Independent Auditors' Report To The Shareholders Of
Jordan Dubai Islamic Bank
Public Shareholding Company
Amman - Jordan

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Jordan Dubai Islamic Bank Public Shareholding Company (the Bank), which comprise the consolidated statement of financial position as at 31 December 2011, consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director's Responsibility for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2011 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).

Report on Legal and Other Regulatory Requirements

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

Amman – Jordan
23 February 2012

Jordan Dubai Islamic Bank
Consolidated Statement of Financial Position
as At 31 December 2011

	Notes	31 December 2011	31 December 2010
		JD	JD
ASSETS			**(Amended note 2)**
Cash and balances with Central Banks	4	21,280,772	45,042,107
Balances at banks and financial institutions	5	19,175,578	16,420,970
International Wakala investments	6	11,959,000	31,344,000
Financial assets at fair value through profit or loss	7	531,699	-
Deferred sales receivables and other receivables-net	8	195,844,124	109,732,016
Unconverted loans-net	9	333,742	6,641,403
Financial assets at fair value through unrestricted investment accounts	10	7,292,322	5,325,169
Financial assets at amortized cost – net	11	2,231,690	1,337,064
Investment in associate	12	322,963	275,705
Local Wakala investments	13	2,627,545	3,061,433
Ijara Muntahia Bittamleek assets-net	14	68,847,161	26,634,723
Property and equipment-net	15	10,814,751	9,211,574
Intangible assets	16	1,198,078	995,721
Deferred tax assets	23/C	618,540	288,790
Other assets	17	7,346,055	11,777,763
Total Assets		**350,424,020**	**268,088,438**
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTS AND SHAREHOLDERS' EQUITY			
Liabilities -			
Banks and financial Institutions accounts	18	12,728,547	10,635,000
Customers' current accounts	19	38,643,252	28,783,612
Cash margin accounts	20	4,463,719	1,850,700
Borrowed funds	21	2,282,076	2,527,568
Other provisions	22	276,971	351,891
Income tax provision	23/A	5,632,100	5,632,100
Other liabilities	24	6,434,260	4,874,441
Total Liabilities		**70,460,925**	**54,655,312**
Equity of Unrestricted Investment Accounts			
Unrestricted investment accounts	25	163,307,567	102,382,426
Fair value reserve – net	27	138,126	654,069
Deferred tax liabilities	23/C	59,197	280,315
Total equity of unrestricted investment accounts		**163,504,890**	**103,316,810**

Investment Risk Fund			
Investment Risk Fund	26	1,400,640	243,271
Shareholders' Equity			
Paid in capital	28	89,000,000	75,000,000
Share premium	28	-	10,605,800
Statutory reserve	29	20,074,617	19,572,440
Voluntary reserve	29	1,943,336	5,337,536
General banking risk reserve	29	300,000	300,000
Retained earnings (accumulated losses)	30	3,739,612	(942,731)
Total Shareholders' Equity		**115,057,565**	**109,873,045**
Total Liabilities, Unrestricted Investment Accounts and Shareholders' Equity		**350,424,020**	**268,088,438**

The accompanying nots from 1 to 58 from part of these consolidated financial statements

Jordan Dubai Islamic Bank
Consolidated Statement of Comprehensive Income
For the Year ended in 31 December 2011

	Notes	31 December 2011	31 December 2010
		JD	JD
Deferred sales revenues	31	8,830,230	2,057,815
Ijara Muntahia Bittamleek revenues	32	4,009,412	1,940,539
Local Wakala investments profits	33	279,728	231,900
International Wakala investments profits	34	411,202	343,240
Profit from financial assets at fair value through unrestricted investment accounts	35	740,014	662,991
Profit from financial assets at amortized cost	36	88,834	17,457
(Losses) gain of financial assets at fair value through profit or loss	37	(64,906)	18,833
Profit from investment in associate	12	47,258	233,518
Foreign currencies revaluation profits	38	265,748	46,197
Revenues from unrestricted investments		**14,607,520**	**5,552,490**
Share of unrestricted investment account holders	39	(4,303,226)	(1,690,315)
Investment Risk Fund	26	(2,191,128)	(555,249)
Bank's share of revenues from unrestricted investments as a Mudarib and Rab Mal	**40**	**8,113,166**	**3,306,926**
Bank's self financed revenues	41	456,607	682,717
Gain from foreign currencies	42	227,776	201,603
Banking services revenues	43	2,037,814	566,796
Other revenues	44	6,722,519	38,732
Total income		**17,557,882**	**4,796,774**
Employees' expenses	45	6,239,810	4,246,301
Depreciation and amortization	15&16	1,058,741	424,403
Ijara Muntahia Bittamleek assets depreciation - self financed	32	13,218	981
Provision (excess in provision) for impairment on direct credit facilities – self financed	9	1,034,000	(470,000)
Impairment on repossessed asset against debts – self financed	17	150,000	-
Excess in other provisions	22	(45,415)	(250,000)
Other expenses	46	4,085,758	4,866,564
Total expenses		**12,536,112**	**8,818,249**
Profit (loss) for the year before tax		**5,021,770**	**(4,021,475)**
Income tax	23/B	329,750	563,933
Profit (loss) for the year		**5,351,520**	**(3,457,542)**
Comprehensive income items other		-	-
Total comprehensive income		**5,351,520**	**(3,457,542)**
		JD/Fils	JD/Fils
Basic and diluted earnings per share	47	0.060	(0.039)

The accompanying nots from 1 to 58 from part of these consolidated financial statements

Jordan Dubai Islamic Bank
Consolidated Statement of Changes in Equity
For the Year ended in 31 December 2011

	Paid in capital	Share Premium	Statutory reserve	Voluntary reserve	General banking risk reserve	Retained earnings (Accumulated losses)	Total
	JD	JD	JD	JD	JD	JD	JD
For the year ended 31 December 2011							
Beginning balance	75,000,000	10,605,800	19,572,440	5,337,536	300,000	(942,731)	**109,873,045**
Total Comprehensive income for the year	-	-	-	-	-	5,351,520	**5,351,520**
Capital increase fees	-	-	-	-	-	(167,000)	**(167,000)**
Capital increase (note 28)	14,000,000	(10,605,800)	-	(3,394,200)	-	-	**-**
Transfers to reserve	-	-	502,177	-	-	(502,177)	**-**
Balance as at 31 December 2011	**89,000,000**	**-**	**20,074,617**	**1,943,336**	**300,000**	**3,739,612**	**115,057,565**
For the year ended 31 December 2010							
Beginning balance	50,000,000	35,780,800	19,572,440	5,337,536	1,000,000	1,814,811	**113,505,587**
Total Comprehensive income for the year	-	-	-	-	-	(3,457,542)	**(3,457,542)**
Capital increase fees	-	(175,000)	-	-	-	-	**(175,000)**
Capital increase	25,000,000	(25,000,000)	-	-	-	-	**-**
Transfers from reserve	-	-	-	-	(700,000)	700,000	**-**
Balance as at 31 December 2010	**75,000,000**	**10,605,800**	**19,572,440**	**5,337,536**	**300,000**	**(942,731)**	**109,873,045**

Retained earnings balance as at 31 December 2011 includes an amount of JD 618,540 which represents deferred tax assets restricted from use according to the Central Bank of Jordan regulations.

