

His Majesty **King Abdullah II Bin Al Hussein**King of the Hashemite Kingdom of Jordan



His Royal Highness

Prince Hussein Bin Abdullah II

Crown Prince



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قال رسول الله صلى الله عليه وسلَّم « البَيَّعَانِ إِذَا صَدَقًا ونَصَحَا بُورِكَ لَهُمَا فِي بَيعِهِمَا » حديث صحيح

Value

The general meaning of the Hadith Sharif is:

If the sellers and buyers are honest and give sound advice, their sale is blessed.



Jordan Dubai Islamic Bank



In the Name of Allah, the Merciful, the Compassionate

Jordan Dubai Islamic Bank is a Public Shareholding Company

Established in Amman, the Hashemite Kingdom of Jordan, and registered as a public shareholding company in the Companies' Registry on 23 / 6 / 1963 under reference No. 8 in the name of the Industrial Development Bank.

Whereas it was established under law number 5 year 1972 which was hereafter canceled by the law canceling the law of the Industrial Development bank number 26 for year 2008, and legally and effectively replaced by Jordan Dubai Islamic Bank.

Jordan Dubai Islamic Bank started its operations in 17 / 1 / 2010 according to Islamic Sharia laws and the regulations of the Central Bank of Jordan and the Jordanian Banks' laws.

Our Vision

Leading Islamic banking to serve all spectrums of the society.

Our Mission

To provide distinctive and innovative services emanating from the divine principles of Islam to build lasting and solid partnerships and to maximize benefits to all stakeholders.

Our Values

Innovation:

At Jordan Dubai Islamic Bank, we adhere to the principles of innovation and distinguish ourselves as a pioneering financial institution by combining traditional Islamic values with the latest technology and innovative products and services; thus delivering the best of modern Islamic banking.

Knowledge:

At Jordan Dubai Islamic Bank, our guiding principle of banking is inspired by the knowledge and doctrines embodied within the Holy Quran. Built from these strong foundations, we are proud to introduce the new standard of modern Islamic banking in Jordan.

Quality:

Structuring products and providing service is implemented with the same principle of delivering quality through perfection. At Jordan Dubai Islamic Bank our wide array of solution driven products and services are created in harmony with our customers' specific financial needs.

Value:

Defined by our modern Islamic banking approach and the success of our customers, our commitment is to deliver value and measurable returns by providing the finest banking service available. It is our valued belief at Jordan Dubai Islamic Bank that our customer's benefit is key to our success.

World Class Service:

At Jordan Dubai Islamic Bank we are a customer-centered modern Islamic banking institution that bases each of its relationships on unparalleled personal service and understanding. We care, we listen and we constantly deliver world class service.



Board of Directors

Board Members

Mesc Investment Company, represented by:

H.E. Mr. Salem Ahmed Jamil Al Khaza'leh Chairman

Mr. Khaled Mohammed Ali Al Kamdah Deputy Chairman

Mr. Ismail Nabil Abdel Mu'ti Tahboub Member

Mr. Bashar Mohammed Abdel Ghani Al Amad Member

Mr. Fahed Hamad Seif Bin Fahed Al Muhairi Member (until 5 / 2010)

Mr. Mohammed Said Ahmed Abdullah Al Sharif Member (from 6 /2010)

Mr. Jawad Qassem Mohammed Yousef Member (until 11 /2010)

Mr. Missan Jalal Hasan Al Masqati Member (from 12 / 2010)

Jordan Ministry of Finance represented by:

Mr. Issa Saleh Mustafa Yassin Member (until 6 / 2010)

Dr. Ismail Said Zein Zaghloul Member (from 7 / 2010)

Investment Unit for the Social Security Corporation represented by:

Dr. Eng. Lo'ay Munir Tewfick Suhwail Member

Pension Fund for the Jordan Engineer's Association represented by:

Eng. Wael Akram Asaad Al Saqqa Member

Al Kamaliyya Company for Housing represented by:

Eng. Zaal Oudeh Awwad Hassan Member

Mr. Raslan Nouri Raslan Deiranieh, Member

Representing Himself



H.E. Mr. Salem Ahmed Jamil Al Khaza'leh



Mr. Khaled Mohammed Ali Al Kamdah



Mr. Ismail Nabil Abdel Mu'ti Tahboub



Mr. Bashar Mohammed Abdel Ghani Al Amad



Mr. Mohammed Said Ahmed Al Sharif



Mr. Missan Jalal Hasan Al Masqati



Dr. Ismail Said Zein Zaghloul



Dr. Eng. Lo'ay Munir Tewfick Suhwail



Eng. Wael Akram Asaad Al Saqqa



Eng. Zaal Oudeh Awwad Hassan



Mr. Raslan Nouri Raslan Deiranieh

Sharia Supervisory Board



Prof. Dr. Hussein Hamed Hassan Chairman and Executive Member



Prof. Dr. Prof. Dr. Ali Mohammed El Mousa (Al Sawa) Member



Dr. Ahmad Salem Melhem Member

Executive Management



Sami Husam Eddin Sabri Al Afghani Chief Executive Officer



Mr. Ahmed Adbdullah Ahmed Deputy CEO, Chief of Risk Management



Mr. Hisham (Mohammed Omar) Rabah Al Kayyali Deputy CEO, Chief of Retail Banking



Mr.

Mohammad Mohammad Fayyad
(Haj Ahmad)

Deputy CEO, Chief of Treasury & Investment



Mr.
Rami Ziad Abdel Fattah
Al Khayyat
Deputy CEO, Chief of Corporate Banking



Mr. Hani Mohammed Subhi Al Zrari Deputy CEO, Chief of Operations & Information Technology



Mr. Khalid Jamal Abdel Karim Al Kayed Deputy CEO, Chief of Finance



Dr. Haitham Marouf Hamad JouherDeputy CEO, Chief of Human Resources



Mr. Ajoud Sharafaldeen Ali AlRousan Head of Internal Audit



Dr. Emad Mufleh Hussein Al Sharman Head of Legal



Ms.
Eman Abdel Majid Mohammed Afanah
Head of Corporate Communications and Marketing



Mr. Muneer Mohammed Fayyad Senior Manager-Sharia



Mr.
Ahmad Fuad Ahmad Elayyan
Head of Central Operations



Mr. Abdallah Abdel-Hadi Abdallah Suboh Head of Information Technology



Message of the Chairman

In The Name of Allah The Gracious The Merciful

Peace Be Upon You and Allah's Mercy and Blessings.

Praise Be to Allah and Peace and Blessings on the Last of the Prophets.

Dear Shareholders,

It is a pleasure and an honor for me to meet you at the end of Jordan Dubai Islamic Bank's first year of operation placing between your hands the annual report for the 2010 fiscal year following the Bank's completion of all regulatory and legislative framework, and setting up the technical infrastructure requirements in order to provide outstanding Islamic banking services. It has been a distinctive year full of activities, challenges and achievements whereas work has been done on different levels to strengthen the Bank's foundation and provide the best banking services within the highest standards to ascertain JDIB's position amongst Jordan's top financial institutions.



The Bank actually commenced operations in 2010 after it fulfilled the requirement of conversion to an Islamic Bank operating under the Central Bank of Jordan's umbrella at the start of 2010. For that reason, the executive management focused on strengthening the Bank's infrastructure by recruiting qualified personnel, investing in information technologies, developing procedures and policies and launching new products. Also, a network of seven strategically located branches has been opened to provide the optimum coverage in a short period of time and to help in building the Bank's client base, attract depositors and facilitate financing and investing through the financing portfolio for the both the corporate and retail sectors.

Despite the hard economic conditions following the financial crisis which overshadowed all international economies, and while Jordan's economy was not directly affected, the indirect effects of the financial crisis cannot be overlooked. While the core focus of the Bank's preliminary stage was on establishing solid foundations for its services, JDIB's total assets grew 93% with an amount of 130 million JDs, which is a positive indicator for the increase in the Bank's market share. On the other hand, over the past year, the Bank excelled in its ability to attract deposits and expand its client base as it's a major source of the Bank's funding. It should be noted here that by the end of 2010, total customers' deposits reached 131 million JDs with over 4,300 accounts.

In regards to the financing portfolio, the Corporate Sector led the bank's performance in its first year. At the start of the year, the Bank's initial portfolio consisted of 23 million JDs in lease contracts, 3.5 million JDs in Wakalah investments and 24 million JDs in non-Shariah compliant contracts, which was reduced to 6 million JDs by year's end as management aimed to liquidate the portfolio through transferring those contracts to Shariah-compliant products or selling them to other parties. Meanwhile, the corporate client base has been growing continuously within a short period of time. By the end of 2010, the direct financing portfolio reached 92 million JDs and indirect financing portfolio reached 6 million JDs.

As for the Retail Sector, it was able to provide financial resources through expanding the depositors' client base at the liabilities side, whereas total customer's deposits reached 131 million JDs at the end of the year, while also growing the retail financing portfolio to reach 10 million JDs, which exceeded the bank's budget target. This growth in the financing portfolio did not compromise its quality as only 1.4% of the financing portfolio consists of non-performing finances, a percentage that is amongst the lowest of all Jordanian banks.

On the Treasury & Investment side, the Treasury sector conducted prudent management for the available liquidity as it maintained the needed liquid assets combined with investing excess capital to generate additional revenues for the Bank. Net revenue generated from Murabaha Investments, International Wakalah and Sukuk reached 900,000 JDs. Also, the Treasury's Financial Institutions department started establishing a relationship network with international correspondent banks to meet its customers' needs, specifically in the field of foreign trade, at minimum costs.

It should be noted that JDIB's capital was raised during 2010 to 75 million JOD through capitalizing part of the issuance premium. Increasing JDIB's paid-up capital will continue in order to meet the requirement set by Central Bank of Jordan of 100 million JDs by the end of 2011. Notably, the Bank's capital adequacy has reached 80% exceeding the 12% minimum set by the Central Bank of Jordan.

On the internal side, the Bank's Board of Directors along with other subcommittees strove to enhance and support the Bank in institutionalizing the Bank's operations within the effective legislative frameworks of the highest standards of institutional governance. I would like to deeply thank the members of the Board of Directors and the subcommittees for their efforts which helped support the bank and raise the governance level.

In terms of the Bank's social responsibility, JDIB continued during the past year to communicate with all civil and national sectors of society and to support them in different fields, which enhances the noble social message of the Bank.

By putting the 2010 annual report and financial results of the Bank in your hands, I assure you that the Bank's determination to enhance its presence in the Jordanian market and guarantee that the Islamic Banking industry is one of the pillars which the Hashemite Kingdom of Jordan's economy stands on. We hope and supplicate to Allah to guide us to everything good and to realize positive results at all levels.

I would like to thank Central Bank of Jordan's administration for supporting the Islamic Banking industry, helping to develop the performance of the banking sector and maintaining the stability of the national economy. Thanks to all who contributed to the success and growth of our bank.

Finally, special thanks to JDIB's Executive Management for their tireless efforts and total devotion towards the success of the Bank and reaching its goals. May Allah reward all of the Bank's employees with everything good.

May Allah guide us for the benefit of our financial institution and for the service of our beloved country under the leadership of His Majesty, King Abdullah II Ibn Al-Hussein.

Peace Be Upon You and Allah's Mercy and Blessings.

Salem Al-Khaza'leh Chairman, Board of Directors



قال تعالى: « وَقُلْ رَبِّ زِدْنِي عِلْمَاً » سورة طه آية ١١٤

Knowledge

General meaning of the Holy Verse is:

ALLAH, increase my knowledge.

The Board of Director's Report (Disclosure Requirements)

Disclosure Requirements

Jordan Dubai Islamic Bank is celebrating the first year of its establishment and it has succeeded in this short period of time to launch a bouquet of modern Sharia-compliant financial solutions that cater to the growing demands in the Jordanian market.

The main services and products offered by Jordan Dubai Islamic Bank:

- Current and saving accounts along with various deposit accounts.
- Personal Finance: The Bank provides an innovative set of Retail Banking services to suit its customers' needs in accordance with Islamic Sharia laws, including personal finance through (goods Murabaha), Auto finance through Murabaha, and lease-to-own home finance.
- Electronic banking services, including ATM, and internet banking services.
- · Visa Charge Cards.
- Corporate Banking Services, whereas Jordan Dubai Islamic Bank provides innovative financing products compliant with the Islamic Sharia, including indirect facilities such as letters of credit and letters of guarantee, in addition to providing pioneering financial solutions under the umbrella of Islamic banking, which covers corporate financing through various products such as Murabaha, Ijara and others, concentrating on distinctive service and understanding of customers' needs in different economic sectors.
- Treasury and investment services provide current and potential clients with innovative and customized Sharia compliant financial services, which assist them in hedging their financial risk exposure. These products include FX Spot, FX Islamic Forward Based on Promise Contracts, Profit Rate Swap and Structured Products.

Bank's geographic locations and number of staff in each of them

Branch Name	Neighborhood	Street Name	Building Name	Building No.	Tel.	Fax	Staff No.
General Management	2nd circle – Jabal Amman	Islamic college St.	-	-	4602200	4647821	145
Jabal Amman	2nd Circle	Islamic College St.	-	-	4602110	4647821	10
Al-Bayader	Al-Rawnaq/ Wadi Essair	Husni Snobar St.	Mahmoud Bin Zakariah Abzakh	33	5803131	5803140	9
Al Madinah	Al Salehine Neighborhood	Madinah Monawarah St.	Jordan Properties	121	5507444	5507440	9
Shmaisani	Shmaisani/ Abdali Area	Eilya Abu Madi (Poet)	Wael Abu Hamdan	6	5630555	5630550	9
Al Wehdat	Al Sharq Al Awsat Crossing	Madaba Street	Eid Al- Fayez Bldg.	313	4791111	4791112	9
Irbid	Al-Hashmi	Al-Hashmi St.	Al-Rousan Bldg.	6	02- 7201800	02- 7201814	8
Al-Zarqa'	New Zarqa'	36 St./ Mecca St.	Al-Kurdi Complex	-	05- 3758111	05 - 3758102	9

Bank Capital Investment Volume

Total volume of investment in 2010 financial statemen is 268 million JOD, consisting of the Bank's portfolio of direct and indirect financing, fixed and current assets and other assets, noting that the Bank's capital declared is 75 Million JOD and shareholders' equity reached 110.5 Million JOD as of 31/12/2010.

