,193)	11,553,216	9,133,005
Less: Income tax					2,678,170	2,747,882
Income for the Year					8,875,046	6,385,123
Sector's Assets	103,498,956	199,761,009	353,616,749	-	656,876,714	680,331,269
Assets not distributed over sectors	-	-	-	26,405,549	26,405,549	18,795,605
Total Assets	103,498,956	199,761,009	353,616,749	26,405,549	683,282,263	699,126,874
Sector's Liabilities	337,200,400	144,514,457	101,471,373	-	583,186,230	606,501,384
Liabilities not distributed over sectors	-	-	-	14,343,235	14,343,235	13,395,546
Total Liabilities	337,200,400	144,514,457	101,471,373	14,343,235	597,529,465	619,896,930
Capital Expenditures					12,472,987	3,365,588
Depreciation and amortization					751,023	564,219

b. Information on the geographical allocation:

This sector represents the geographical distribution of the Bank's operations. The Bank performs its operations mainly in the Kingdom, and these operations represent the local operations.

Information on the geographical allocation:

	Inside Jordan 2008	2007	Outside Jordan 2008	2007	Total 2008	2007
	JD	JD	JD	JD	JD	JD
Total Revenue	50,192,715	55,979,108	-	-	50,192,715	55,979,108
Total Assets	683,282,263	699,126,874	-	-	683,282,263	699,126,874
Capital Expenditures	12,472,987	3,365,588	-	-	12,472,987	3,365,588

40. Capital Management

a. Description of Capital

According to the Central Bank of Jordan Law and in compliance with the capital adequacy requirements, capital consists of two parts: Primary capital made up of paid-up capital, declared reserves, (including statutory reserve, voluntary reserve, share premium (discount), treasury share premium, and other reserves), retained earnings, and equity (if any) minus loss for the period, acquisition costs of treasury stock, provisions required by the Central Bank of Jordan, full amount of goodwill, and any other amounts provided that this part of capital is not less than 50% of the regulatory capital; and Support capital representing supplementary capital and consisting of exchange rate differences, cumulative change in the fair value of available-for-sale financial assets at 45%, less the negative change balance provided that this part of capital does not exceed 100% of primary capital

The third part consists of short-term subordinated loans to meet market risks. This part supplements capital and is utilized to face the potential losses from market risks.

Additionally, the Bank complies with Article (62) of the Banks Law which requires the Bank to appropriate 10% of its net profits in the Kingdom and continue to do so until the reserve equals the Bank's paid-up capital.

b. Regulatory Authorities Requirements Concerning Capital and Method of Fulfilling Them

The Bank considers the compatibility of the size of capital with the nature of risks it is exposed to provided that paid-up capital is not less than JD 40 million, taking into consideration the general conditions of regulatory capital which specify that it should not be less than 12% of the weighted value of credit and operating market risks. Furthermore, the minimum leverage ratio (equity to total assets) should not be less than 6%. Moreover, not less than 28.5% of market risks should be covered by regulatory capital.

c. The Bank's management aim at achieving the Bank's capital management objectives, a surplus in operating income and revenues, and the optimal utilization of the available sources of funds so as to reach the targeted growth in shareholders' equity through the increase in the statutory reserve, recognized profits, voluntary reserve, and retained earnings.

Capital is allocated to work lines and various functions according to assets weighted by risks and as per the decisions of Basel Committee and the Central Bank of Jordan.
The capital adequacy ratio for the year 2007 has been calculated according to Basel I standard, and for the year 2008 according to Basel II standard, in addition to the instructions of the Central Bank of Jordan

d. Reasons for and sources of change in the Bank's regulatory capital during the year:

Increase in regulatory capital amounted to JD 5,542,452 from the following sources:

- Increase in the statutory reserve of JD 1,192,197.
- Increase in retained earnings of JD 1,293,368.
- Increase in the general banking risks reserve of JD 364,481.

e. The amount the Bank considers as capital and capital adequacy ratio are as follows:

	December 31,	
	2008	2007
	JD	JD
Primary capital items	78,598,548	70,804,796
Additional capital items	1,556,077	3,807,377
Auxiliary capital items		
Total regulatory capital	80,154,625	74,612,173
Total risk – weighted assets	471,131,878	430,994,455
Capital adequacy ratio	%17.01	%17.31
Primary capital ratio	%16.68	%16.43

41. Accounts Managed on Behalf of Customers

There are no investment portfolios managed by the Bank on behalf of customers.