The general banking risks reserve amounting to JD 300,000 as at 31 December 2011 is restricted from use subject to the Central Bank of Jordan approval.

The accompanying nots from 1 to 58 from part of these consolidated financial statements

Jordan Dubai Islamic Bank
Consolidated Statement of Cash Flows
For the Year Ended in 31 December 2011

	Notes	31 December 2011	31 December 2010
CASH FLOWS FROM OPERATING ACTIVITIES		**JD**	**JD**
Profit (loss) for the year before tax		5,021,770	(4,021,475)
Adjustments for non monetary items:			
Depreciation and amortization		1,058,741	424,403
Investment risk fund		2,191,128	555,249
Provision (excess in provision) for impairment on direct credit facilities-Self financed		1,034,000	(470,000)
Impairment on repossessed asset against debts – self financed		150,000	-
Excess in other provisions		(45,415)	(250,000)
Unrealized loss of financial assets at fair value through profit or loss		88,286	-
Profit from investment in associate		(47,258)	(233,518)
Gain on sale of property and equipments		(5,727,199)	-
Gain on sale of repossessed asset against debts – self financed		(992,805)	-
Cash flows from operating activities before changes in operating assets and liabilities		**2,731,248**	**(3,995,341)**
Changes in assets and liabilities:			
(Increase) decrease in financial assets at fair value through profit or loss		(619,985)	119,012
Increase in deferred sales receivables and other receivables		(87,145,868)	(109,758,406)
Decrease in unconverted loans		5,273,661	18,254,205
Increase in local Wakala investments		433,888	689,036
Increase in Ijara Muntahia Bittamleek assets		(42,212,438)	(7,511,373)
Decrease (increase) in other assets		3,946,356	(2,335,851)
Increase in customers' current accounts		9,859,640	21,607,566
Increase in cash margin accounts		2,613,019	331,733
Decrease in other provision		(29,505)	(857,900)
Increase in other liabilities		1,559,819	1,477,875
Net cash used in operating activities before income tax paid		**(103,590,165)**	**(81,979,444)**
Income tax paid		-	(940,051)
Net cash used in operating activities		**(103,590,165)**	**(82,919,495)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at fair value through unrestricted investment accounts – net		(2,704,214)	(2,682,326)
Purchase of financial assets at amortized cost - net		(894,626)	(1,337,064)

Purchase of intangibles assets		(467,203)	(1,043,155)
Purchase of property and equipment		(3,032,143)	(6,115,012)
Proceeds from sale of property and equipments		6,362,270	-
Dividends received from associate		-	14,063
Proceeds from sale of repossessed asset against debts		1,328,158	-
Sale (purchase) of international Wakala investments		19,385,000	(31,344,000)
Net cash used in investing activities		**19,977,242**	**(42,507,494)**
Cash Flows from Financing Activities			
Increase in unrestricted investment accounts		60,925,141	102,382,426
Decrease in borrowed funds		(245,492)	(715,004)
Capital increase fees		(167,000)	(175,000)
Net cash from financing activities		**60,512,649**	**101,492,422**
Net decrease in cash and cash equivalents		**(23,100,274)**	**(23,934,567)**
Cash and cash equivalents, beginning of the year		50,828,077	74,762,644
Cash and cash equivalents, end of the year	**48**	**27,727,803**	**50,828,077**

The accompanying nots from 1 to 58 from part of these consolidated financial statements

Jordan Dubai Islamic Bank
Notes to the Consolidated Financial Statements (audited)
31 December 2011

(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 cancelation 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 Banking Law.

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 head office and its twelve branches within the Kingdom, in accordance with the Banking Law.

The financial statements were authorized for issue by the Bank's Board of Directors in their meeting No. (1/2012) held on 23 February 2012 and it is subject to the approval of General Assembly.

The Shari'a Supervisory Board issued its report in their meeting No. (2/2012) held on 16 February 2012.

(2) Summary of Significant Accounting Policies

Basis of preparation -

The accompanying consolidated financial statements for the Bank have been prepared in accordance with the standards issued by 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 consolidated financial statements are prepared on the historical cost basis except for the financial assets at fair value through profit or loss and through unrestricted investment accounts 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.

The standards issued by the International Accounting Standards Board and the interpretations released by the International Financial Reporting Interpretations Committee are applied in the absence of an Islamic standard and will be replaced later by the Islamic Standards when then New Islamic standard is issued.

- The term Unrestricted investment Accounts, wherever mentioned, refers to Joint Investment Accounts.

Changes in accounting policies:

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2010 except for the following:

Financial Accounting Standard (25): Investment in Sukuk, Shares and other similar instruments

The Bank adopted the Financial Accounting Standard (25) issued by Accounting and Auditing Organization for Islamic Institution, which comprises of reorganization, measurement, presentation and disclosure of the investments in Sukuk, shares and other similar instruments that exhibit characteristics of debt and equity instruments made by the Islamic financial institutions, this standard took effect starting from 1 January 2011.The application of this standard did not have an impact on the financial position or performance of the Bank, expect for the reclassification of some accounts as follows:

	Note	Balance before the amendments	The amendments	Balance after the amendments
As at 31 December 2011				
Available for sale investments	10	5,325,169	(5,325,169)	-
Held to maturity investments	11	1,337,064	(1,337,064)	-
Financial assets at fair value through unrestricted investment accounts	10	-	5,325,169	5,325,169
Financial assets at amortized cost - net	11	-	1,337,064	1,337,064
As at 31 December 2010				
Gain from available for sale investments	35	662,991	(662,991)	-
Gain from available held to maturity investments	36	17,457	(17,457)	-
Gain from trading securities	37	18,833	(18,833)	-
Gain form financial assets at fair value through unrestricted investment accounts	35	-	662,991	662,991
Gain from financial assets at amortized costs	36	-	17,457	17,457
Gain from financial assets at fair value through profit or loss	37	-	18,833	18,833

Statement of Financial Accounting NO.1: Conceptual Framework for the Financial Reporting by Islamic Financial Institutions

The amended conceptual framework provides the basis for the financial accounting standards issued by AAOIFI. The amended framework introduces the concept of substance and form for the business framework. The framework states that it is necessary that information, transaction and other events are dealt financially and presented in accordance with its substance and economic reality as well as the legal form.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiary where the Bank has the power to govern the operational and financial policies of an entity so as to obtain benefits from its activities.
All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions that are recognized in assets or liabilities are eliminated in full.
The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies.

The subsidiary included in the financial statements as of 31 December 2011 is as follows:

Company	Capital	Ownership Ratio	Main Activity	Location	Acquisition date
	JD				
Mesc for brokerage	750,000	100%	Brokerage	Amman	2011

Subsidiaries are fully consolidated from the date the Bank obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Bank.

Investments in subsidiaries are stated at cost when preparing stand-alone financial statements.

Accounting policies

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

The unrestricted investment profits are distributed between equity shareholders and unrestricted investment accounts holders for the year 2011 as follows:

	Percentage
Unrestricted investment accounts share	55%
Equity shareholder's share	30%
Investment risk fund share	15%

Unrestricted investment accounts participate in the profit 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 except for marketing and insurance for Ijara Muntahia Bittamleek assets which are allocated to the unrestricted investment accounts.

The Bank mixed its money with the unrestricted investment accounts.

Zakat

Due to the absence of an existing law that authorises the Bank to directly collect and pay the Zakat without acknowledging the holders, the responsibility of Zakat solely rest on the shareholders and the unrestricted investment account holders.

The Zakat on investment in Bank's shares 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 X 2.5775%*

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

2. The Zakat applied by Islamic Shari'a on the purchased shares for generating profit with no intent of trading equal to (10%) of the distributed revenue.

Revenues, gains, expenses and losses incompatible with the Islamic Shari'a.

The Bank records these amounts in a separate account in the other payables and are not included in the Bank's revenues; these amounts are distributed to charities according to the Shari'a Supervisory Board resolutions.

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 Boy'ou that depends on the price or cost.

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

The Bank applies the commitment to the promise principle in Murabaha purchase orderers 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 instalments) is recorded when the transaction takes place and is allocated to the financial periods until the maturity date of the contract, regardless whether the payment is settled through cash or credit payments.

Murabaha revenues are recognized when they occur by its nominal value, and are measured at the end of the financial period on the basis of monetary value expected to be recognized.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss, are those purchased with the intent to resell in the near future to generate gains as a result of changes in market prices of such investments.

They are initially recognized at the fair value of consideration given (transaction costs are recorded in the consolidated statement of comprehensive income) and subsequently re measured at fair value. All realised and unrealised gains or losses are transferred to the consolidated statement of comprehensive income including any gains or losses resulting from the translation of such assets held in foreign currencies to the functional currency.

Interest earned and dividends received are recorded in the consolidated statement of comprehensive income.

Financial assets at fair value through unrestricted investment accounts

Financial assets at fair value through unrestricted investment accounts are those purchased and funded by the unrestricted investment accounts with the intent to be held for a long period of time.

Financial assets at fair value through unrestricted investment accounts are measured at fair value plus the transaction cost and subsequently revaluated at fair value. Unrealised gains and losses are recognized directly in equity as fair value reserve. When the investment is disposed of or impaired the gain or loss will be recorded in the consolidated statement of comprehensive income with the cumulative gain or loss previously recognized in unrestricted investment account.

The losses arising from impairment of such investments that are recorded in the consolidated statement of comprehensive income may be reserved only if the increase in the fair value occurred in a subsequent period of recording the impairment in the fair value reserve.

The dividends from the financial assets are recorded in the consolidated statement of comprehensive income when the right to receive them is established.

Gains or losses resulting from foreign exchange rate changes are transferred to the fair value reserve.

Financial assets at fair value through unrestricted investment account, which cannot be reliably measured at fair value, are recorded at cost. Impairment on such assets is recognized in the statement of comprehensive income.

Financial assets at amortized cost:

Financial assets are measured at amortized cost only if these assets are held within a business model whose objective is to hold the asset to collect their contractual cash flows and that the contractual terms of the financial asset give rise, on specified dates, to cash flows constituting solely principal and interest on the outstanding principal amount.

Debt instruments are initially measured at amortized cost plus transaction costs. Subsequently they are amortized using the effective interest method. The losses arising from impairment are recognized in the consolidated statement of comprehensive income.

The amount of the impairment consists of the difference between the book value and present value of the expected future cash flows discounted at the original effective interest rate.

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 this is evidenced when the Bank hold a rate between 20% to 50% of the voting rights.

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.

When issuing separate financial statements, the investment in associates is recorded at cost.

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 comprehensive 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.

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 the 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 comprehensive income.

Revenues 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 Risk Fund

The Bank appropriates 10% or more of the profit from the jointly fund, this percentage increases based on the Central Bank of Jordan instructions, the amended percentage is applicable at beginning of the proceeding year. Starting from 1 January 2011 the percentage had increased to 15% based on the Central Bank of Jordan approval.

The balance of Investment Risk Fund returns 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 Risk 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 non-financial assets

Market prices represent the fair value for non-financial assets. In case 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 are 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 comprehensive 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 are classified according to their useful life for a specified or unspecified period of time. Intangible assets with definite useful life are amortized during that life, and amortization is recorded in the consolidated statement of comprehensive income. For intangible assets with indefinite useful life; Impairment in value is reviewed at the date of financial statements and any impairment in their value is recorded in the consolidated statement of comprehensive income.

Intangible assets arising from the Bank's operations are not capitalized and are recorded in the consolidated statement of income as incurred.

Any indications of impairment of intangible assets are reviewed at the date of financial statements; in addition, the useful lives of these assets are reviewed annually. If expected useful lives vary from the estimated ones; the change in estimate is adjusted prospectively.