Bank's Subsidiaries

MISC for Financial Bokerage, under formation as of 31/12/2010.

The members of the Board of Directors and an introductory brief on each

H.E. Mr. Salem Ahmed Jamil A-Khaza'leh / Chairman of the Board of Directors

Date of Birth 01 /02 /1963.

Qualifications Bachelor of Law, Jordan University, (1985) Experience Minister of State for Legal Affairs, 2009 – 2010.

Occupied the post of "Chairman of the Board of Grievances" (2009)

Minister of Industry & Trade, 2006 – 2007.

Minister of Public Sector Development, 2005 – 2006.

Head of Audit Bureau, 2003 – 2005.

Companies General Controller, 1999 – 2003.

Advocate & full-time Legal Advisor and General Attorney of Housing Bank.

Executive Consultant of Arab Council for Legislative & Legal Studies

Previous Advocate, Legal Advisor, and Expert of Corporate and Bank's cases, Arbitration, the Financial Markets, Corporate Restructuring and the Legal Initiatives.

Mr. Khaled Mohammed Ali Al-Kamdah/ Vice-Chairman of Board of Directors

Qualifications Master in Business Administration, Cranfield School of Management, UK.

Bachelor of Electrical Engineering, Melbourne Institute, Florida State, USA.

Experience Chief Executive Officer, Community Development Authority

Managing Board Member, Dubai Islamic Bank, 20072009-

Member of Board of Directors & Head of Follow up Committees, Dubai

Islamic Bank

Member of Accounts Auditing Commission, Dubai Islamic Bank

Vice-Chairman of Board of Directors of Tamweel and Investment – the

Investment Corporation affiliate of Dubai International

Chairman of Board of Directors, Dubai Express for Shipping Activities

Chairman of Emirates Airlines for Hotels & Resorts Limited

Vice-Chairman of Development of Emirates Group (mother company of

Emirates Airlines & Danata Air)

Chairman of Emirates Airlines Representatives Board at Arab Union for Air

Cargo (previously)

Director General of Commercial Activities of Emirates Airlines in GCC and

the Middle East and Africa and CIS

Information Technology Manager Assistant, Emirates Airlines 1985



Mr. Ismail Nabil Abdel Mu'ti Tahboub / Member of the Board of Directors

Date of Birth 20/12/1973

Qualifications Bachelor in Accounting/ Jordan University 1995.

Professional Certifications Accounting certificate from Montana State for CPA Board, Also a member of American Institute of Public

Accountants (AICPA)

Experience Chief Executive Officer of Jordan Dubai Capital Co.

Board Memberships Chairman of Board of Directors of Kingdom Electricity for Energy

Investments Company's

Chairman of Board of Directors of Central Electricity Generating Company

Chairman of Board of Directors of Jordan Dubai Properties

Chairman of Board of Directors Lighting Company for Energy Investments Member of Board of Directors of EMS (Energy Management Services

Company)

Vice-Chairman of Board of Directors of MADAEN AL-SHOROUQ for

Investment and Real Estate Development.

Mr. Mohammed Said Ahmed Abdullah Al Sharif/ Member of the Board of Directors

Date of Birth 05/06/1965

Qualifications Masters in Accounting / American Catholic University/USA 1991.

B.A. in Accounting / Economy/ UAE University, 1986.

Professional Certification CPA from Board of Accountants/ Virginia State, USA, 1994.

Experience Chief Executive Officer, DIB Capital Limited. From 2010 to date.

Financial Director, Dubai Islamic Bank (1999 – 2010).

Occupied various posts at UAE Central Bank (14 / 10 / 1986 -

31 / 8 / 1999).

Chief Editor of the Journal of Islamic Economics

Board Memberships Chairman of the Board of Directors of Dubai Islamic Bank, Pakistan

Member of the Board of Directors of Khartoum Bank, Sudan.

Mr. Missan Jalal Hasan Al Masgati / Member of Board of Directors

Qualifications Master of Business Administration, George Town University–USA, 2010

Bachelor of Economy & Policy, Warwick University, UK, with

Grade "A" on Honor Roll (2002)

Experience Director of Private Equity Co. – Head of Middle East, Dubai

International Capital (a member of Dubai Holding) 10 /2009 to date Associate Director – Private Equity, Dubai International Capital,

Dubai, 01 /2006 - 01 / 2009

Senior Associate – Private Equity, Dubai International Capital, Dubai,

01 / 2005 - 01 / 2006

Investment banking Associate, Banc of America Securities, London &

New York, 05 / 2002 - 01 /2005

Investment Banking Analyst, Banc of America Securities, London &

New York, 2002 - 2004

Analyst (Western European Corporate), Bank of America Securities,

London, 05 /2001 - 12/ 2001

Analyst (Specialist Banking Group – MLIB), Merrill Lynch International

07 / 2000 – 09 /2000

Board Memberships Chairman of Board of Directors, ISHRAQ, Holiday Inn Express, GCC

Member of Board of Directors of RIVOLI Group



Member of Board of Directors of Jordan Dubai Capital

Member of Board of Directors of CB Richard Ellis Dubai and CB Richard

Ellis Bahrain

Member of Supervisory Board of Almatis (Netherlands)

Member of Investment Commission of Aviation Industry, Dubai Member of Special Royal Commission – Investment Evaluation

Mr. Bashar Mohammed Abdel Ghani Al Amad / Member of the Board of Directors

Date of Birth 16/03/1974

Qualifications B.A. in Information Systems & Financial Management/ McGILL

University, Canada, 1995.

Professional Certification CFA Certificate

Experience Vice-Chairman of Financial Investments, Jordan Dubai Capital since

2008 to date.

Director of Financial Markets, Amwal Invest (2005 - 2007).

Director of Financial Markets, Export & Finance Bank (2004 - 2005). Financial Markets Manager of AL-Theqah for Jordanian Investment Broker & Director of Research – United Financial Investments

(1997 – 2000).

Director of Information Systems, Jordan Metal Co. (1996 – 1997).

Financial Analyst, Arthur Anderson (1995 – 1996).

Board Memberships Member of the Board of Directors of First Insurance Company

Member of Board of Directors of Jordan Dubai Properties Member of Board of Directors of Munya Specialized Resorts Member of Board of Directors of Ahyaa Amman Real Estate

Development Company

Dr. Ismail Said Zaghloul / Member of the Board of Directors

Date of Birth 01 /01/ 1947.

Qualifications Ph.D. of Finance – Amman Arab University

Masters in Economics & Statistics – Jordan University, 1984. Bachelor in Economics & Statistics – Jordan University, 1970

Experience Director General of General Budget Department, Ministry of Finance

in Jordan 14/05/2007.

Director of Studies & Research Department, Ministry of Finance,

(01 /08 /2001 - 14/ 05/ 2007).

Executive Manager, Islamic Development Bank – Jeddah, (2000 – 2001). General Supervisor of Studies & Research Department/ Jordan

Central Bank (1996 – 2001).

Economist/ Qatar Central Bank (1985 – 1992).

Board Memberships Previous Council Member of Yemen Islamic Bank.

Member of the Board of Directors of Investment Fund for the Funds of the Society for the Conservation of Nature Representing the

Ministry of Finance

Member of the Board of Directors of the Samra Electric Company Member of the Board of Directors of the Agricultural Credit

Corporation

Member of the Board of Directors of the Jordan Enterprise

Development Corporation



Dr. Engineer Lo'ay Munir Tewfick Suhwail / Member of the Board of Directors

Date of Birth 04 / 05 / 1977.

Oualifications Ph. D. in Industrial Engineering & Administration, Oklahoma

University 07 / 2006

Masters in Industrial Engineering & Administration, Oklahoma

University 05 /2001.

Bachelor of Industrial Engineering & Administration, Jordan University

Professional Certification Six Sigma Black Belt by American Society for Quality

Quality Improvement Associate by American Society for Quality

ISO 9000 Internal Auditor by SGS

Director of Industrial Development, Ministry of Industry & Trade – Experience

Jordan from 03/2008 to date.

Engineer Wael Akram Asaad Al Sagga / Member of the Board of Directors

Oualifications Bachelor of Architectural Engineering

Experience Owns Engineering Office

President of the Jordanian Engineers Association for two sessions

Member of Board of Directors of Jordan Petroleum Refinery Company **Board Memberships**

> Vice-Chairman of Union Engineering Bodies in Islamic Countries Chairman of Board of Directors of the Professional Company for Real-

estate Investment & Housing

Chairman of Arab Commission for Qualification and Accreditation of

Engineers

Eng. Zaal Oudeh Awwad Hassan/Member of the Board of Directors **Oualifications** Bachelor of Mechanical Engineering

Experience

Member of Engineers Associations Businessman

General Manager of LUBNA Group

Chairman of Board of Directors of Woolen Industries Company **Board Memberships**

Member of Board of Directors of International Company for Vegetable

Oils (previously)

Mr. Raslan Nouri Raslan Deiranieh / Member of the Board of Directors

Date of Birth 17 / 11 / 1963

Oualifications Masters in Accounting, Jordan University, 1992.

Bachelor in Accounting and Computer Science, Yarmouk University

Professional Certification

Orange Certificate in Finance and Control, Paris University – ESCP.

Experience Chief Financial Officer, Orange Jordan, 05/2001 to date.

Director of Treasury, Jordan Telecommunications, (1998 – 5/2001).

Head of Foreign Investment, Jordan Central Bank

Chairman of the Board of Directors of Light Speed, Bahrain. **Board Memberships**

Member of the Board of Directors of Jordan Metal Company



The members of the Sharia Supervisory Board and an introductory brief on each

His Eminence Dr. Hussein Hamed Hassan/Chairman of the Sharia Supervisory Board & Executive

Member

Date of Birth 1932

Qualifications Ph. D. of Jurisprudence (Islamic Law & Sharia), Al-Azhar University,

Egypt 1965.

Master of Comparative Jurisprudence, International Institute of

Comparative Law, New York University – USA, 1964.

Diploma of Comparative Law, New York University – USA, 1963. Diploma of Islamic Sharia, Cairo University – Egypt, 1962. Diploma of Special Law, Cairo University – Egypt, 1961. High Certificate of Sharia, Al-Azhar University – Egypt, 1960. Bachelor of Law and Economy, Cairo University – Egypt, 1959.

Experience Chairman of Sharia Supervisory Boards for more than 13 Islamic

Financial Institutions

Member of the Sharia Supervisory Board for more than 9 Islamic

Banks & Financial Institutions

Chairman of Sharia Jurists Assembly in USA.

Member of Islamic Jurisprudence Assembly of the World Islamic

Assembly

Member of the Sharia Board of Accountancy & Revision Committee

for Islamic Financial Institutions

His Eminence, Dr. Ali Mohammed Al Hussein Al Mousa "Al Sawa" / Member of the Sharia Supervisory

Board

Date of Birth 1948

Qualifications Ph.D. of Comparative Jurisprudence, Al-Azhar University, Egypt, 1978.

Master of Comparative Jurisprudence, Al-Azhar University, Egypt 1973.

Bachelor of Sharia, Al-Azhar University, Egypt, 1970.

Experience Worked in more than 7 Universities in Jordan and the GCC as Professor

or Professor Associate or Dean of Sharia Colleges.

Membership of Boards Member in several Preparatory Committees.

Permanent Member of Islamic Studies Association

Permanent Member of Jordan AL-AFAF Charity Foundation

Chairman of Sharia Committee of House Advice Center, Jordan 2004 till date. Member of Sharia Supervision Committee of Islamic Insurance Co.,

Jordan, 1996 to date.

Chairman of Sharia Supervision Committee of Engineers Union

Investment Funds, Jordan, 2000 to date.

Member of Sharia Committee of House Advice Center, Kuwait 2002-

2004.

His Eminence, Dr. Ahmed Salem Melhem/ Member of Sharia Supervisory Board

Qualifications Ph.D. of Comparative Jurisprudence 1994.

Masters in Jurisprudence & Sharia 1987 Bachelor in Jurisprudence & Sharia 1982.

Experience Legal Advisor for the Sharia Supervisory Board affiliated to World

Federation of Takaful Companies and Islamic Insurance in Khartoum



Legal Advisor of North Africa Bank Consultative Committee, Libya. Part-time Lecturer at Arab Academy of Financial & Banking Sciences

Part-time Lecturer at Al Zaitounah Private University.

Names and positions of the executive management and an introductory brief about each

Mr. Sami Husam Eddin Sabri Al Afghani/ Chief Executive Officer

Qualifications Masters in Business Administration, 31/12/1986, Northrop University-

USA

Grade A with Honor Roll

Bachelor in Civil Engineering, 1984, University of Southern California

(USC) - USA.

Experiences Country Head of Corporate Banking, Abu Dhabi Islamic Bank, 2008 – 2009.

Regional Manager of Western Region, National Arab Bank, Jeddah,

2001 -2008

Manager of Credit Group. National Arab Bank, Riyadh, 1999 - 2001.

Deputy Branch Manager, Cairo Amman Bank, 1996 – 1999. Assistant Manager, Arab Bank, Singapore, 06/1996 – 11/1999. Credit Officer, Arab Bank Limited, Public Administration, Amman,

1994-1996

Financial Analyst, Kuwait for Investments & Consultations KCIC, 1987

- 1990.

Dr. Haitham Marouf Hamad Jouher/ Deputy CEO, Chief of Human Resources and Administration

Date of Birth 12 / 03 /1973.

Qualifications Ph.D. in International Relations, 01/03/2004

Head of Human Resources & Administration, Sheikh Saif Bin Zayed

Al Nahyan Private office – UAE, 2009

Experiences Director of HR and Administration, Nuqul Group, 2008 – 2009

Deputy Head of HR, Head of Performance Development & Change,

Burgan Bank – Kuwait, 2007 – 2008.

Head of HR, Jordan Kuwait Bank, 2005 - 2007

Mr. Hisham (Mohammed Omar) Rabah Al Kayyali / Deputy CEO, Chief of Retail Banking

Date of Birth 16/08/1961

Qualifications Bachelor of Commerce, 19 /11 /1986.