42. Analysis of the Maturities of Assets and Liabilities:

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

Year 2008	Up to One Year	More than One Year	Total
	JD	JD	JD
ASSETS			
Cash and balances at central banks	94,357,848	-	94,357,848
Balances at banks and financial institutions	120,793,768	-	120,793,768
Deposits at banks and financial institutions	2,455,034	-	2,455,034
Trading financial assets	-	8,541,216	8,541,216
Direct credit facilities	179,204,618	124,055,347	303,259,965
Available-for-sale financial assets	47,378,502	78,530,008	125,908,510
Fixed assets	-	16,881,279	16,881,279
Intangible assets	-	780,181	780,181
Deferred tax assets	-	1,560,372	1,560,372
Other assets	3,348,967	5,395,123	8,744,090
TOTAL ASSETS	447,538,737	235,743,526	683,282,263
LIABILITIES			
Banks and financial institutions deposits	68,813,264	-	68,813,264
Customers deposits	447,922,680	50,245	447,972,925
Cash margins	9,682,868	24,059,065	33,741,933
Borrowed funds	31,587,210	-	31,587,210
Financial derivatives	825	-	825
Various provisions	-	2,434,336	2,434,336
Provision for income tax	4,038,294	-	4,038,294
Deferred tax liabilities	-	1,070,074	1,070,074
Other liabilities	7,670,006	200,598	7,870,604
TOTAL LIABILITIES	569,715,147	27,814,318	597,529,465
Net	(122,176,410)	207,929,208	85,752,798
Year 2007			
ASSETS			
Cash and balances at central banks	48,219,005	-	48,219,005
Balances at banks and financial institutions	180,628,298	-	180,628,298
Deposits at banks and financial institutions	39,361	-	39,361
Trading financial assets	-	20,164,883	20,164,883
Direct credit facilities	173,704,731	113,927,744	287,632,475
Available-for-sale financial assets	51,460,232	91,130,579	142,590,811
Fixed assets	-	8,029,729	8,029,729
Intangible assets	-	342,606	342,606
Deferred tax assets	-	1,056,436	1,056,436
Other assets	4,803,878	5,619,392	10,423,270
TOTAL ASSETS	458,855,505	240,271,369	699,126,874
LIABILITIES			
Banks and financial institutions deposits	136,596,518	-	136,596,518
Customers deposits	411,931,021	-	411,931,021
Cash margins	13,270,241	16,835,539	30,105,780
Borrowed funds	22,000,000	2,996,326	24,996,326
Various provisions	-	2,438,424	2,438,424
Provision for income tax	1,437,475	-	1,437,475
Deferred tax liabilities	-	2,850,503	2,850,503
Other liabilities	9,038,666	502,217	9,540,883
TOTAL LIABILITIES	594,273,921	25,623,009	619,896,930
Net	(135,418,416)	214,648,360	79,229,944

43. Commitments and Contingent Liabilities (Off-Balance Sheet)

a. Credit commitments and contingencies:

	December 31,	
	2008	2007
	JD	JD
Letters of credit	25,316,211	21,546,248
Acceptances and periodic withdrawals	12,168,763	15,866,031
Letters of guarantee:		
Payments	15,765,957	17,179,266
Performance bonds	40,617,956	34,911,895
Other	42,397,747	39,455,421
Unutilized credit facilities	21,025,804	29,248,578
Total	157,292,438	158,207,439

b. Contractual obligations:

	December 31,	
	2008	2007
	JD	JD
Contracts to purchase fixed assets	3,500,000	690,486
Construction contracts	4,750,000	2,750,000
Total	8,250,000	3,440,486

c.Operating leases amounted to JD 231,186 with periods ranging from 1 to 12 months.