Repossessed assets by the bank against debts

Repossessed assets 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 recorded in the consolidated statement of comprehensive 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 consolidated statement of comprehensive 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. (28) of 2009, and the International Accounting Standard No. (12), which requires recognition of deferred taxes arising from timing 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 basis 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 consolidated statement of comprehensive income.

Commission income is recognized upon rendering the 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 consolidated statement of financial position date as published by the Central Bank of Jordan. Any gains or losses are taken to the consolidated statement of comprehensive 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 fair value reserve.

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 consolidated 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. 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 15% of net revenues from jointly financed accounts 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 recorded.

Management periodically revaluates the financial assets carried at cost in order to assess any impairment. Impairment on financial assets is allocated in accordance to the financing party.

(4) Cash And Balances With Central Banks

	2011	2010
	JD	JD
Cash on hand	3,384,124	2,238,810
Cash and balances with Central Bank of Jordan:		
Current accounts	3,967,821	34,620,735
Statutory cash reserve	13,928,827	8,182,562
Total	**21,280,772**	**45,042,107**

Except for the statutory cash reserve, there are no other restricted cash accounts as at 31 December 2011 and 31 December 2010.

(5) Balances at Banks and Financial Institutions

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	2011	2010	2011	2010	2011	2010
	JD	JD	JD	JD	JD	JD
Current and on -Demand accounts	12,549,856	11,794,183	6,625,722	4,626,787	19,175,578	16,420,970
Total	**12,549,856**	**11,794,183**	**6,625,722**	**4,626,787**	**19,175,578**	**16,420,970**

Restricted balances is amounted to JD 992,600 as at 31 December 2011 (2010: Nil).

(6) international Wakala Investments

	Joint	
	2011	2010
	JD	JD
Within a month	1,250,000	8,892,500
Month to three months	10,709,000	12,451,500
Three to six months	-	10,000,000
Total	**11,959,000**	**31,344,000**

(7) Financial Assets At Fair Value Through Profit or Loss

	Joint	
	2011	2010
	JD	JD
Quoted shares	531,699	-
Total	**531,699**	**-**

(8) Deferred Sales Receivables and other receivables- net

	Joint		Self financed		Total	
	2011	2010	2011	2010	2011	2010
	JD	JD	JD	JD	JD	JD
Individuals (retail)-						
Purchase orderer Murabaha	14,013,442	4,683,136	1,312,709	764,185	**15,326,151**	**5,447,321**
Ijara Muntahia Beltamleek – receivables	38,440	3,299	-	-	**38,440**	**3,299**
Real estate funds	**2,604,565**	**-**	**-**	**-**	**2,604,565**	**-**
Corporate						
International Murabaha	50,371,375	43,598,206	-	-	**50,371,375**	**43,598,206**
Purchase orderer Murabaha	134,796,099	59,999,600	-	-	**134,796,099**	**59,999,600**
Ijara Muntahia Beltamleek – receivables	1,203,665	3,193,995	-	-	**1,203,665**	**3,193,995**
Total	**203,027,586**	**111,478,236**	**1,312,709**	**764,185**	**204,340,295**	**112,242,421**
Less: deferred revenues	6,904,510	2,025,579	174,194	98,476	**7,078,704**	**2,124,055**
Suspended revenues	71,730	74,372	-	-	**71,730**	**74,372**
Impairment provision	1,345,737	311,978	-	-	**1,345,737**	**311,978**
Deferred sales receivable, other assets – Net	**194,705,609**	**109,066,307**	**1,138,515**	**665,709**	**195,844,124**	**109,732,016**

The non- performing deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables amounted to JD 8,794,418 representing 3.22% as at 31 December 2011 of deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables (31 December 2010: JD 938,610 representing 0.68 %).

The non- performing deferred sales receivables, other receivables, and the Ijara Muntahia Beltamleek receivables net of the suspended revenues amounted to JD 8,722,688 representing 3.19% as at 31 December 2011 of deferred sales receivable, other receivables, and the Ijara Muntahia Beltamleek receivables, (31 December 2010: JD 870,947 representing 0.63%).

Provision for impairment of the jointly financed facilities which is calculated based on portfolio (watch list) amounted to JD 153,695 and the provision calculated based on “individual customer” amounted to JD 1,192,042 as at 31 December 2011 (31 December 2010: JD 91,328 and JD 220,650, respectively).

Suspended revenues

	Joint		
	31 December 2011		
	Retail	Corporate	Total
	JD	JD	JD
Beginning balance	481	73,891	74,372
Add: Suspended revenues for the year	863	45,472	46,335
Less: suspended revenues transferred to revenues	706	48,271	48,977
Ending balance	638	71,092	71,730

	Joint		
	31 December 2010		
	Retail	Corporate	Total
	JD	JD	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 or transfer and not to be included in the joint investment accounts. The Shari'a Supervisory Board has also decided that instalments until maturity relate to the shareholders until reinvested in the joint investment accounts.

	Self financed					
	31 December 2011			31 December 2010		
	Retail	Corporate	Total	Retail	Corporate	Total
	JD	JD	JD	JD	JD	JD
Gross unconverted loans	100,812	1,404,647	1,505,459	422,381	6,431,148	**6,853,529**
Less: suspended revenues	-	30,635	30,635	-	32,056	**32,056**
Impairment provision	-	1,141,082	1,141,082	-	180,070	**180,070**
Net unconverted loans	**100,812**	**232,930**	**333,742**	**422,381**	**6,219,022**	**6,641,403**

Movement on unconverted loans impairment provision – self financed

	Corporate	
	2011	2010
	JD	JD
Beginning balance	180,070	1,617,584
Provision	1,105,000	-
Less: Released to revenues	71,000	470,000
Used during the year (write offs)	72,988	967,514
Ending balance	**1,141,082**	**180,070**

General banking risks reserve against receivables and self financed facilities amounted to JD 300,000 as at 31 December 2011 (31 December 2010: JD 300,000).

Provisions that are no longer required due to settlements, reimbursements and transferred against other financing facilities, amounted to JD 161,957 as at 31 December 2011 (31 December 2010: JD 1,016,033).

Impairment provision of the self financed facilities amounted to JD 37,274 as at 31 December 2011 calculated based on individual customer (31 December 2010: JD 165,136).