Experiences Assistant General Manager – Management of Individual Banking

Services, Arab Banking Corporation, 2007 – 2009.

Executive Director of Branches and Individual Credit, Arab Banking

Corporation, 2003 – 2007.

Senior Manager of Cards & Electronic Services, Arab Banking

Corporation, 1991 – 2003.

Marketing Officer, Kuwait Gulf Bank, 1983 – 1990.

Mr. Khalid Jamal Abdel Karim Al Kayed / Deputy CEO, Chief of Finance

Date of Birth 01 / 02 /1972

Qualifications Bachelor in Accounting, 1993.

Vocational Certificates Licensed Financial Accountant – American Administrative

Accountants Institute (CMA).

Licensed Financial Manager - American Administrative Accountants

Institute (CFM).

International Accounting Standards Certificate – CERT IFR – ACCA

London

Professional Certificate Basel 2 – (CBiiPro – USA) Professional Islamic Finance Certificate (CIFE)

Experiences Chief of Financial Management, Standard Chartered Bank – Jordan,

2006 - 2009

Assistant Manager of Financial Control, Capital Bank – Jordan,

2005 - 2006

Internal Auditor & Financial Controller, Jordan Ahli Bank – Cyprus,

2002 - 2005

Supervisor – Financial Department, Jordan Ahli Bank, 1996 – 2002

Senior Accountant, Business Bank, 1993 – 1996

Mr. Mohammad Mohammad Fayyad (Haj Ahmad)/ Deputy CEO, Chief of Treasury &

Investment

Date of Birth 18/09/1964.

Qualifications Masters in Accounting, 1996.
Professional Certificates Obtained CFA Certificate

Experiences Executive Vice President United Arab Investors Co. 01/2008 – 07/

2009.

Assistant General Manager – Treasure & Investments, Capital Bank,

Jordan, 2003 – 2008.

Treasure Officer – Treasure & Investment Department, Capital

Bank – Jordan, 2001 – 2003.

Manager – Capital Market Department, Jordan Trust Investments,

1999 - 2001.

Assistant Head of Investment / Foreign Investments Department,

Jordan Central Bank, 1991 –1999.

Settlements Officer of Foreign Investments Department, Jordan

Central Bank, 1990 – 1991.

Mr. Hani (Mohammed Subhi) Ahmed Al Zrari / Deputy CEO, Chief of Operations & Information

Technology

Date of Birth 10/03/1963

Qualifications Bachelor of Economics / Public Management, 1985.

Experiences Support International Projects, Dubai Islamic Bank, 03/2008 – 06/

2010.

Chief of Operations & Administration, Dubai Islamic Bank, 02/

2006 - 03/2008

Chief of Internal Control Unit and Officer of Anti-Fraud & Quality

Assurance, City Bank, 11/2003.

Chief of Remittances Department & Foreign Currencies Exchange,

Cairo Amman Bank, 03 / 1989.



Mr. Ahmed Abdullah Ahmed Abdullah/ Deputy CEO, Chief Risk Officer

Date of Birth 14/03/1971

Qualifications Master in Risk Administration, 2002

Professional Certificates PRM, FRM.

Experiences Chief Risk Officer, Republic Bank, Libya, 07/2008 – 04/2010.

Head of Credit Risk Management, VP, Arab Bank, Jordan, 07 /2002 -

07/2008.

Senior Credit Officer, Arab Bank, Jordan, 11 / 1999 - 07 / 2002. Customer Relations Officer, Arab Bank, Jordan, 07 / 1993 – 11 / 1999.

Mr. Rami Ziad Abdel Fattah Al Khayyat / Deputy CEO, Chief of Corporate Banking

Date of Birth 15/08/1973.

Qualifications Masters in Banking Sciences, 1995.

Experiences Division Head, Corporate Banking Group, Abu Dhabi Islamic Bank,

UAE – 2008 – 2010.

Senior Manager, Commercial Banking Division, National Arab Bank

- Saudi Arabia 1999 - 2008.

Credit Officer, Cairo Amman Bank, 1995 – 1999.

Part Time Trainer & Lecturer, The Arab Academy For Banking &

Financial Sciences.

Mr. Ajoud Sharafaldeen Ali Al Rousan/ Head of Internal Audit

Date of Birth 18 / 08 /1969.

Qualifications Masters in Accounting & Finance, 1997

Vocational Certificates CPA, CISA

Experiences Internal Audit Manager – Abu Dhabi Accountability Authority 1997

-2009

Budget Analyst – General Budget Department, Ministry of Finance

- Amman, 1993 - 1997

Dr. Emad Mufleh Hussein Al Sharman / Head of Legal (until 31/07/2011)

Date of Birth 02 / 08 / 1968

Qualifications Ph. D. Philosophy in Law, 14/11/2001.

Experiences Chief of Legal Department, Al-Arjan International Real-Estate, 2008

- 2009

Legal Consultant, Program Management Unit – Amman, 2005 –

2008

Legal Officer, the Islamic Development Bank Group, 2002 – 2005 Legal Consultant & Advocate, ABU GHAZALEH International Group

– Amman,1996 – 1998

Legal Officer, Dubai Municipality – UAE, 1995 – 1996

Advocate & Tax Estimator, Income Tax Department, 1993 – 1995

Mr. Ahmad Fuad Ahmad Elayyan / Head of Central Operations

Date of Birth 30 / 04 /1971

Qualifications B. A. English Language 03 / 7 / 1993

Professional Certificates CIFT, CDCS

Experiences Head of Operations & Technology Department, Samba Financial

Group - UAE 2007 - 2009



Manager, Operations & Administrations Department, Sumitomo

Mitsui Banking Corporation – UAE, 2006 – 2007

Head of Support Operations Branches, Arab Bank – UAE, 2004 – 2006

Chief Branch Operations, Arab Bank – UAE, 2003 – 2004 Head of Trade Finance, Oman / Dubai, 1993 – 2003

Mr. Abdallah Abdel-Hadi Abdallah Suboh / Head of Information Technology

Date of Birth 26 / 04 / 1955

Qualifications Bachelor of Computer Science & Mathematical Statistics 08 / 07 / 1979

Professional Certificates CPM, MPM

Experiences Manager, IT Department, Industrial Development Bank –

Jordan, 2001 – 2009

Technical Manager & Project Manager, Arab Expert Center for

Consultancy & Systems – Amman, 1996 – 2000

Projects Manager, Integrated Data Solution – Jeddah – Saudi Arabia,

1992 - 1995

Computer Specialist, The Saudi Fund for Development – Riyadh –

Saudi Arabia, 1986 – 1992

Systems Analyst & Systems Engineer, Jeraisy Computer Services

- Riyadh - Saudi Arabia, 1983 - 1986

System Analyst NCR Corporation Amman from 1981-1983

Operator of IBM, IBM Experience, 1979 – 1981.

Mrs. Eman Abdel Majid Mohammed Afanah / Head of Corporate Communications & Marketing

Date of Birth 27 /06 /1969

Qualifications Bachelor in Economics, 1991

Experiences Chief Communication Officer, United Group Holdings, 08 / 2008 – 05

/ 2010

Deputy General Manager, Aqua media Advertising ,Media and PR

Agency 08/2007 - 08/2008

Director of Marketing & Communication – Jordan Tourism Board, 12/

2004 - 07/ 2007

Vice President Corporate Communications, Arab Bank, Jordan

11 / 2001 -12 / 2004

Communications Director, King Hussein Foundation, 08 / 2000 – 11

/ 2001

Public Relations Director – Arab Bank, Jordan, 07 /1996 – 08 / 2008 Credit Officer, Bank Dhofar Al Omani Al Fransi – Oman, 01 /1992 -

07 / 1994

Assistant Project Manager (Jubilee School), Noor Al Hussein

Foundation 07 / 1991 – 10 / 1991

Mr. Muneer Mohammad Fayyad / Senior Manager – Sharia

Date of Birth 05 / 06 / 1971

Qualifications Master in Finance & Banking Sciences (Specialized Islamic Banks),

2008

Experiences Senior Internal Auditor, Jordan Islamic Bank, 1995 – 2010

Accountant – Credit Officer, Siemens for Medical Equipment, 1994 – 1995



Major shareholders and number of shares owned by each compared with the previous year

No.	Name	Shares as at 31 /12 /2009	Percentage	Shares as at 31 /12/ 2010	Percentage
1	Mesc Investment Company	26,000,000	52%	39,000,000	52%
2	Social Security Corporation	2,958,826	5.9%	4,475,739	5.967%
3	Ministry of Finance			4,162,500	5.55%
4	Al Rida for Financial Services	2,799,351	5.6%		

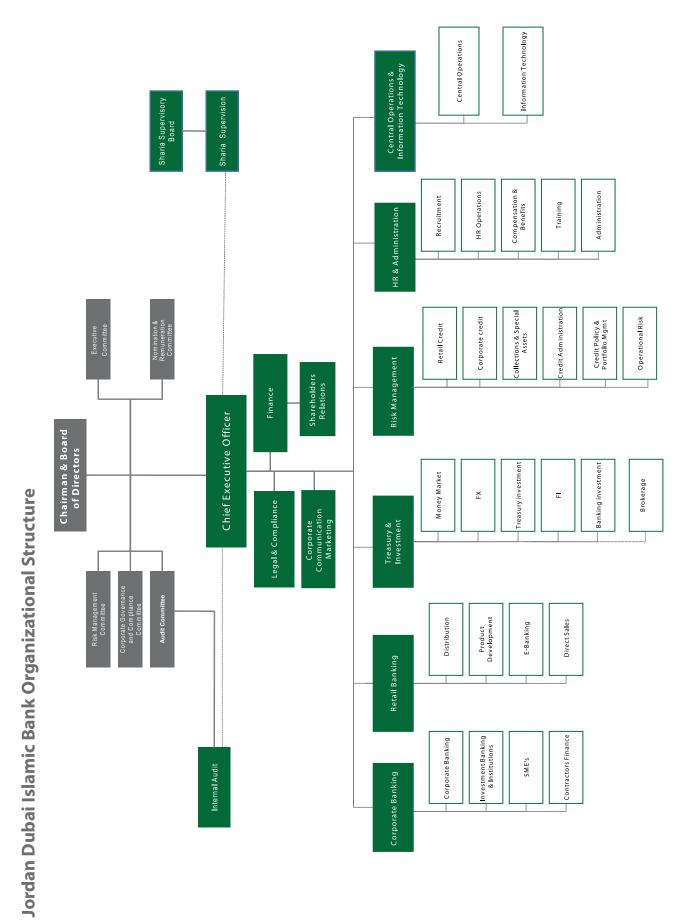
Bank Competitive Status within the Banking Sector

The Jordan Dubai Islamic Bank has resulted from the conversion of the Industrial Development Bank to a financial institution working according to Islamic Sharia law under its new name at the beginning of 2010. Within this short period of time the Bank was able to introduce a bouquet of modern Sharia-compliant financial solutions to cater to the growing demands in the Jordanian market, based on the deep - rooted international experience of Dubai Islamic Bank. Despite this short period, the Bank's share of financing (facilities) to the gross facilities in the Jordan local market reached 0.5%, whereas the deposits' share in the Bank to the gross deposits of the banking sector reached 0.5%, and the shareholders equity in the Bank compared to the total of shareholders' equity in the Jordanian banking sector reached 1.6%.

There is no dependence on specified vendors or major customers locally and abroad, representing 10% of the gross procurements or sales.

There are no governmental protection or privileges for the Bank or any of its products under laws and regulations or any others. There are no patents or franchise rights the Bank has acquired.

There are no decisions issued by the government or international organizations or others which have material effect on the Bank activity or its products or its competitiveness, and the international quality standards are not applicable on the Bank.





Number of employees and their qualifications:

Qualifications	Number of Employees
PHD	4
Master's Degree	26
Higher Diploma	9
Bachelor Degree	136
Diploma	15
Tawjihi (high school)	3
Less than Tawjihi	15
TOTAL:	208

Rehabilitation and training programs for the bank employees

Training Program	Number of training	Number of participants
Bank Islamic products	11	352
Banking System	13	230
Sharia programs	5	219
Human Resources	9	113
Induction for new employees	3	83
Audit & Internal Audit	2	37
Finance	3	30
Legal	7	21
Banking Operations	5	16
Customer Service	1	14
Modern Secretarial Skills	1	9
Risk Management	5	7
Treasury & Investment	3	7
Anti-Money Laundering	2	5
Information Technology	2	4
Administration	2	3
Customer Service Management	1	2
Corporate Communication	1	2
Skills	1	1
TOTAL	77	1155

The Risks Faced by the Bank:

The Banking risks faced by Jordan Dubai Islamic Bank are considered low and safe as the Bank enjoys a highly adequate percentage of liquidity and capital adequacy. The Board of Director's Risk Committee sets out the overall framework of risk management policies and strategies that are conformed and adopted by the Board as a whole. Operationally, the Risk Management Department is managed by specialized and qualified cadres which correspond with the Board's directives, and the general strategy of the Bank. This department works on implementing the best international practices in risk management, in line with the Central Bank instructions and requirements and the policy of Jordan Dubai Islamic Bank

Achievements realized by the Bank during the fiscal year:-

2010 is considered the first actual year of the Bank's operation, after its transfer into an Islamic Bank operating within Islamic Sharia laws. It was a distinguished year full of activity, challenges and achievements, It has been a distinctive year full of activities, challenges and achievements whereas work has been done on different levels to strengthen the Bank's foundation and provide the best banking services within the highest standards to ascertain JDIB's position amongst Jordan's top financial institutions.

First: Retail Banking Services

In the framework of implementing the Bank's strategic plan for the year 2010 that aimed to realize a strong share in the retail market, the Bank developed and presented a wide range of services and products to meet its customers' various needs through its network of branches and its direct sales team to expand its customers' base and support sale operations in addition to the development of the electronic Banking services to serve its customers in the best possible way.

The plan included opening seven main branches in the capital Amman, Irbid and Zarqa Governorates. The Bank's choice of areas in which it opened its branches was based on a comprehensive study of wide geographic areas in order to provide integrated banking services to all members of the Jordanian community, and in conformity with the Bank's strategic plan.