44. Lawsuits Against the Bank

a. The Bank is a defendant in lawsuits amounting to JD 11,232,277 as of the financial statements date against JD 4,257,641 in the prior year. One of these lawsuits is for JD 3,833,521 raised against the Bank by a Jordanian Bank (under liquidation).

The lawsuit is still at Amman Court of First Instance pending an expert's report. The provisions against these lawsuits amounted to JD 2,019,637 as of December 31, 2008 and the prior year. In the opinion of the Bank's management and legal advisor, no additional liabilities would arise against the Bank therefrom.

b. There were no lawsuits against the subsidiaries (Al - Mawared for Financial Brokerage Company and Al - Mawared for Financial Lease Company) as of December 31, 2008 and 2007.

45. New International Financial Reporting Standards

a. Standards and Interpretations effective in the current period

In the current year, the Bank has adopted the following Standards issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee which became effective for the current financial reporting period:

- IAS 39 (revised): Financial Instruments: Recognition and Measurement and IFRS 7 (revised) Financial Instruments:Disclosure – Reclassification of Financial Assets.
- IFRIC 11 : IFRS 2, Group and Treasury Transactions.
- IFRIC 12 : Service Concession Arrangements.
- IFRIC 14 : IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The adoption of these Interpretations has not led to any changes in the Bank's accounting policies.

b. Standards and Interpretations in issue not yet adopted

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

• IAS 1 (revised): Presentation of Financial Statements.	Effective for annual periods beginning on or after January 1, 2009.
• IAS 1 (revised) Presentation of Financial Statements and IAS 32 (revised) Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation.	Effective for annual periods beginning on or after January 1, 2009.
• IAS 23 (revised): Borrowing Costs.	Effective for annual periods beginning on or after January 1, 2009.
• IAS 39 (revised): Financial Instruments: Recognition and Measurement – Eligible Hedged Items.	Effective for annual periods beginning on or after July 1, 2009.
• IFRS 1 (revised) First time Adoption of IFRS and IAS 27 (revised) Consolidated and Separate Financial Statements – Amendments relating to cost of an investment on first time adoption.	Effective for annual periods beginning on or after January 1, 2009.
• IFRS 1 (revised) First time Adoption of IFRS – Restructured version.	Effective for annual periods beginning on or after July 1, 2009.
• IFRS 2 (revised) Share-based Payments – Amendments relating to vesting conditions and cancellations.	Effective for annual periods beginning on or after January 1, 2009.
• IFRS 3 (revised) Business Combinations – Comprehensive revision on applying the acquisition method and consequential amendments to IAS 27 (revised) Consolidated and Separate Financial Statements, IAS 28 (revised) Investments in Associates and IAS 31 (revised) Interests in Joint Ventures.	Effective for annual periods beginning on or after July 1, 2009.
• IFRS 8 Operating Segments.	Effective for annual periods beginning on or after January 1, 2009.
• IFRIC 13: Customer Loyalty Programmes.	Effective for annual periods beginning on or after July 1, 2009.
• IFRIC 15: Agreements for the Construction of Real Estate.	Effective for annual periods beginning on or after January 1, 2009.
• IFRIC 16: Hedges of Net Investment in a Foreign Operation.	Effective for annual periods beginning on or after October 1, 2009.
• IFRIC 17: Distribution of Non-cash Assets to Owners.	Effective for annual periods beginning on or after July 1, 2009.
Amendments to IFRS 5, IAS 1, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41 resulting from May 2008 Annual Improvements to IFRSs.	Effective for annual periods beginning on or after January 1, 2009.

Management of the Bank anticipates that each of the above Standards and Interpretations will be adopted in the preparation of the Bank's financial statements by their effective dates mentioned above, and that the adoption of those Standards and Interpretations will have no material impact on the consolidated financial statements of the Bank in the period of initial application.

46. Comparative Figures

Some of the comparative figures of the year 2007 have been reclassified to correspond with the year 2008 presentation.

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Opening Soon
Mecca Street Branch
Emmar Tower Branch- 6th Circle

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