Suspended revenues

	Self financed		
	31 December 2011		
	Retail	Corporate	Total
	JD	JD	JD
Beginning balance	-	32,056	**32,056**
Add: Suspended revenues during the year	-	31,103	**31,103**
Deduct: suspended revenues transferred to revenues (write offs)	-	32,524	**32,524**
Ending balance	**-**	**30,635**	**30,635**

	Self financed		
	31 December 2010		
	Retail	Corporate	Total
	JD	JD	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 (write offs)	-	315,859	**315,859**
Ending balance	**-**	**32,056**	**32,056**

(10) Financial Assets At Fair Value Through Unrestricted investment accounts

	Joint	
	2011	2010
	JD	JD
Quoted Investments:		
Shares	911,491	1,658,527
Islamic Sukuk	6,298,057	3,533,868
Total quoted investment	**7,209,548**	**5,192,395**
Unquoted Investments		
Shares	82,774	132,774
Total unquoted investment	**82,774**	**132,774**
Total Financial Assets At Fair Value Through Unrestricted Investment	**7,292,322**	**5,325,169**

Financial assets at fair value through unrestricted investment accounts amounted to JD 82,774 are carried at cost because the fair value cannot be measured reliably as at 31 December 2011 (31 December 2010: JD 132,774).

(11) Financial Assets At Amortized Cost - Net

	Joint	
	2011	2010
	JD	JD
Quoted financial assets		
Islamic Sukuk	2,231,690	1,337,064
Total Quoted financial assets	2,231,690	1,337,064
Total	**2,231,690**	**1,337,064**

The maturities of the financial assets at amortized cost are as follows:

One to six months	Six months to one year	One year to three years	More than three years
JD	JD	JD	JD
839,143	1,392,547	-	-

Sukuk revenues are settled on quarterly instalments.

(12) Investment in associate

	Percentage of ownership	Country	Principal activity	2011	2010
				JD	JD
Jordan Blending and Packing of Fertilizers Company	25%	Jordan	Manufacturing	322,963	275,705

The movement on the investment in associates amounts is as follows:

	Joint	
	2011	2010
	JD	JD
Beginning balance	275,705	56,250
Share of profit	51,461	238,716
Share of taxes	(4,203)	(5,198)
Dividends received	-	(14,063)
Ending balance	322,963	275,705

Share of associates assets and liabilities:-

	Joint	
	2011	2010
	JD	JD
Total assets	376,301	375,886
Total liabilities	53,338	100,181
Net assets	322,963	275,705
Total revenues	402,703	557,768

(13) Local Wakala Investments

	Joint	
	2011	2010
	JD	JD
Local Wakala Investments	2,627,545	3,061,433
Total	**2,627,545**	**3,061,433**

(14) Ijara Muntahia Bittamleek Assets - Net

	Joint			Self financed			Total		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2011									
Ijara Muntahia Bittamleek assets-Real Estate	72,511,358	(7,665,617)	64,845,741	867,662	(14,199)	853,463	73,379,020	(7,679,816)	65,699,204
Ijara Muntahia Bittamleek assets-Machines	4,115,951	(967,994)	3,147,957	-	-	-	4,115,951	(967,994)	3,147,957
Total	**76,627,309**	**(8,633,611)**	**67,993,698**	**867,662**	**(14,199)**	**853,463**	**77,494,971**	**(8,647,810)**	**68,847,161**
31 December 2010									
Ijara Muntahia Bittamleek assets-Real Estate	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 Bittamleek assets-Machines	9,848,910	(1,212,269)	8,636,641	-	-	-	9,848,910	(1,212,269)	8,636,641
Total	**32,653,290**	**(6,134,874)**	**26,518,416**	**117,288**	**(981)**	**116,307**	**32,770,578**	**(6,135,855)**	**26,634,723**

- The accrued Ijara installments amounted to JD 1,242,105 as at 31 December 2011 (31 December 2010: JD 3,197,294) were presented under deferred sales receivables and other receivables (Note 8).

- The non-performing Ijara Muntahia Bittamleek amounted to JD 173,544 representing 0.25% as at 31 December 2011(31 December 2010: JD 919,715 representing 3.45%).

(15) Property and Equipment, net

2011	Land	Buildings	Equipment, furniture & fixtures	Vehicles	Computers	Total
Cost:	JD	JD	JD	JD	JD	JD
At 1 January 2011	3,058,336	1,227,859	2,971,497	196,635	832,462	8,286,789
Additions	-	-	2,785,336	-	437,895	3,223,231
Disposals	625,399	-	36,129	-	75,758	737,286
At 31 December 2011	2,432,937	1,227,859	5,720,704	196,635	1,194,599	10,772,734
Accumulated depreciation:						
At 1 January 2011	-	377,420	618,092	63,357	374,179	1,433,048
Depreciation	-	24,500	594,862	27,133	147,400	793,895
Disposals	-	-	36,129	-	66,086	102,215
At 31 December 2011	-	401,920	1,176,825	90,490	455,493	2,124,728
Net book value At 31 December 2011	**2,432,937**	**825,939**	**4,543,879**	**106,145**	**739,106**	**8,648,006**
Payments on purchasing of property and equipment	-	-	8,705	-	394,258	402,963
Projects under construction	-	1,257,581	449,583	-	56,618	1,763,782
Net property and equipment	**2,432,937**	**2,083,520**	**5,002,167**	**106,145**	**1,189,982**	**10,814,751**
2010						
Cost:						
At 1 January 2010	637,757	1,227,859	944,758	170,871	385,410	3,366,655
Additions	2,420,579	-	2,410,421	62,614	456,104	5,349,718
Disposals	-	-	383,682	36,850	9,052	429,584
At 31 December 2010	3,058,336	1,227,859	2,971,497	196,635	832,462	8,286,789
Accumulated depreciation:						
At 1 January 2010	-	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 2010	-	377,420	618,092	63,357	374,179	1,433,048
Net book value At 31 December 2010	**3,058,336**	**850,439**	**2,353,405**	**133,278**	**458,283**	**6,853,741**
Payments on purchasing of property and equipment	-	-	-	-	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**

Fully depreciated property and equipment amounted to JD 708,161 as of 31 December 2011 (2010: JD 766,792).

The estimated total cost to complete projects under construction amounts to JD 10,806,974 as at 31 December 2011.