On the products and marketing activities level, the Bank focused on developing and presenting a group of products and services with competitive preferential advantages including launching a home finance campaign based on lease-to-own. As well as an auto finance campaign with highly competitive Murabaha rates as well as conducting several agreements with auto dealerships to support sales activities. The retail facilities portfolio reached around 10 million JODs.

On the level of deposits, the Bank was able to expand its customer base whereas the number of accounts exceeded (4300) accounts. This was realized by virtue of various and original accounts launched by the Bank such as current and investment accounts, and the distribution of dividends that are compliant with Islamic Sharia laws.

The goals of the 2010 strategic plan were summarized as follows:-

- Building and increasing the Bank's share in a highly competitive market.
- To continue developing and presenting more distinguished Banking services and products which fully comply with Sharia Law.
- Building the branches network and direct sales force.
- Focusing on providing distinguished state-of-the-art service at the highest standards of quality.

Second: Corporate Banking Services:

Financing products meeting client's needs were introduced; and a solid and diversified facilities portfolio was built up during a relatively short period, since the establishment of the corporate department, which includes the largest clients in the market in various economic sectors.

Third: Treasury & Investment:

- Optimal utilization for the Bank available liquidity through Wakala investment, international Murabaha and capital markets, at the same time keeping the minimum level of needed liquidity.
- Expand correspondent banks' network to meet the Bank's needs and its clients' needs at minimum possible cost.
- Converting the bank's brokerage company into a Sharia complaint Brokerage Company completely owned by JDIB.

Fourth: Human Resources:

The best HR practices in selecting and hiring were adopted based on the needed manpower for each department and the growth of the bank. 208 employees were hired in the different bank departments and its branches.

There were no financial effects of transactions of non-repeated nature that happened during the fiscal year and which are not included in the Bank's main activity.

The Time Series for Profit and Loss, Earnings before Tax, Shareholders' Equity and Earning per Share since the Establishment of the Bank

Statement/ Year	2009 JOD	2010 JOD
Operating Profits	11,717,085	4,795,793
Earnings before tax	2,823,152	(4,021,475)
Shareholders' Equity	114,500,882	110,527,114
Earnings per share	0.04%	(0.05%)

Analysis of the bank's financial position and its results during the fiscal year

Operations' most important results	2009 JOD	2010 JOD
Deferred profits	-	2,124,055
Credit Commissions	-	566,796
Net profits and (losses) before tax	2,823,152	(4,021,475)
Net profits and (losses) after tax	1,814,811	(3,457,542)
Financial Position most important items		
Total Assets	138,568,673	268,088,438
Financing and Investment	50,873,387	184,351,513
Total clients' deposits	7,176,046	131,166,038
Total shareholders' equity	114,500,882	110,527,114
Number of shares	50,000,000	75,000,000
Financial Ratios		
Return on assets average	1.44%	(1.70%)
Return on average equity	2.32%	(3.07%)
Operation expenses/ operation revenues	75.91%	183.85%
Shareholders equity/ total of assets	82.63%	41.23%
Off Balance sheet		
Letters of credit	-	3,843,490
Guarantees	1,001,456	1,173,661
Acceptances	-	1,410,737

Important future developments and the bank's future plan

- The Bank intends to expand its network of branches during the coming two years to reach (20) branches spread throughout the Kingdom; and within this plan an additional eight branches will be opened during 2011.
- Continue offering banking products and services that meet the needs of the various sectors.
- Working toward increasing the Bank's share in the local market.
- Continue to develop financing products according to the principles of the Islamic Sharia that meet the various needs of the Bank's customers such as:-
 - Land financing program Murabaha.
 - Commercial offices financing through Ijara.
 - Services Ijara financing such as education, medical and travel.
 - Offering Mudaraba
- Expansion of the lease-to-own home finance product.
- Developing financing programs for professionals such as doctors and engineers.
- Continue to develop and offer more electronic banking services such as internet banking and SMS and phone banking.
- Creating and offering specialized services to elite customers in distinguished positions.
- Deepening and developing principles of corporate governance in the Bank.



Total Audit Fees for the bank and its subsidiaries is 46,400 JOD.

Number of securities owned by the members of the board of directors and senior management

Shares of members of the Board of Directors and their representatives and the executive management until 31 / 12 / 2010

Name of member representing the legal entity	Nationality	Name of the represented legal entity	No. of shares of legal entity	Percentage of ownership in the Bank's Capital
H.E. Mr. Salem Ahmed Jamil Al Khaza'leh	Jordanian	Mesc Investment Co.		
Khaled Mohammad Ali Al Kamdah	UAE	Mesc Investment Co.		
Ismail Nabil Abdel Mu'ti Tahboub	Jordanian	Mesc Investment Co.	20,000,000	52%
Mohammad Said Ahmad Abdullah Al Sharif	UAE	Mesc Investment Co.	39,000,000	52%
Missan Jalal Hasan Al Masqati	Bahraini	Mesc Investment Co.		
Bashar Mohammed Abdel Ghani Al Amad	Jordanian	Mesc Investment Co.		
Ismail Said Zain Zaghloul	Jordanian	Ministry Of Finance	4,162,500	5.55%
Lo'ay Munir Tewfick Suhwail	Jordanian	Social Security Corporation	4,475,739	5.967%
Wael Akram Asaad Al Saqqa	Jordanian	Pension Fund for the Jordan Engineer's Association	222,442	0.296%
Zaal Oudeh Awwad Hassan	Jordanian	Al Kamaliyya Company for Housing	2,810,526	3.747%

Board Member (representing himself)	Nationality	No. of Shares owned by Board Member	Percentage of ownership in the Bank's Capital
Raslan Nouri Raslan Deiranieh	Jordanian	1,500	0.002%

Board Member owning shares in his personal capacity	Nationality	No. Shares owned by Board Member	Percentage of ownership in the Bank Capital
Zaal Oudeh Awwad Hassan	Jordanian	1,500,000	2%
Wael Akram Asaad Al Saqqa	Jordanian	1	0%

Executive Management member owning shares in the Bank	Nationality	No. of shares owned by Executive Management Member	Percentage of ownership in the Bank's Capital
Hisham (Mohammed Omar) Rabah Al Kayyali	Jordanian	750	0.001%

Number of shares owned by relatives of the members of the Board of Directors and Senior Management

No.	Name	Relationship	Nationality	No. of shares as of 31/12/2010	No. of Shares as of 31 /12 /2009	Percentage %
1	Malek Zaal Oudeh Hassan	Son of Zaal Hassan	Jordanian	599,613	49,868	0.799%
2	Anas Zaal Oudeh Hassan	Son of Zaal Hassan	Jordanian	497,176	-	0.662%

Benefits and rewards earned by each of the Chairman and members of the Board of Directors

Name of the Board of Director's member	Transportation and Attending Meetings	Income Tax	Net
H.E Mr. Salem Ahmed Jamil Al Khaza'leh	31,632	(2,214)	29,418
Khaled Mohammed Ali Al Kamdah	9,219	(644)	8,575
Fahed Hamad Saif bin Fahed Al Mohairi	3,901	(273)	3,628
Jawad Qasem Mohammed Yousef	9,573	(670)	8,903
Ismail Nabil Abdel Mu'ti Tahboub	10,637	(745)	9,892
Bashar Mohammad Abdel Ghani Al Amad	10,637	(745)	9,892
Wael Akram Asaad Al Saqqa	10,637	(745)	9,892
Raslan Nouri Raslan Deiranieh	9,892	(695)	9,233

Al Kamaliyya Company for Housing/ Zaal Oudeh Awwad Hassan	10,637	(745)	9,892
Issa Saleh Mustafa Yassin	6,383	(447)	5,936
Investment Unit of the Social Security Corporation/ Lo'ay Suhwail	10,637	(745)	9,892
Mohammad Said Ahmed Abdullah Al Sharif	5,318	(372)	4,946
Dr. Ismail Said Zaghloul	4,254	(298)	3,956
Missan Jalal Al Masqati	1,064	(74)	990
Total	134,457	9,412	125,045

The total of salaries and rewards to the members of the Senior Management in 2010 is (1674419) JOD.

Donations and grants paid by the Bank during 2010:-

No.	The Entity to which Donations were Granted	Amount JOD
1	Jordan Medical Aid for Palestinians	6,000
2	The Islamic Charity Center Society / Sponsoring Orphans Celebration	5,000
3	Dar Al-birr Center for orphans	1,500
4	Jordan River Foundation/ Madrasati Initiative	10,000
5	Donation to Air Force Ladies Club	250
6	Jordan Academic League/ Sponsoring the Economic Forum	1,000
7	Al Hadith Al Sharif Association/ Supporting their Ramadan competition	200
8	Jordanian Hashemite Fund for Human Development	5,451
9	The Islamic Charity Center Society / Giving out Adahi (Sacrificial Lambs)	4,400
10	King Hussein Cancer Foundation	700
11	National Society for Special Needs	300
	Total	34,801
	Donation of 240 Iftar meals daily during the Holy Month of Ramadan	18,000

Jordan Dubai Properties were awarded the bid for project management of the construction of the Bank's new Head Quarters building for the amount of 220,238 JOD; and the contract expires in 2013. The necessary approvals were taken regarding the particularity of the relation between this company and the Bank (being related parties).

The Bank had no participation in environment protection this year, as it was its first year of operation. However, the Bank focused on serving the local community through supporting national non-profit organizations such as the Jordanian Hashemite Fund for Human Development and the Jordan River Foundation/ Madrasati initiative. The Bank also supported charitable organizations that care for the poor, orphans and those of special needs; in addition to setting up the Ramadan Tent in Wehdat during the whole month of Ramadan whereas 240 Iftar meals were presented daily.

Declarations

- 1- The Bank's Board of Directors declares the absence of any material issues that may affect the continuation of the Bank during the upcoming financial year.
- 2-The Board of Directors declares its responsibility for the preparation of the financial statements and providing an effective control system.

H.E. Mr. Salem Al-Khaza'leh Chairman of Board of Directors

Mr. Khaled Al-Kamdah Vice-Chairman of Board of Directors

Mr. Ismail Tabboub Member Mr. Bashar Al-Amad Member

Mr. Mohammed Said Ahmed Abdullah Al Sharif Member

Mr. Missan Al-Masqaty Member H.E. Dr. Ismail Zaghloul Member

Dr. Eng. Lo'ay Suhwail Member

Eng. Wael Al-Saqqa Member Eng/Za'al Hassan Member

Mr Raslan Deiraniel Member

3- We the undersigned declare the accuracy, clarity and completeness of the information and data enclosed in the Annual Report.

H.E. Mr. Salem Al-Khaza'leh Chairman of Board of Directors Mr. Sami Al-Afghani Chief Executive Officer Mr. Khalid Al-Kayed Chief of Finance



Sharia Supervisory Board Annual Report Of Jordan Dubai Islamic Bank For the Financial Year Ending 31 / 12 / 2010

Praise be to Allah, God of the two worlds, and peace and blessing upon our Master Prophet Mohammad and his family and companions

Messers/ Shareholders of Jordan Dubai Islamic Bank.

Peace be upon you and mercy and blessings of Allah...

By virtue of the Jordan Law of Banks No. 28 of 2000 and its content concerning Islamic Banks, and the JDIB Articles of Association. The Board submits the following report:-

The Sharia Board supervised the principles used and contracts concerning transactions and applications offered by the Bank during the financial period ending on 31 /12 / 2010. It has also carried out due surveillance to give its opinion whether the Bank has been compliant with regulations and principles of the Islamic Sharia, and how far its observance of Fatwas (Sharia decisions) was, as well as the defined resolutions and directions that we had issued, and to make sure of the Bank's observance thereof.

The management is responsible for the execution of the Bank's activities in accordance to the Islamic Sharia and ensuring that at all times. However, our responsibility is limited to providing independent opinion based upon our supervision of the Bank's operations and preparing a report for you.

We performed supervision that included the inspection of documentation and procedures followed by the Bank, on the basis of choosing each type of operations through the Sharia Supervision Department.

We have planned and executed supervision to obtain all information and explanations deemed necessary for providing us with enough evidence to give reasonable confirmation that the Bank did not intend to violate the regulations and principles of the Islamic Sharia.

In our Opinion:-

A- The Board revised the financing structures and its conditions and the contracts in which the transactions were carried out during the year ending on 31 / 12 / 2010, which we have reviewed; with the conclusion that they have been performed according to provisions and principles of the Islamic Sharia.

B- Dividends distribution and loss burdening on investment accounts conforms to the principle approved by us, in accordance with the provisions and principles of the Islamic Sharia.

C-The Bank's management enabled the Board to review the books and records it demanded and it obtained data it demanded to enable it to perform its duty of auditing the Bank's executed transactions.

- D-The Board responded to inquiries it received, and issued the necessary Sharia opinions (Fatwa) accordingly; and the Bank's management responded remarkably to applying these Sharia opinion's (Fatwa).
- E- There were no amounts received from resources or ways that do not conform to Islamic Sharia as there were no transactions that violated Sharia laws.
- F- Issuance of Zakat is the task of shareholders, and there is no entitlement of the Bank's management to issue it directly because there is no official law for collecting it; and because no mention of such thing in the Bank's Articles of Association or the decisions of the General Assembly, or authorization by shareholders. Therefore, the shareholder has to issue (Zakat) of his shares when Sharia conditions and controls of Zakat apply, taking the following into consideration:-
- If intent of purchase or underwriting was to trade with them and circulation, the shareholder will issue (Zakat) of the share's market value and the dividends distributed at the end of the year
- If intention on purchase of shares or subscribing them was to obtain profits not trading, he will pay Zakat tax on profits distributed in addition to his shares' Zakat assets in the Bank through inspection and estimation.

Praise be to Allah.