(16) Intangible Assets

	2011			2010		
	Computers software	Fees and licenses	Total	Computers software	Fees and licenses	Total
	JD	JD	JD	JD	JD	JD
Balance At 1 January	995,721	-	**995,721**	64,514	120,000	**184,514**
Additions	467,203	-	**467,203**	1,043,155	-	**1,043,155**
Amortization	264,846	-	**264,846**	111,948	120,000	**231,948**
Balance At 31 December	**1,198,078**	**-**	**1,198,078**	**995,721**	**-**	**995,721**

(17) Other Assets

	2011	2010
	JD	JD
Government receivables – Ministry of Finance	-	710,323
Al-Motrabetah Investment Company receivables *	4,437,147	6,362,648
Checks under collection	4,518	317,405
Repossessed assets by Bank against debts	1,609,341	2,094,694
Payments on subsidiary company under establishment	-	750,000
Prepaid expenses	600,292	525,624
Accrued revenues	214,551	416,145
Stationary and printing materials	48,461	34,279
Income tax deposit	182,961	181,946
Transactions in transit	41,492	113,708
Others	207,292	270,991
Total	**7,346,055**	**11,777,763**

* This item represents the amounts due from Motrabetah Investment Company as a result of the transferring venture capital fund loans, handicraft loans fund and other loans converted to Al-Motrabetah Investment Company.

The movement on the repossessed assets by Bank against debts during the year is as follows:

	2011			2010
	repossessed real estates	repossessed equipments	Total	Total
Beginning balance	1,894,694	200,000	2,094,694	2,092,824
Additions	-	-	-	1,870
Disposal	335,353	-	355,353	-
Impairment	-	150,000	150,000	-
Ending Balance	**1,559,341**	**50,000**	**1,609,341**	**2,094,694**

Central bank of Jordan regulations state that repossessed assets should be disposed off during a maximum period of two years from the date of possession. The period has been extended for additional two years starting 23 November 2011.

(18) Banks and Financial Institutions Accounts

	2011		2010
	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD
Current accounts	10,989,500	1,739,047	10,635,000
Total	**10,989,500**	**1,739,047**	**10,635,000**

(19) Customers' Current Account

		31 December 2011			
	Retail	Corporate	Small and medium companies	Public and governmental sectors	Total
	JD	JD	JD	JD	
Current accounts	23,792,386	4,033,395	8,200,098	2,617,373	38,643,252
Total	**23,792,386**	**4,033,395**	**8,200,098**	**2,617,373**	**38,643,252**

	31 December 2010				
	Retail	Corporate	Small and medium companies	Public and governmental sectors	Total
	JD	JD	JD	JD	
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**

Public sector accounts inside the Kingdom as at 31 December 2011 amounted to JD 2,617,373, representing 6.77% of the total customers' current accounts (31 December 2010: JD 784,457 representing 2.73%).
The restricted accounts as at 31 December 2011 amounted to JD 449,776 representing 1.16% of the total customers' current accounts (31 December 2011: JD 425,894 representing 1.48%).
The dormant accounts as at 31 December 2011 amounted to JD 1,086,786 (31 December 2010: JD 143,466).

(20) Cash Margin Accounts

The details of this item are as follows:

	2011	2010
	JD	JD
Margins against deferred sales receivables and finances	1,728,070	1,163,906
Margins against indirect facilities	2,564,433	580,494
Other margins	171,216	106,300
Total	**4,463,719**	**1,850,700**

(21) Borrowed Funds

	31 December 2011	31 December 2010	Total instalments	Remaining instalments	Last instalments date
	JD	JD			
European Investment Bank loan – fifth loan – part two	611,502	611,502	One instal-ment	One instal-ment	2013
European Investment Bank loan – fifth loan – part two	2,030,683	2,276,175	One instal-ment	One instal-ment	2017
Less: Investments financed by the European Investment Bank	360,109	360,109			
Total	2,282,076	2,527,568			

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

(22) Other Provisions

	31 December 2011				
	Beginning balance	Provided during the year	Used during the period	Reversed to revenues	Ending balance
	JD	JD	JD	JD	JD
End of service indemnity	61,223	-	7,405	30,000	23,818
Lawsuits provision	250,000	-	22,100	-	227,900
Brokerage receivables provision	40,668	-	-	15,415	25,253
Total	**351,891**	**-**	**29,505**	**45,415**	**276,971**

	31 December 2010				
	Beginning balance	Provided during the year	Used during the year	Reversed to revenues	Ending balance
	JD	JD	JD	JD	JD
End of service indemnity	919,123	-	857,900	-	61,223
Lawsuit provisions	500,000	-	-	250,000	250,000
Brokerage receivables provision	40,668	-	-	-	40,668
Total	**1,459,791**	**-**	**857,900**	**250,000**	**351,891**

(23) Income Tax Provision

A- Income tax provision

	2011	2010
	JD	JD
Beginning balance	5,632,100	6,847,294
Income tax paid	-	(940,051)
Excess in prior year income tax	-	(275,143)
Ending balance	**5,632,100**	**5,632,100**

The Bank reached final settlement with the Income Tax Department up to 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 indicated years and transferred it to the tax court. The balances will be transferred to Al-Motrabetah Company after reaching settlement with the Income and Sales Tax Department.

- The Bank reached final settlement with the Income Tax Department for the years 2009 and 2010.

B- The income tax provision balance shown in the consolidated statement of income consists of the following:

	2011	2010
	JD	JD
Excess in prior years income tax	-	275,143
Deferred tax assets for the year	329,750	288,790
Total	**329,750**	**563,933**

C- Deferred tax assets/liabilities

	2011					2010
	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	61,223	37,405	-	23,818	7,145	18,367
Lawsuits provision	250,000	22,100	-	227,900	68,370	75,000
Impairment for repossessed assets	560,084	-	150,000	710,084	213,025	168,025
Impairment for credit facilities	91,328	91,328	1,100,000	1,100,000	330,000	27,398
Total	**962,635**	**150,833**	**1,250,000**	**2,061,802**	**618,540**	**288,790**
B- Deferred tax liabilities – joint Fair value reserve – Joint	934,384	737,261	200	197,323	59,197	280,315
Total	**934,384**	**737,261**	**200**	**197,323**	**59,197**	**280,315**

The deferred tax liabilities consists of JD 59,197 as at 31 December 2011 (31 December 2010: JD 280,315) resulting from revaluation of the financial assets.