Date: 28/February/2011

Chairman
Prof Dr. Hussein Hassar

omai

Member Prof. Dr. Ali Al-Sawa,

Dr. Ahmad Melhem



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

Report on the Financial Statements

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

Director's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Explanatory Note

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

Report on Legal and Other Regulatory Requirements

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

Amman – Jordan 17 February 2011



قال رسول الله صلى الله عليه وسلَّم « إنَّ اللَّه جَمِيْلُ يُحِبُ الجَمال » حديث صحيح

Innovation

The general meaning of the Hadith Sharif is:

ALLAH is great and beautiful; and appreciates beauty

Financial Statements



STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2010

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

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

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

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

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

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

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

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

						General	(Accumulated	
	Paid in	Share	Statutory	Voluntary	Fair value	banking risk	losses) retained	Total
	capital	Premium	reserve	reserve	reserve	reserve	earnings	
For the year ended 31 December 2010	Qſ	JD	JD	JD	JD	JD	JD	JD
1 January 2010	50,000,000	35,780,800	19,572,440	5,337,536	995,295	1,000,000	1,814,811	114,500,882
Loss for the year	ı	1	I	ı	ı	1	(3,457,542)	(3,457,542)
Changes in fair value reserve (note 27)	ı	1	ı	1	(341,226)	1	1	(341,226)
Total comprehensive income	1				(341,226)		(3,457,542)	(3,457,542) (3,798,768)
Capital increase fees	ı	(175,000)	I	ı	ı	1	ı	(175,000)
Capital increase (note 28)	25,000,000	(25,000,000)	I	1	1	1	1	1
Transfers from reserves	1	1	ı	ı	ı	(700,000)	700,000	1
Balance as of 31 December 2010	75,000,000	10,605,800	10,605,800 19,572,440	5,337,536	624,069	300,000	(942,731)	(942,731) 110,527,114

- Accumulated losses balance as of 31 December 2010 include an amount of JD 288,790 deferred tax assets which is restricted according to the Central Bank of Jordan regulations.

⁻ The general banking risks reserve amounting to JD 300,000 as of 31 December 2010 is prohibited unless the Central Bank of Jordan authorises it.



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

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



قال تعالى: ﴿ إِنَّ خَيْرَ مَنْ اسْتَأْجَرْتَ القَوِيُّ الأَمِينُ﴾ سورة القصص آية ٢٦

Service

General meaning of the Holy Verse is:

Verily, the best of men for you to hire is the strong, the honest (the trustworthy).

Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2010

(1) General

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

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

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

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

The financial statements were authorized for issue by the Bank's Board of Directors in their meeting No. (1 /2011) held on 17 February 2011 and it is subject to the approval of Shari'a Supervisory Board.

The Shari'a Supervisory Board issued its report in their meeting No. (1/2011) held on 17 February 2011.

(2) Summary Of Significant Accounting Policies

Basis of preparation

- The accompanying financial statements for the Bank have been prepared in accordance with the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and in conformity with the applicable laws and regulations of the Central Bank of Jordan.
- The financial statements are prepared on the historical cost basis except for the financial assets available for sale that have been measured at fair value.
- The financial statements have been presented in Jordanian Dinars (JD) which is the functional currency of the Bank.

- Shareholders' equity is separated from the unrestricted investment account holders.
- Investment risk fund is used to cover the impairment in financing and investment accounts funded by the unrestricted investment accounts.

Changes in accounting policies

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

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

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

Accounting policies

The following are the significant accounting policies:

Segment reporting

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

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

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

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

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

Profit is distributed as follows:

- 50% of the minimum balance of JD saving accounts.



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

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

Zakat

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

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

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

Zakat pool per share = market value per share

One share Zakat = Zakat pool per share 2.5775%*

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

Deferred sales receivables

Murabaha contracts

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

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

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

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

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

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

Financial assets held for trading

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

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

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

Financial assets available for sale

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

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

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

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

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

Investments in Associates

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

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

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



Fair value for financial assets

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

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

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

Impairment of financial assets

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

Leases and Ijara Muntahia Beltamleek

Leases are divided into:

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

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

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

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

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

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

Investment Risks Fund

The Bank appropriate 10% or more of the profit from jointly fund, this percentage increases based

on the Central Bank of Jordan instructions, the amended percentage is applicable at beginning of proceeding year.

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

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

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

Fair value for non financial assets

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

Property and equipment

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

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

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

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

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

Intangible assets

Intangible assets shall be classified according to their useful life for a specified or unspecified period of time. Intangible assets which useful life is definite shall be amortized during that life, and amortization shall be recorded in the statement of income. As for intangible assets which useful



life is indefinite; their impairment in value shall be reviewed at the date of financial statements and any impairment in their value shall be recorded in the statement of income.

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

Repossessed assets by the bank against debts

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

Provisions

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

Income Tax

Tax expense comprises current tax and deferred taxes.

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

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

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

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

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

Offsetting

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

Revenue and expense recognition

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

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

Trade date accounting

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

Foreign currencies

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

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

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

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

Cash and cash equivalents

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

(3) Use Of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash

flows when determining the level of provisions required for non-performing credit facilities. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

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

(4) Cash And Balances With Central Banks

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

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

(5) Balances At Banks And Financial Institutions

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

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

(6) International Wakala Investments

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

(7) Financial Assets Held For Trading

This item represents the following:

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

(8) Deferred Sales Receivables And Other Receivables-Net

This item represents the following:

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

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

The non-performing deferred sales receivables and other receivables, and the Ijara Muntahia Beltamleek net of the suspended revenues amounted to JD 870,947 representing 0,63% as of 31 December 2010 of deferred sales receivable, other receivables, and the Ijara Muntahia Beltamleek.(2009: Nil).

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

		Joint 31 December 2010		
	3			
Suspended revenues	Retail JD			
Beginning balance	-	-	-	
Add: Suspended revenues for the year	481	310,508	310,989	
Less: suspended revenues transferred to revenues	-	236,617	236,617	
Ending balance	481	73,891	74,372	



(9) Unconverted Loans - Net

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

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

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

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

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

Movement on unconverted loans impairment provision

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

Suspended revenues

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

(10) Financial Assets Available For Sale

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

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

(11) Financial Assets Held To Maturity

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

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

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

Sukuk gains are settled quarterly.

(12) Investment In Associate

2010	Percentage of ownership	Country	Principal activity	2010 JD
Jordan Blending and Packing of Fertilizers Company	25%	Jordan	Manufacturing	275,705
2009	Percentage of ownership	Country	Principal activity	2010 JD
Jordan Blending and Packing of Fertilizers Company	25%	Jordan	Manufacturing	158,063

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

(13) Local Wakala Investments

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



(14) Ijara Muntahia Beltamleek Assets-Net

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

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

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



(15) Property And Equipment, Net

			Equipment,			
	Land	Buildings	Furniture & Fixtures	Vehicles	Computers	Total
2010	JD	JD	JD	JD	JD	JD
Cost	627.757	1 227 050	044750	170.071	205 410	2 266 655
At 1 January	637,757	1,227,859	944,758	170,871	385,410	3,366,655
Additions	2,420,579	-	2,410,421	62,614	456,104	5,349,718
Disposals	-	- 4 227 252	383,682	36,850	9,052	429,584
At 31 December	3,058,336	1,227,859	2,971,497	196,635	832,462	8,286,789
Accumulated depreciation						
At 1 January	-	352,920	882,755	74,026	356,745	1,666,446
Depreciation	-	24,500	115,367	26,181	26,407	192,455
Disposals	-	-	380,030	36,850	8,973	425,853
At 31 December	-	377,420	618,092	63,357	374,179	1,433,048
Net book value at						
31 December	3,058,336	850,439	2,353,405	133,278	458,283	6,853,741
Payments on purchasing of						
fixed assets	-	-	-	-	65,694	65,694
Projects under						
construction	-	-	2,027,121	-	265,018	2,292,139
Net Property and Equipment	3,058,336	850,439	4,380,526	133,278	788,995	9,211,574
and Equipment	3,030,330	030,133	1/300/320	155/276	700,555	3,211,371
	Land	Buildings	Equipment, Furniture& Fixtures	Vehicles	Computers	Total
2009-	JD	JD	JD	JD	JD	JD
Cost		1.007.070	1 005 100	0.51.001	=======================================	2054200
At 1 January	637,757	1,227,859	1,005,183	251,306	732,175	3,854,280
Additions	-	-	2,310	57,370	28,102	87,782
Disposals	-	-	62,735	137,805	374,867	575,407
At 31 December	637,757	1,227,859	944,758	170,871	385,410	3,366,655
Accumulated depreciation:						
At 1 January	-	328,420	908,772	197,665	688,164	2,123,021
Depreciation	-	24,500	36,520	12,627	37,848	111,495
Disposals	-	-	62,537	136,266	369,267	568,070
At 31 December	-	352,920	882,755	74,026	356,745	1,666,446
Net book value at						
31 December	637,757	874,939	62,003	96,845	28,665	1,700,209
Projects under						
construction	-	-	1,588,808	-	-	1,588,808
Net Property and Equipment	637,757	874,939	1,650,811	96,845	28,665	3.289.017

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



(16) Intangible Assets

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

(17) Other Assets

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

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

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

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

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

(18) Bank And Financial Institutions Accounts

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

(19) Customers Current Account

		3	1 December 20	010	
	Retail JD	Corporate JD	Small medium companies JD	Public and governmental sectors JD	Total
Current accounts	12,360,061	10,485,276	5,153,818	784,457	28,783,612
Total	12,360,061	10,485,276	5,153,818	784,457	28,783,612

		3	1 December 20	009	
	Retail JD	Corporate JD	Small medium companies JD	Public and governmental sectors JD	Total
Current accounts	-	-	-	7,176,046	7,176,046
Total	-	-	-	7,176,046	7,176,046

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

(20) Cash Margin Accounts

The details of this item are as follows:

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

(21) Borrowed Funds

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

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

(22) Other Provisions

The details of this account as follows:

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

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

(23) Income Tax Provision

A- Income tax provision

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

- The Bank reached final settlement with the Income Tax Department for the year 2009.

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

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

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

C- Deferred tax assets/liabilities

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

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

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

D- Reconciliation for the accounting income and taxable income.

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

(24) Other Liabilities

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

(25) Unrestricted Investment Accounts

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

Unrestricted investment accounts share of profit is calculated as follows:

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

(26) Investment Risk Fund

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

Investment risk fund balance is distributed as follows:

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

(27) Fair Value Reserve - Net - Joint

This item represents the following:

	Financial assets available for sale			
	2010			2009
	Shares	Sukuk	Total	Total
	JD	JD	JD	JD
Beginning balance	995,295	-	995,295	1,951,428
Unrealized gains (losses)	74,159	29,828	103,987	(827,361)
Gains on selling financial assets available for sale	(591,453)	-	(591,453)	(415,273)
Deferred tax liabilities	155,188	(8,948)	146,240	268,021
Recognized in statement of income due to				10.400
impairment	_	_	_	18,480
Ending balance	633,189	20,880	654,069	995,295

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

(28) Paid In Capital And Share Premium

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

- Share premium as of 31 December 2010 is amounted to JD 10,605,800 (2009: JD 35,780,800).
- The General assembly approved in its extraordinarily meeting dated on 28 October 2010 the increase of capital by JD 25,000,000 by capitalizing part of the share premium.

(29) Reserves

Statutory reserve

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

Voluntary reserve

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

General banking risk reserve

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

The use of the following reserves is restricted:

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

(30) (Accumulated Losses) Retained Earnings

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

- * This balance represents the excess in general banking risk reserve for deferred sales receivables and self financed. The transfer was approved by the Central Bank of Jordan.
- As of 31 December 2010, the accumulated losses include an amount of JD 288,790 representing deferred tax assets and according to the Central Bank of Jordan this amount is not available for distribution.

(31) Deferred Sales Revenues

This item represents the following:

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

(32) Ijara Muntahia Beltamleek Revenues

This item represents the following:

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

(33) Local Wakaleh Investment Profits

This item represents the following:

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

(34) International Wakaleh Investment Profits

This item represents the following:

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

(35) Financial Assets Available For Sale Profits

This item represents the following:

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

(36) Financial Assets Held To Maturity Profits

This item represents the following:

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

(37) Financial Assets Held For Trading Profits

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

(38) Foreign Currencies Revaluation Profits

This item represents the following:

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

(39) Share Of Unrestricted Investment Account Holders

This item represents the following:

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

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

This item represents the following:

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

(41) Bank Self Financed Revenues

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

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

(42) Gain From Foreign Currencies Exchange

This item represents the following:

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

(43) Bank Services Revenues

This item represents the following:

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

(44) Other Revenues

This item represents the following:

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

(45) Employees' Expenses

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



(46) Other Expenses

This item represents the following:

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

(47) Earnings Per Share

This item represents the following:

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

(48) Cash And Cash Equivalents

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

(49) Related Party Transactions

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

Below is a summary of related party transactions.

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

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

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

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

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

(51) Risk Management

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

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

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

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

1. Credit Risks

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

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

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

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

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

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

- Separating marketing divisions from credit and risk management divisions.

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

Credit Risk Measurement:

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

Credit Risk Classification System:

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

Credit Risk Reductions:

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

2. Market Risks:

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

3. Operational Risks

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

This Unit also has started, in cooperation with all other work lines and career areas within the Bank, to establish workshops for purposes of self-based assessment of risks and regulations in order to define and measure all factors of risk surrounding the Bank's operations, activities, products and services, along with assessment of control effectiveness; preparation of practical plans to process any problems and faults potentially appearing within this process; development of risk profile at the Bank's level; designation and identification of key risk indicators to assure continuity of control



on risk factors, and reporting and recommendations regarding them.