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

	31 December 2011		31 December 2010	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Beginning balance	288,790	280,315	-	426,555
Additions during the year	375,000	60	288,790	75,471
Amortized during the year	(45,250)	(221,178)	-	(221,711)
Ending balance	**618,540**	**59,197**	**288,790**	**280,315**

D- A reconciliation between tax expense and the accounting profit is as follows:

	2011	2010
	JD	JD
Accounting profit (loss)	5,021,770	(4,021,475)
Non-taxable profit	11,908,386	370,000
Non-deductible expenses	3,552,794	555,249
Tax losses	(3,333,822)	(3,836,226)
Statutory tax rate	30%	30%
Income tax provision, net	-	-

(24) Other Liabilities

	2011	2010
	JD	JD
Accrued expenses	1,986,164	1,685,303
Issued cheques	1,627,918	1,690,934
Shareholders and customers deposits	248,356	250,887
Customers' share of profit from unrestricted investments	1,599,370	82,211
Brokerage payables	67,865	42,038
Income tax deposit for the Bank's contribution in the employees' saving fund	334,500	334,500
Temporary deposits	114,491	67,540
Others	455,596	721,028
Total	**6,434,260**	**4,874,441**

(25) Unrestricted Investment accounts

	31 December 2011				
	Retail	Corporate	Small & medium companies	Public and governmental sector	Total
	JD	JD	JD	JD	JD
Saving accounts	8,309,444	717,692	883,104	-	9,910,240
Term accounts	80,153,359	25,066,573	7,499,829	37,990,084	150,709,845
Total	**88,462,803**	**25,784,265**	**8,382,933**	**37,990,084**	**160,620,085**
Depositors' share from investments' revenues	1,491,765	408,425	141,364	645,928	2,687,482
Total unrestricted investment accounts	89,954,568	26,192,690	8,524,297	38,636,012	163,307,567

	31 December 2010				
	Retail	Corporate	Small & medium companies	Public and governmental sector	Total
	JD	JD	JD	JD	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.
60% to 85% of the average term accounts in JD.
32% to 41% of the average term accounts in foreign currencies.
The percentage of the profit on the Jordanian Dinar for the last quarter in 2011 is 3.74% (3.19% for the same period last year).
The percentage of the profit on USD for the last quarter in 2011 is (1.25%) (1% for the same period last year).
The unrestricted investment accounts for the public sector amounted to JD 38,636,012 as at 31 December 2011, which represents 23.66% of the total unrestricted investment accounts (31 December 2010: JD 26,473,565 which represents 25.86% of the total unrestricted investment accounts).
There were no restricted accounts as at 31 December 2011 (31 December 2010 JD 24,903 which represents 0.02% of the total unrestricted investment accounts).

(26) Investment risk Fund

The movement on investment risk fund is as follows:

	2011	2010
	JD	JD
Beginning balance	555,249	-
Additions: transferred from unrestricted investment accounts revenues during the year	2,191,128	555,249
Ending balance	2,746,377	555,249

The investment risk fund balance will be transferred to the Zakat fund in case of liquidation.

The Central Bank of Jordan approved the increase the percentage to 15% starting from 1 January 2011.

Investment risk fund balance is distributed as follows:

	2011	2010
	JD	JD
Against Ijara Muntahia Beltamleek receivable	199,348	308,845
Against deferred sales receivables	1,146,389	3,133
Remaining balance	1,400,640	243,271

The remaining balance (the undistributed part) relates to the unrestricted investment accounts.

(27) Fair value Reserve – Net – Joint

This item represents the following:

	Financial assets available for sale			
	2011			2010
	Shares	Sukuk	Total	Total
	JD	JD	JD	JD
Beginning balance	633,189	20,880	654,069	995,295
Unrealized gains (losses)	(337,588)	(95,012)	(432,600)	103,987
Gains on sale of financial assets	(274,634)	(29,827)	(304,461)	(591,453)
Deferred tax liabilities	212,171	8,947	221,118	146,240
Ending balance	**233,138**	**(95,012)**	**138,126**	**654,069**

* 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 at 31 December 2011 amounted to JD 89,000,000 consisting of 89,000,000 shares, at a par value of JD 1 per share (31 December 2010: JD 75,000,000 / JD per share).

The General assembly approved in its extraordinary meeting held on 28 April 2011 the increase of capital to JD 100,000,000 to comply with the Central Bank of Jordan regulations through capitalizing of the share premium of JD 10,605,800 and the voluntary reserve of JD 3,394,200. In addition, the General Assembly delegated the Board of Directors to make the necessary action to increase the remaining amount of capital.

The Bank is in the process to increase the paid in capital and the authorized capital to be JD 100,000,000 in accordance with the Central Bank of Jordan regulations. The Bank assigned underwriter and sent the prospects to the Securities and Exchange Commission and is waiting for approval which is expected to be issued as soon as the 2011 audited financial statements issued.

(29) Reserves

Statutory Reserve

The accumulated amounts in this account represent the transferred 10% of annual profits before taxes during the 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 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 following reserves are restricted:

Reserve name	2011	2010	
	Amount/ JD	Amount/ JD	Note
Statutory reserve	20,074,617	19,572,440	Law
General banking risk reserve	300,000	300,000	Central Bank regulations

(30) Retained Earnings (Accumulated Losses)

	2011	2010
	JD	JD
Beginning balance	(942,731)	1,814,811
Profit (losses) for the year	5,351,520	(3,457,542)
Transferred from reserves*	-	700,000
Transferred to statutory reserve	(502,177)	-
Capital increase fees	(167,000)	-
Ending balance	3,739,612	(942,731)

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

- As of 31 December 2011, the returned earnings include an amount of JD 618,540 representing deferred tax assets and according to the Central Bank of Jordan, this amount is not available for distribution (31 December 2010: JD 288,790).