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

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

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

4. Reputation Risks

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

Compliance and Legal Department:

1. Compliance Control

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

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

2. Legal Risk

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

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

(52/A) Credit Risk

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

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

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



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

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

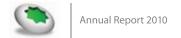
			1	Joint					Self financed	р	
2010	Retail JD	Real- estate financing JD	Corporate JD	Public and government sectors JD	Banks and financial institutions JD	Total JD	Retail JD	Real- estate financing JD	Corporate JD	Total	Grand total JD
Low risk	38,249	1	1	ı	1	38,249	ı	ı	1,121,439	1,121,439	1,159,688
Acceptable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

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

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

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

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



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

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

Deferred sales receivables, other receivables, and scheduled financings:

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

Deferred sales receivables, other receivables, and rescheduled financing:

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

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

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



(52/B) Market Risks

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

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

1- Rate of Return Risks

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

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

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

2- Foreign Currency Risks

Foreign currency risks are managed on basis of (spot) transactions rather than (forward)

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

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

3- Equity Price Risk:

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

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

4- Commodities Risks

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



Concentration in foreign currencies risks:

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

(52/C) Liquidity Risks

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

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

	2010							
	Due in less than a month JD 000	Due in 1-3 months JD 000	Due in 3- 6 months JD 000	Due in 6 months 1 year JD 000	Due in 1-3 year JD 000	Due in more than 3 years JD 000	Without maturity JD 000	Total JD 000
Liabilities								
Bank and financial institutions' accounts	10,635	-	-	-	-	-	-	10,635
Customers' current accounts	28,784	-	-	-	-	-	-	28,784
Cash margins accounts	1,851	-	-	-	-	-	-	1,851
Borrowed funds	-	-	-	-	611	1,917	-	2,528
Other provisions	-	-	-	-	-	-	311	311
Income tax provision	-	-	-	5,632	-	-	-	5,632
Deferred tax liability	-	-	-	-	-	-	280	280
Other liabilities	4,197	83	-	-	335	300	-	4,915
Investment risk fund	-	-	-	-	-	-	243	243
Unrestricted investment accounts	26,635	33,359	14,250	28,138	-	-	-	102,382
Total	72,102	33,442	14,250	33,770	946	2,217	834	157,561
Total assets	123,500	53,499	28,196	8,185	4,847	37,493	12,368	268,088

Second: Off-financial position items

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



(53) Segment Information

a. Information on the Bank's Activities

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

Individual's Accounts:

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

Corporate Accounts:

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

Investments in Assets:

This sector handles investments in renting and real-estate.

Treasury:

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

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

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

Information on Geographical Distribution-

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

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

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

(54) Capital Management

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

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

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

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



(55) Assets And Liabilities Maturity Analysis:

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

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

(56) Contingent Commitments (Off Balance Sheet)

A- Contingent credit commitments.

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

B- Contractual commitments.

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

Contractual commitments mentioned above mature within a year.

(57) Lawsuits Against The Bank

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

(58) Comparative Figures

Some of 2009 balances were reclassified to correspond with those of 2010 presentation. The reclassification has no effect on the profit and equity for the year. The comparative figures were not presented for the statement of income, comprehensive income, change in equity and cash flows since it was impractical to classify them in accordance with the financial accounting standards issued by the Accounting and Audit Organization for Islamic Financial Institutions.



قال رسول الله صلى الله عليه وسلّم « إِنَّ اللّه يُحِبُ إِذا عَمِلَ أَحَدُكُمْ عَمَلاً أَن يُتْقِنهُ » حديث صحيح

Quality

The general meaning of the Hadith Sharif is:

ALLAH likes if one of you executed some work, he should complete it in the best manner possible (perfect it).

Corporate Governance Guide for Jordan Dubai Islamic Bank



Compliance to Corporate Governance

Introduction:

The Jordan Dubai Islamic Bank was launched in 2010 to provide its services within the Jordanian market. The Bank's focus on expanding its network was accompanied with its diligence in the application of best practices in corporate governance, to ensure the application of the basic rules and best practices for corporate governance is in sync with the main targets and goals of the Bank in which it follows the instructions of the Jordan Central Bank which has in turn adopted the recommendations of the Basle Committee regarding corporate governance, and following the instructions of the Islamic Financial Services Council. All this stems from the Board of Director's absolute belief that the Bank's growth and the shareholders trust is based on achieving transparency and equal treatment.

The Bank prepared the corporate governance guide, based on the guide of organizational governance issued by the Central Bank of Jordan and the guide of the companies' governance issued by the Securities Commission, after its alignment with the provisions of the Banks' Law and Companies' Law in effect, and the Bank's Articles of Incorporation and Articles of Association. The organizational governance committee revises periodically the contents of the guide and follows-up on its application on all levels of the Bank.

Extent of application of the rules of corporate governance:-

First: Applying the rules of the corporate governance of Jordan Dubai Islamic Bank issued by the Central Bank of Jordan:-

The Bank laid the basic principles of corporate governance through analysis of the extent of the Bank's observance to the corporate governance guide, and correcting whatever is necessary for the Bank to comply with the requirements of the Central Bank of Jordan. Therefore, the basic step was approval of the corporate governance guide during 2010, upon which it set forth the basic steps for applying the guide through analysis of the requirements and putting a comprehensive plan for correction.

Starting from the principle of transparency and expression in which the Bank believes, we shall show you the extent of the Bank's commitment to the following requirements:

1-The Bank's commitment to the rules of corporate governance:

The Jordan Dubai Islamic Bank has a systematic collection of relationships with the Board of Directors and shareholders and all of the other parties concerned. These relationships deal with the general framework of the Bank's strategy and the means necessary to execute its goals. Moreover, the general framework of the corporate governance secures the fair treatment based on equality among all shareholders; and it also protects all of their rights defined by the law. It also expresses important information about the Bank's activity in full; and it assures the commitment of the Board of Director's members to their responsibility towards the Bank and shareholders.

2- Functions of the Board of Directors:

A- General Principles:

- -The basic duty of the Board of Directors is to protect the shareholders' rights and to develop them on the long range. To perform such a role, the Board of Directors assumes the responsibility of applying the rules of the corporate governance in full, including the Bank's strategic inclination and determining the executive management general goals and control over achieving such goals.
- -The Board assumes all responsibilities relating to the Bank's operations and its financial integrity; and making sure of meeting the requirements of the Central Bank of Jordan and interests of the shareholders and depositors and borrowers and employees and other parties concerned; as well as ensuring the Bank's management is carried out wisely and within the framework of law and instructions in effect and the Bank's internal policies.
- The Board will strengthen the principle of the commitment by each of the Board's members toward the Bank and all of its shareholders and not towards one specific shareholder.
- The Board will plan the Bank's strategic goals in addition to control over its executive management that assumes the responsibilities of the daily operations.
- During the first year, the board supervised and made sure of preparing the control and internal supervision's rules, and their efficiency, and how far the Bank is committed to the strategic plan and policies and procedures approved or required by virtue of laws and instructions issued by its virtue; in addition to making sure that all of the Bank's risks were already managed in a sound way since the Bank was in its establishment phase.

B- The Board's Chairman and the General Manager:

- The positions of the Board's Chairman (the Chairman) and the General Manager are separated; the Chairman and the General Manager have no family relations.
- The Board of Director's Chairman is non executive and non independent.

C- The Board's composition:

- The Board consists of eleven members elected by the General Assembly every four years. In addition, the chairman of the Board of Directors is elected by the members of the Board of Directors.
- There are five independent members among the Board's formation.

D- Organizing the Board's agenda:

- The executive management will suggest the subjects it sees important on the agenda of each meeting.
- The Bank will provide the Board's members with sufficient information before an adequate period of the meeting to enable them to take the appropriate decisions.
- The Board's secretary will write down all of the Board's discussions taken place during the Board's meetings.
- All banking operations that require the Board's approval will be explained in writing, and some of them are:-
- The Board's power to grant banking facilities that exceed a specific amount.
- The Board's power concerning dealings with related parties.
- The Board held nine meetings during 2010.

Second: The Board's Committees:

The Board formed committees emerging from it, for defined purposes and are authorized with certain powers and responsibilities for a defined period. The committees will submit periodical reports to the Board as a whole, although existence of such committees will not relieve the Board from assuming the direct responsibilities relating to all affairs concerning the Bank.

Transparency is used as a basis in appointing the members of the Board's committees; and the name of the members are declared with a resume/of their tasks and responsibilities in the Bank's annual report as follows:

• The Executive Committee:

The committee consists of three members who are:	
Mr. Fahed Bin Fahed Al-Muhairi	Chairman of committee (attended meetings from first to fifth).
Mr. Mohammed Said Al-Shareef	Chairman of committee (attended meetings from sixth to ninth).
Mr. Bashar Al-Amad	Member
Mr. Raslan Deiranieh	Member
Dr. Emad Al-Shurman	The committee's secretary

- During 2010 the committee held nine meetings, and it achieved the following:
- The Committee worked with the Bank to enhance work and quality of services provided to clients.
- It approved a number of issues related directly to work in the Bank. On the level of financing, the committee studied and approved more than fifty fiduciary recommendations submitted to it by the management and the Bank's credit committee. On the level of products, the committee approved products provided by the retail and corporate managements to clients, which included lease-to-own, Murabaha and Debit and payment and the Murabaha agency and deposits of all types.
- The committee studied and approved most of the policies and procedures of the operations in the Bank; and it submitted the appropriate recommendations regarding them to the Board of Directors.
- The committee supervised the arrangement and work relating to the construction of the Bank's permanent headquarters; in addition to its participation with the executive management to set the mission and tasks of the Bank and to put forth a strategic vision during the coming period.

The corporate governance and compliance committee:

- The committee consists of four members.
- The corporate governance committee merged with the compliance committee starting from the fifth meeting in 2010.

The committee consists of the following members:	
H.E. Mr. Salem Al-Khaza'leh/ Chairman of the Board of Directors	Chairman of the committee
Engineer Wael Al-Saqqa	Member
Mr. Essa Saleh	Member (attending meetings from first to second and third).
H.E. Dr. Ismail Zaghloul	Member (starting from the fourth meeting).
Mr. Zaal Hassan	Member (Starting from the fifth meeting).
Mr. Ibrahim Al-Hadid	Committee's secretary.

- During 2010 the committee held five meetings, and it performed the following:
- Preparing and revising the corporate governance guide; and it submitted it to the Board of Directors for approval, after which it was approved by the Board on 29/ April/ 2010; and it was also approved by the Central Bank of Jordan on 23/ June/ 2010.
- Started working on matrix for applying the corporate governance guide.
- Approval of the anti-money laundering and terrorist financing policy.
- Follow-up on the Board's other committees in setting forth internal systems and defining dates prior to meetings.

• Nomination and remuneration committee:

The committee consists of four members, who are:	
Mr. Khaled Al-Kamdah	Chairman of the committee
Dr. Luay Suhwail	Member
Mr. Bashar Al-Amad	Member
Mr. Raslan Deiranieh	Member
Dr. Haitham Jouhar	Committee's secretary.

- During 2010 the committee held five meetings, and approved the following:
- An internal system for the Human Resources.
- Incentives and benefits policy.
- Performance management system.
- Human resources policies guide.
- Nominees to occupy higher positions in the Bank.
- Annual increases and performance based bonuses for 2010.

Audit Committee:

The committee consists of three members, who are:	
Mr. Khaled Al-Kamdah	Chairman of the committee
Mr. Ismail Tahboub	Member
Engineer Wael Al-Saqqa	Member
Mr. Emad Al-Shurman	Committee's secretary from first meeting to
	the fifth meeting.
Mr. Khalid Al-Kayed	Committee's secretary from the sixth meeting.

- During 2010 the committee held eight meetings and its major achievements include:
- Preparing and revising the audit committee's organizational structure and approving it from the Board of Directors according to regulations.
- Preparing and revising the audit guide and approving it according to regulations.
- Revising the temporary and annual financial statements and discussing them with the external auditor.
- Follow-up on many important issues with the executive management and the Board of Directors to ensure taking up suitable procedures concerning them.
- -Revising and follow-up of audit report and the report of the Central Bank to ensure the commitment to the execution of the mentioned recommendations.

Risk Management Committee:

The committee consists of four members, who are:	
Mr. Khaled Al-Kamdah	Chairman of the committee
Mr. Ismail Tahboub	Member
Dr. Ismail Zaghloul	Member
Engineer Wael Al-Saqqa	Member
Mr. Ahmed Abdullah	Committee's secretary.

• The committee did not hold any meetings during 2010 since the executive committee used to carry out the tasks of the risk committee during that year.

Third: Internal control and audit

Internal audit:

- -The Bank provides the internal audit management with the sufficient number of qualified human cadres, who are trained and remunerated in a suitable manner. In addition, the audit management has the right to obtain any information and to contact any employee in the Bank. Besides, it has the full powers that enable it to perform tasks it is entrusted with as required. The Bank documents tasks, powers, and responsibilities of the audit management in the Internal Audit Charter approved by the Board and circulated within the Bank.
- The internal audit management will submit its reports to the Chairman of the audit committee.
- -The internal audit employees will not be entrusted with any executive responsibilities. The internal audit management will be responsible for suggesting the structure and range of the internal audit, as well as notifying the audit committee of any possibility of existing conflict of interest.
- The Internal audit management practices its tasks and prepares its report in full without external interference; and has the right to discuss its reports with the departments that it has audited.
- The internal audit management's basic responsibility includes ensuring that banking transactions were executed according to provisions of the Islamic Sharia, and resolutions taken by the Bank's Sharia Supervisory Board.

• Sharia Supervisory Board:

The General Assembly will appoint, based upon the nominations of the Board of Directors, the Sharia Supervisory Board consists of three members of the Islamic Sharia Scholars at least; and its resolutions are obligatory.

The Board's tasks include studying all issues and inquiries as well as the various financing formulae the Bank deals with to make sure that they conform to the provisions of the Islamic Sharia. The Board also ascertains the existence of the juristic support that burdens the Bank any loss resulting

in the joint investment operations. In addition to ensuring the conviction of the Bank's compliance with Sharia controls for all contracts and instructions and other operations and procedural requirements, and that there was no Sharia prohibit or taboo approved or modified to conform with provisions of the Islamic Sharia. It also issues the annual report for each year ending in which the Bank's general budget and the loss and profits statement and explanations attached and non-existence of any Sharia violation of them are all revised.

Risk Management:

The Bank's risk management department submits its reports to the risk management committee. As for daily operations, they are connected directly to the General Manager.

The Bank's risk management department's responsibilities include the following:

- Analysis of all risks including credit risks, market risks, liquidity risks and operational risks.
- Developing the measurement and control's methodologies for each type of risk.
- Recommending to the risk management committee the risk limits and approvals as well as submitting reports and recording cases of exceptions from the risk management policy.
- Providing the board and the executive management with information about risk measurement and risk profile in the Bank.

The board will revise the quantitative and qualitative risk data in the Bank regularly.

- Providing information about risks at the Bank to be used in purposes of expression and publication to the public.

The Bank's committees such as the credit committees and assets & liabilities management and required/treasury and operation risks will help the risk management administration in performing its tasks according to powers defined for these committees.

Fourth: Applying rules of corporate governance of Jordan Dubai Islamic Bank issued by the Securities Commission:

During the first year, the Bank laid down the foundations upon which the corporate governance was to be built; and there is continuous work to apply peremptory norms and guidelines.

The Bank has applied all such rules and items except for:

Section/ Chapter/ Item	Rule	Reasons for non-compliance
Second section/first chapter/4	Development of risk management policy faced by the company	There is an initial policy that has been approved for purposes of licensing, and work is underway to approve a final formula during 2011.
Second section/second chapter/2	Each of both abovementioned committees (audit/ nomination and remuneration) consists of non-executive members, not less than three, as long as two of them at least are from the independent members with one of them heading the committee.	The percentage of independent members was not complied with and the situation was corrected in the February meeting 2011, and the president of the two committees is not independent.
Fifth section/first chapter/4	Audit Committee should meet the company's external auditor without the presence of any person from the executive management or who represents it, at least once a year.	The committee held a meeting in the presence of the executive management.
Fifth section/second chapter/ 12	Revising dealings of related parties with the company and placing its recommendations to the Board of Directors before concluding them.	The committee will revise all dealings during 2011.

First:Compliance with Corporate Governance

There are numerous relations that organize the relationship of Jordan Dubai Islamic Bank (to be hereinafter referred to as the «Bank») with its shareholders, customers, other and external parties; the Bank should take into account the interests of all parties in accordance with the most prominent institutional practices and teachings of Islamic Sharia.

The Bank has prepared this guide to explain the nature of that relationship between itself and its shareholders and to define strategy and organization and basis that will secure all rights of the shareholders according to the most prominent best practices, based on the contents of the principles of the corporate governance issued by the Organization of Economic Cooperation and Development (OECD), and the directions issued by the Basle Committee about enforcement of the corporate Governance in the banking foundations, and following the requirements of the Central Bank of Jordan in a way that conforms with its needs and policies.

The Bank's corporate governance provides a basis for development and the future organizational performance, and supports trust in the Bank's activities and dealings; besides, it enables the Bank to successfully participate in developing the Jordanian banking system which will participate in improving the national economy's capacity and create an atmosphere of assurance for shareholders and customers.

The guide is based on various principles that will contribute effectively in applying best practices in corporate governance in the Bank:

- Fairness in dealing with all parties concerned (stakeholders) (such as shareholders, depositors and creditors, the Bank's employees and regulatory authorities).
- Transparency and disclosure in a way to enable those concerned to evaluate the Bank's position and financial performance.
- Accountability in relationships between the Bank's executive management and the Board of Directors, and between the Board of Directors and shareholders, and between the Board of Directors and the other concerned parties.
- Responsibility concerning clear separation between responsibilities and delegating authorities.

The Jordan Dubai Islamic Bank's Board of Directors has approved in its session held on twentyninth of April 2010 the data within this guide and has adopted it as a reference to corporate governance in the Bank.

A copy of this guide will be available in both Arabic and English on the Bank's electronic site to provide the public a chance to review it. It will be updated annually or when any amendments are available. The Bank will also include in its annual report, a report to the public about the extent of the Bank's management's compliance with each item and mentioning the reason of non-compliance in the cases where they have not been implemented.

Second: Functions of the Board of Directors

1- General Principles:

A- It is the duty of the Board to assume all responsibilities relating to the Bank's operations and its financial integrity and making sure of meeting the requirements of the Central Bank and protecting shareholders, depositors, borrowers, staff and other related parties; and ensuring that the Bank is managed wisely and within the framework of law and instructions in effect, and the Bank's internal policies.

B- The board will solidify the principal of commitment of each member towards the Bank and its shareholders.

C-The Board will set the Bank's strategic goals in addition to monitoring its executive management, which assumes the responsibilities of the daily operations.

D- The Board will approve systems of internal control and supervision and it will ensure their effectiveness and the extent of the Bank's observance to the strategic plan, policies and procedures adopted by the Bank or requested by virtue of the effective rules and regulations. In addition to ensuring that all Bank's risks have been managed in a sound manner.

2- Chairman of the Board and General Manager:

A-The Positions of the Chairman of the Board and the General Manager are separated, provided that the Chairman and General Manager should not be family related below third degree. Separation in responsibilities will be by virtue of written instructions approved by the Board; and they will be revised when the need arises.

B- If the chairman was in an executive position, the Bank will appoint an independent member as a deputy to the Chairman to ensure the availability of an independent spokesperson for the shareholders; although according to the best international practices the chairman will not be an executive (not full-time and not occupying a position in the Bank); therefore, the Bank will keep this matter under revision.

C- Position of the Chairman will be declared whether he was executive or non-executive.

3- Role of the Chairman of Board (The Chairman):

A-The Chairman will establish constructive relations between the Board and its members and the executive management.

B- Creating a culture-during the Board meetings - to encourage constructive criticism concerning issues of contradiction in the points of view among the members, and it also encourages discussions and voting on those issues.

C- Making sure that sufficient information has been received by the Board's members, shareholders and regulatory authorities in a timely manner.



- D- Making sure that there are high standards of corporate governance at the Bank through reviewing the periodical reports and events at the executive management levels at the Bank.
- E- Activating the role of the Board and those committees emerging from it.

4- The Board of Directors composition:

- A-The Board of Directors consists of eleven members elected by the General Assembly for a period of four years; and also the Chairman of the Board of Directors is elected by the members of the Board of Directors.
- B- In forming the Board, variety of practical experience and professionalism and specialized skills are taken into account; it is possible for the Board to include executive members; and it is preferred that the majority of members are of those non-executive members.
- C- It should be taken into account that the Board of Directors will have at least three independent members.
- D- An independent member is defined as the member (whether in his personal capacity or a representative of a legal entity) who is related to the Bank only through his being a member of the Board of Directors, which makes his judgment of matters not affected by any considerations or external matters. The minimum limit of requirements the independent member should possess, include:
- 1. He should have not worked in the Bank as an employee during the three years prior to the date of nominating him for the Board's membership.
- 2. He should not have any relation to any executive or director below second degree family relationship.
- 3. He should not receive any salary or sum of money from the Bank except those received as remuneration for his membership in the Board.
- 4. He should not be a member of a Board of Directors or an owner of a company that the Bank deals with except those dealings resulting from normal services and/or business provided by the Bank to its clients, provided that, they submit to the same conditions of similar dealings with any other party and without any preferential conditions.
- 5. He should not be a partner to the external auditor or an employee at his firm during the three years prior to the date of nominating him to the Board's membership.
- 6. His participation should not form an effective interest in the Bank's capital; or he should not be an ally of another shareholder.

5- Organizing the Board's Agenda:

- A-To secure the comprehensiveness of subjects discussed in the Board's meetings, the executive management will take the initiative to suggest the subjects it sees important on the agenda of each meeting, after consultation with the Chairman of the Board.
- B- The Board's meetings should not be less than (6) meetings a year, provided that the period between one meeting and the other should not be more than two months.
- C-The Bank's policy should include existence of independent members in the Board to secure the availability of objective resolutions, and the Board's having a level of observance that secures the

balance in all parties' influence including the executive management and main shareholders; and to make sure that the resolutions taken are in the interest of the Bank.

D-The Bank will provide the Board's members through the secretary with sufficient information and before enough time prior the Board's meetings to enable them to take resolutions appropriately.

E- It is the duty of the Board's secretary to write down the Board's discussions and proposals and the member's voting taken during the Board's meetings.

F-All of the responsibilities of the Board of Director's members are defined and clear and conforming to the legislations related. The Bank has to provide each one of the Board's members on electing him with a letter that clarifies the member's rights and responsibilities and duties.

G- Limits of banking operations requiring the approval of the Board of Directors are clarified in writing such as:-

- 1-The authority of the Board concerning granting loans that exceed a defined amount
- 2-The Board's authority regarding dealings with related parties.
- H-The Board's members should be always be acquainted with developments within the Bank and the local and international banking sectors.

Moreover, the Bank has to provide the members with a suitable summary of the Bank's activities during the period of membership or upon demand.

- I- The Board's members and committees will have, if necessary, the authority to ask for help from external resources to help them in performing the tasks they are entrusted with.
- J-Communication between the members of the Board of Directors and the executive management is always available through the General Manager.

K-An organizational structure shows the administrative hierarchy (including the Board's committees and the executive management). The public is provided with that part of the organizational structure that shows the higher managerial levels in the Bank.

L- The Board's secretary will make sure that the Board's members follow the procedures decided by the board, and the information transmission among the Board's members, committees, and the executive management; in addition to setting the dates of the Board's meetings and writing the minutes of meeting.

The Board has to define the job and tasks of the Board's secretary officially and in writing and in conformity with the level of responsibilities referred to above. Besides, any decision of appointing or laying off the secretary is taken by the Board unanimously.

6- Board's Activities: Appointments and Succession:

- A- The Board's policy should include the appointing of a General Manager who enjoys integrity and technical competence and banking experience.
- B- The Board's approval is to be taken upon the appointment of the executive managers and making sure that they have the required experience.
- C-The Board will decide the succession plans for the Bank's executive managers in a manner that

takes into consideration their qualifications and the needed requirements for the position.

7- Board's Activities: Self-Assessment and Evaluation of the General Manager's Performance:

A-The Board through the committee of nominations and remunerations shall evaluate the General Manager's performance at least once a year, through following defined and approved standards in evaluation. The standard of performance evaluation should be:

- 1- Objective and reasonable.
- 2- Capable of being measured quantitatively or qualitatively.
- 3- Capable of being compared with other banks and similar well reputed financial institutions.
- 4-The extent to which the Bank complies with regulatory requirements.
- B-The General Manager is evaluated by the Board annually.

8- Board's Activities: Planning, Control and Audit Systems, Code of Ethics, and Conflict of Interest:

A-The Board will define the Bank's goals and set up the general policies, as well as directing the executive management to plan a strategy to achieve these goals. The executive management, in cooperation with all of the Bank's departments, will put forth a work plan to obtain the planned goals.

The Board will approve the strategy and the work plans, and ensure the executive management had reviewed the performance achievements in conformity with the work plans and had taken corrective procedures when necessary. Preparing budgets is a part of the short-range planning operation and performance measurement.

- B- All of the Board's members will sign the code of Ethics where this will contain (at least) an undertaking by the member to:-
- 1- Not to carry out direct operations or through the others aiming to manipulate the Bank's shares prices or securities markets.
- 2- Transfer information to any other person aiming to create influence on this Bank's share prices.
- 3- Non-disclosure of special or secret information through their practice of their jobs.
- 4-To carry out all of the Board's activities honestly and faithfully and in conformity with the higher interest of all shareholders.
- C-The Board will always ensure the Bank enjoys integrity and higher professionalism in practicing its works. And that should be achieved through:-
- 1- Setting up policies and procedures and approval of them by the Board to make sure that the Bank practices its operations at a high level of professionalism.
- 2- All the Bank's employees will sign annually the Code of Ethics and ensure it is being updated annually in conformity with best practices.
- 3- Entrusting the risk management committee to direct the executive management to set up procedures and systems that ensures the exposure of cases of conflict of interest or transactions carried out by the Bank's employees for their own personal benefit, or based on internal information; and to obtain periodical reports to make sure that the committee applies such standards.
- 4- Entrusting the executive management to set up the rules and procedures to organize operations with parties concerned whether between the Bank and its employees or the members of the Board of Directors or their companies, or parties related to them, including financing, investment

operations and trading with the Bank. Besides, such rules will include a proof that granting credit to the Board's members and their companies are carried out by virtue of prevailing prices in the market, not according to preferential conditions; and the member will not participate in any meeting that discuss dealings or contracting or voting on it. In addition, they will be declared in the Bank's annual report. Moreover, the Bank's departments concerned with the control and internal observations systems should ensure that the parties' operations concerned have been carried out according to that policy.

D- The Bank should have written policies covering all of the banking activities; and they will be circulated to all administrative levels and reviewed regularly to make sure that they include any modifications or changes that occurred on laws and instructions and economic circumstances or any other matters related to the Bank.

E- The Bank will, as a part of the approval of granting financing, evaluate the quality of its clients' corporate governance (the companies), in particular the incorporated general companies; where the clients' risk evaluation is included with the points of weakness and strength of their practices in the field of governance. The Bank may think to reward its clients whose foundations include good governance.

Third: The Board's Committees

1- General Provisions:

A-The Board will, to increase its efficiency, form committees emerging from it with defined goals to be entrusted with powers and responsibilities by it for a defined period of time according to the charter to clarify all the afore-mentioned and in a way so that those committees will submit periodical reports to the Board as a whole, although the existence of such committees will not free the Board from burdening the direct responsibility towards all matters related to the Bank.

B- Principle of transparency to be confirmed when appointing the members of the Board's committees.

The names of the members of these committees and a resume of their tasks and responsibilities will be included in the Bank's annual report.

C- The Board may merge the tasks of many of its committees, if appropriate or more appropriate from the administrative aspect.

2- Corporate Governance Committee:

A- The Bank will form a committee emerging from the Board of Directors called "Corporate Governance Committee" that consists of the Chairman of the Board and two of its non-executive members to direct the operation of preparing and updating and applying the guide.

B- The committee will supervise the practices of the Bank's corporate governance, and secure the existence of all basic support needed.

3- Audit Committee:

A-The Bank's audit committee consists of three non-executive members of the Board of Directors; and the names of the members of this committee will be mentioned in the Bank's annual report.

B- The Bank's policy should include the condition that at least two of the audit committee's members should have scientific qualifications and/ or scientific experience in the fields of the financial administration, and that the number of independent members in the committee should not be less than two members.

C-The audit committee will practice the responsibilities and powers it is entrusted with by virtue of the law of Banks and any other related legislation. This includes the revision of the following:

- 1- Scope and adequacy of internal and external audit for the Bank.
- 2-The accountancy issues of substantial effect on the financial data.
- 3- Control and internal monitoring systems in the Bank.

D-The audit committee will provide the recommendations to the Board concerning appointing, dismissal or rewarding the external auditor and any other contractual conditions related; in addition to evaluation of the external auditor's objectivity taking into consideration any other works outside the range of auditing performed aiming to secure that objectivity.

E- The audit committee has, through its Chairman, the power to obtain any information from the executive management, in addition to its right of calling on any executive employee or a member of the Board of Directors to attend its meetings; and provided that is stated in writing in the charter that includes the committee's tasks and responsibilities.

F- The audit committee will meet with the external auditor and the compliance officials at least once a year in the absence of the executive management.

G- The audit committee's responsibility does not suffice the responsibilities of the Board or the Bank's executive management in regard to control over the adequacy of control systems and internal audit.

H-The audit committee approves the annual audit plan and controls its application, in addition to reviewing the audit notes; and the audit committee is considered responsible directly for supervision of the activities of the internal audit management.

4- Nominations and Remuneration Committee:

A-The Board will form the nominations and remuneration committee in the Bank of three non-executive members from the Board of Directors provided that, most of them (including the chairman of the committee) will be from independent members.

B- The nominations and remuneration committee will name the Board's members, taking into account the capabilities and qualifications of the persons nominated; in cases of re-nomination, it should be taken into account the number of their attendance and quality and efficiency of their participation in the Board's meetings; although the law of companies states that the period of the Board's power ends after four years from date of electing it. The renewal of the membership of any member of the Board requires his nomination for election during the Bank's General Assembly's

annual meeting.

- C- The nominations and remuneration committee assumes the responsibility of providing information and summaries about the background of the important issues regarding the Bank for the Board's members on demand, and making sure that they continuously review the latest subjects related to banking business. To achieve this, the Bank will encourage the members of its Board of Directors to attend seminars and events that provide them with the chance to meet local and international institutions and companies.
- D- The nominations and rewards committee will follow the basis defined and approved in evaluating the Board's efficiency, where the criterion of evaluating the performance is objective and having a comparison with the other Banks and the similar financial institutions; in addition to criteria of the Bank's data's correctness and soundness and the extent of compliance with the control requirements.
- E-The nomination and remuneration committee will decide if the members will have the capacity of independent member or not, taking into consideration the minimum limit of requirements that should be available and mentioned in this guide.
- F-The nominations and rewards committee will recommend the rewards (including the monthly salary and other benefits of the General Manager); and the committee revise rewards (including the salaries) granted to the rest of the executive management.
- G- The nomination and remuneration committee assumes the responsibility of ensuring there is a rewarding policy at the Bank that guarantees remunerations/ salaries are enough to attract qualified personnel to work for the Bank and to retain them in a way that conforms with remuneration/ salaries granted by similar Banks in the market.
- H- A resume of the policy of rewards at the Bank will be included in the Bank's annual report, in particular the rewards of the Board's members separately, and the highest salaries paid during the year to the executive managers other than the Board's members.

5- Risk Management Committee:

- A- The board will form the risk management committee from at least three members of the Board of Directors.
- B-The risk management committee will review the policies and strategies of the risk management of the Bank before approval by the board. The Bank's executive management is responsible for execution of these strategies in addition to developing the policies and procedures of the management of various types of risks.
- C- The Bank's executive management will propose the structure of the risk department and developing it, in a manner that it will be revised by the risk management committee, and approved by the Board.
- D- The risk management committee will keep up with the rapid developments and increasing complexities that happen to risk management at the Bank; and will submit periodical reports to the Board about these developments.



E- The Board of Directors will secure the existence of an effective internal audit system and ensure it performs well.

6- Compliance Committee:

- A- The Board will form the compliance committee of three members of the Board of Directors at least; and the head of the Legal department and compliance will be this committee's secretary.
- B- The compliance committee will review the policies and strategies of compliance and antimoney laundering and terrorist financing at the Bank before approval by the Board. The Bank's executive management will burden the responsibility of carrying out such strategies in addition to developing the policies and procedures of the management of various types of compliance risks.
- C- The compliance committee will keep up with the rapid developments and increasing complexities that happen unexpectedly to the compliance department in the Bank; and it will submit periodical reports to the Board about these developments.
- D- The committee will secure the existence of effective internal control system to apply the compliance policies, and to ensure it performs well.

7- The Sharia Supervisory Board:

- A-The Shareholders' General Assembly will appoint, based on the recommendation of the Board of Directors, a Sharia Supervisory Board with at least three members of the Islamic Sharia scholars; and its opinion will be binding for the Bank.
- B-The Board of Directors will approve the rules and procedures of the Sharia Supervisory Board; in addition to the financial system and its member's rewards.
- C-The Board's tasks will be:-
- 1- Revising all issues and inquiries and the various financing formulae with which the Bank deals to make sure that they conform with the provisions of the Islamic Sharia.
- 2-The committee will verify the presence of the juristic support that supports burdening the Bank any loss happening in the range of the joint investment transactions.
- 3- Verification and satisfaction that the Sharia controls are adhered to in all contracts and instructions and other transactions and procedural requirements and the non-existence of any juristic prohibit or taboo, they will be approved or modified to conform to the provisions of the Islamic Sharia.
- 4- The Bank's annual report will include a declaration by the Sharia Supervisory Board about the juristic opinion of the Bank's activities, the Bank's general budget, profits and losses and the Sharia audit report and any other explanations; as well as existence of any Sharia contradictions will be declared.

Fourth: Control and Internal Inspection

1- Control and Internal Inspection systems:

A-The structure of the control systems and internal auditor and the external auditor is revised at least once a year.

B- The Board will include the Bank's annual report a report about the extent of sufficiency of the control and internal supervisory systems about the financial reporting so that the report will include the following:

- B/1 A paragraph clarifying the executive management responsibilities for setting up internal control and inspection systems within the financial report of the Bank and protecting such systems.
- B/2 A paragraph about the framework the executive management used to evaluate the efficiency of internal control and inspection systems.
- B/3 The executive management's evaluation of the internal control and inspection systems as it was on the date of the financial data included in the Bank's annual report.
- B/4 Declaration of any points of weakness in the internal control and inspection systems of substantial value (a substantial weakness is any point or group of points of obvious weakness that may result in inability of preventing or uncovering the declaration that is incorrect and of a substantial effect).
- B/5 A report prepared by the external auditor to show his opinion of the executive management's evaluation of the effectiveness of internal control and inspection systems.

C-The Bank will set procedures that enable the employees to notify secretly in due time about the existence of fears concerning the possibility of violations to happen, in a way that allows carrying out inspections independently about such fears and follow- up on them. The audit committee will observe carrying out such procedures.

2- Internal Audit:

A-The Bank should provide the internal audit management with a sufficient number of qualified human cadres who will be trained and rewarded in a suitable manner. The audit management will have the right to obtain any piece of information and contact any employee inside the Bank. In addition, it will be given all powers that enable it to perform the tasks it is entrusted with as required. The Bank should document the tasks, powers, and responsibilities of the audit management within the Internal Audit Charter approved by the Board and to circulate it inside the Bank.

B- The internal audit management will submit its reports to the Chairman of the audit committee.

C- Internal audit employees should not be entrusted with any executive responsibilities; and the internal audit management will be responsible for suggesting the structure and range of the internal audit; and it will be responsible for notifying the audit committee about the possibility of the existence of conflict of interest.



- D-The internal audit management will practice its tasks and prepare its report in full without any external interference; and it will have the right to discuss its reports with the departments that have been audited.
- E- The internal audit management's basic responsibility that is based on risk basis includes minimum, the revision of the following:
- 1- Operations of financial notification in the Bank; to ensure that the main information about the financial and administrative matters and operations have accuracy, authenticity, and appropriate timing.
- 2- Compliance with the Bank's internal policies, international criteria, procedures, laws, and instructions concerned.

3- External Audit:

A-The Bank is required to provide regular circulation of the external audit among the audit offices, where-whenever possible – a new external auditor is elected every two successive fiscal years; and when it is difficult to apply this practically, the Bank is asked for regular circulation of the main partner responsible for the Bank>s external audit.

B-The external auditor will provide the audit committee with a copy of his report. And the external auditor should meet with the audit committee in the absence of the executive management at least once a year.

4- Risk Management:

- A- The Bank's risk management department will submit its reports to the risk management committee. As for the daily operations, it will be connected with the General Manager.
- B- The Bank's risk management department's responsibilities include the following:-
- 1. Analysis of all risks including credit risks, market risks, liquidity risks and operation risks.
- 2. Developing measurement methodologies and control for each type of risk.
- 3. Providing the risk management committee with reports and recording exceptional cases to the risk management policy.
- 4. Providing the Board and the higher executive management with information about risk measurement and risk profile in the Bank. (The Board will revise the qualitative and quantitative risk statistics in the Bank regularly in every meeting of the Board).
- 5. Providing information about risks at the Bank to be used for the purposes of declaration and publication to the public.
- C- The Bank's internal committees such as the credit committees, the assets administration, required/ treasury and the operation risks with the help of the risk management administration to carry out its tasks according to the powers these committees are entrusted with.
- D-The Bank's annual report should include information about the risk management department concerning its structure and nature of its operations and developments it faced.

5- Compliance:

A- An independent administration to be established, in the Bank to observe compliance; and it will

be supported with trained cadres, and sufficiently rewarded in conformity with the instructions of the Central Bank issued in this regard.

- B-The Bank will support the compliance administration with any resources necessary to perform its work.
- C- The compliance administration will prepare an effective methodology to secure the Bank's compliance with all laws and legislations in effect, and any directions and related guidelines. The Bank has to document the tasks, powers and responsibilities of the compliance administration, and to circulate it inside the Bank. The executive management will perfectly cooperate with the compliance and provide means of communication among the different parties.
- D- The board will approve and control the policy of compliance; the preparation and development of this policy and ensuring that it is carried out is in the powers of the compliance management.
- E- The compliance will submit its reports about the results of its activities and control of compliance, to the Board or the committee emerging from it, as well as sending a copy to the executive management, in conformity with the instructions of the Central Bank issued in this regard.
- F-The compliance will have the right of access to any documents or instruments or to call for any employee for matters relating to the work; and the executive management has to cooperate in this regard.

Fifth: Relationship with Shareholders

- A- The Bank will take steps to encourage the shareholders, in particular minor shareholders, to attend the general assembly's annual meeting and voting, whether in person or authorizing some person in case of their absence.
- B- Chairmen of the audit committee, the nominations, rewards committee and any other committees emerging from the Board have to attend the general assembly's annual meeting.
- C- A representative of the external auditors should attend the general assembly's annual meeting to respond to any questions that may arise about audit and the auditor's report.
- D-Voting should be held separately on each case discussed during the general assembly's annual meeting.
- E-The Board's members, are elected or re-elected during the general assembly's annual meeting, in conformity with the provisions of the Law of Companies; and the external auditor is elected during the same meeting.
- F- After the end of the general assembly's annual meeting, a report is prepared to acquaint shareholders with the notes taken during it and the results, including results of voting and the questions raised by the shareholders and responses of the executive administration to them.

Sixth: Transparency and Disclosure

A-The Bank will disclose according to the Islamic accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Where there are no Islamic Accountancy Standards, the International Financial Reports Standards (IFRS) will be applied, provided that they will not contradict the provisions of the Sharia and the instructions of the Central Bank of Jordan in effect and issued by virtue of the law of Banks in effect and legislations related. Moreover, the Bank will be acquainted with the changes happening for the international practices of the financial reporting and the extent of transparency required from financial institutions. The Bank's management will be responsible for ensuring the observance to full application of all modifications happening to international standards of the financial reports. The executive management will submit reports about the development to the Board, in addition to presenting recommendations about the ways of enforcement of the Bank's practices in the field of disclosure, in a way that exceeds the requirements of the Central Bank of Jordan in this regard.

B- The Bank is committed to provide meaningful information about its activities to the Central Bank, shareholders, depositors, the regulatory authorities, the other Bank's and the public in general, focusing on issues that shareholders are interested in; provided that the Bank will declare all of this information periodically and making it available for all.

C-The Bank will confirm in its annual reports the responsibility towards the accuracy and sufficiency of the Bank's financial data and the information mentioned in its annual report.

- D- The Bank is committed to keep channels of communication with regulatory authorities, shareholders, depositors, other Banks, the general public, and such channels will be through the following:
- 1-Position of investor>s relationships, to be occupied by a qualified cadre to provide comprehensive, objective, and updated information about the Bank and its financial position and performance and activities
- 2- The annual report issued after the end of the fiscal year.
- 3- Quarterly reports containing quarterly financial information, in addition to the Board's report about the circulation of the Bank's shares and its financial position during the year.
- 4- Periodical meetings between the Bank's executive management, investors and shareholders.
- 5- Providing a periodical summary to the shareholders and analysts in the financial market and media specialized in the financial sector, by the higher executive administration, and in particular the General Manager and the financial director (CFO).
- 6- Providing the information mentioned in the Bank's annual report or its quarterly reports, or in lectures presented by the executive management, through the position of investor relationships, and on the Bank's electronic site in an updated manner in both Arabic and English languages.
- E- The Bank's annual report and its quarterly reports will include a declaration by the Bank's executive management called (MD&A) which is Management Discussion and Analysis, which will enable the investors to comprehend the results of present and future operations and the Bank's financial position including the potential influence of the well-known tendencies, events, and cases of uncertainty. The Bank will undertake to commit that all explanations mentioned in this declaration are certified, full and fair, balanced, and understood, depending on the Bank's published financial data.

- F-The annual report should include, as a part of commitment to transparency and full declaration, and in particular the following:
- 1-The Bank's guide of corporate governance and the annual details of its commitment.
- 2- Information about each member of the Board of Directors; his qualifications, experiences, his share in the Bank's capital, and whether he was independent or executive or non-executive; and membership in the Board's committee, date of his appointment in the Board, any memberships of other boards of directors, rewards/ salaries he obtained from the Bank, the loans granted from the Bank and any other operations between the Bank and the member of his companies or parties relating to him.
- 3- A summary of the Bank's organizational structure.
- 4- A summary of the Board's committees' tasks and responsibilities, and any powers authorized by the Board to those committees.
- 5- Number of the Board's meetings and the Board's committees' meetings.
- 6- A summary of policy of rewards, salaries of the executive directors and the highest salary paid to the executive administration.
- 7-The boards' certificate of the sufficiency of the Internal Control and Inspection systems.
- 8- A description of the structure and activities of risk management department.
- 9- The Bank's main shareholders (such as shareholder or relating authorities that own or have control over more than (10%) of the Bank's Capital) and defining the Ultimate Beneficial Owners (who are the main shareholders in the companies considered as main shareholder in the Bank) if that was necessary.



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