(31) Deferred Sales Revenues

	31 December 2011		31 December 2010	
	Joint	Self financed	Joint	Self financed
	JD	JD	JD	JD
Retail				
International Murabaha	802,172	64,526	128,763	1,970
Real estate fund	153,947	-	-	-
Corporate				
International Murabaha	775,187	-	466,779	-
Murabaha Purchase orderer	7,098,924	-	1,462,273	-
Total	**8,830,230**	**64,526**	**2,057,815**	**1,970**

(32) Ijara Muntahia Beltamleek Revenues

	31 December 2011		31 December 2010	
	Joint	Self financed	Joint	Self financed
	JD	JD	JD	JD
Ijara Muntahia Beltamleek – real state	21,638,593	33,919	12,746,780	3,303
Ijara Muntahia Beltamleek – equipments	1,158,070	-	1,404,917	-
Depreciation for Ijara Muntahia Beltamleek assets	(18,787,251)	(13,218)	(12,211,158)	(981)
Total	**4,009,412**	**20,701**	**1,940,539**	**2,322**

(33) local Wakaleh Investment Profits

	2011	2010
	Joint	Joint
	JD	JD
Local Wakala investment profits	279,728	231,900
Total	**279,728**	**231,900**

(34) International Wakaleh Investment Profits

	2011	2010
	Joint	Joint
	JD	JD
International Wakala investment profits	411,202	343,240
Total	**411,202**	**343,240**

(35) Gains on Financial Assets at Fair Value Through Unrestricted Investment Accounts

	2011	2010
	JD	JD
Stock dividends	73,521	149,459
Gain on sale of financial assets	367,255	451,471
Islamic Sukuk profit	299,238	71,417
Deduct: Impairment of financial assets	-	(9,356)
Total	**740,014**	**662,991**

In 31 December 2010 gains on financial assets at fair value through unrestricted investment accounts were stated in the financial statements as gains on financial assets available for sale (note 2).

(36) Gains on Financial Assets Through Amortised – Costs

	Joint	
	2011	2010
	JD	JD
Islamic Sukuk	88,834	17,457
Total	**88,834**	**17,457**

In 31 December 2010 gains on financial assets through amortised – costs were stated in the financial statements as gains on financial assets held to maturity (note 2).

(37) (Losses) Gains on Financial Assets at Fair Value Through Profit and Loss

	31 December 2011			31 December 2010		
	Realized gains	Unrealized losses	Total	Realized gains	Unrealized losses	Total
	JD	JD	JD	JD	JD	JD
Shares	16,126	(88,286)	(72,160)	18,833	-	18,833
Sukuk	7,254	-	7,254	-	-	-
Total	**23,380**	**(88,286)**	**(64,906)**	**18,833**	**-**	**18,833**

In 31 December 2010 (Losses) gains on financial assets at fair value through profit and loss were stated in the financial statements as gains on financial assets held for trading (note 2).

(38) Foreign Currencies Revaluation Profits

	2011	2010
	JD	JD
Foreign currencies revaluation profits	265,748	46,197
Total	**265,748**	**46,197**

(39) Share of Unrestricted Investment Account Holders

	2011	2010
	JD	JD
Customers		
Saving accounts	88,100	13,691
Term accounts	4,215,126	1,676,624
Total	**4,303,226**	**1,690,315**

(40) Bank's Share Of Unrestricted Investment Account as Mudarib and Rab Mal

	2011	2010
	JD	JD
Bank's share as Mudarib	2,170,097	609,169
Bank's share as Rab Mal	5,943,069	2,697,757
Total	**8,113,166**	**3,306,926**

(41) Bank Self Financed Revenues

	Note	2011	2010
		JD	JD
Unconverted loans profits*		358,162	627,602
Ijara Muntahia Beltamleek revenues	32	33,919	3,303
Deferred sales revenues	31	64,526	1,970
Wakala investment profits (customers)		-	49,842
Total		**456,607**	**682,717**

* This item represents interest on unconverted loans that was not included in the investment pool for the shareholders until they recover the paid in capital. The Shareholders were advised to donate any excess amount to charity. The amount represents 0.415 for every share.

(42) Gain From Foreign Currencies Exchange

	2011	2010
	JD	JD
Trading in foreign currency	227,776	201,603
Total	**227,776**	**201,603**

(43) Banking Services Revenues

	2011	2010
	JD	JD
Indirect facilities commissions	501,325	186,125
Direct facilities commissions	1,132,408	265,453
Other commissions	404,081	115,218
Total	**2,037,814**	**566,796**

(44) Other Revenues

	2011	2010
	JD	JD
Gain from sales of fixed assets	5,727,199	9,661
Gain from sales of repossessed assets	992,805	-
Other revenues	2,515	29,071
Total	**6,722,519**	**38,732**

(45) Employees' Expenses

	2011	2010
	JD	JD
Salaries, benefits, allowances and bonuses	5,368,988	3,649,613
Bank's contribution for social security	473,481	336,444
End of service indemnity	-	12,852
Medical expenses	197,149	165,601
Training	95,016	57,621
Insurance expenses	15,736	12,124
Other employees' expenses	89,440	12,046
Total	**6,239,810**	**4,246,301**

(46) Other Expenses

	2011 JD	2010 JD
Rent and key money	487,538	308,181
Stationary and printing materials	139,711	129,075
Telecommunications	246,138	196,240
Utilities	129,216	93,261
Travel and transportation	251,477	230,233
Marketing and advertising	387,677	1,030,024
Subscription and fees	192,841	150,106
Cleaning expenses	137,597	92,637
Licences and governmental fees	24,813	19,270
Board of directors meetings expenses	50,253	67,052
Information technology expenses	200,191	68,477
Security and insurance expenses	94,824	95,421
Donations	39,429	34,801
Management and consulting fees	1,228,806	1,765,634
Professional fees	125,249	104,127
Board of directors remuneration	6,600	55,000
Others	343,398	427,025
Total	**4,085,758**	**4,866,564**

(47) Earnings Per Share

	2011 JD	2010 JD
Profit (loss) for the year	5,351,520	(3,457,542)
Weighted average number of shares	89,000,000	89,000,000
Basic and diluted earnings per share (JD/ Files)	0.060	(0.039)

(48) Cash And Cash Equivalents

	2011 JD	2010 JD
Cash balances with CBJ maturing within three months	21,280,772	45,042,107
Add: cash at banks and financial institutions maturing within three months	19,175,578	16,420,970
Less: banks and financial institutions accounts maturing within three months	(12,728,547)	(10,635,000)
Total	**27,727,803**	**50,828,077**

(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.

							31 December	
	Mesk Investment Company (parent company)	Senior management	Board of directors	Subsidiary	Dubai Islamic Bank	Shari'a Supervisory Board members	2011	2010
	JD	JD	JD	JD	JD	JD	JD	JD
Statement of financial position items								
Balances at banks and financial institutions	-	-	-	-	248,563	-	248,563	294,899
International Wakala investment	-	-	-	-	-	-	-	3,545,000
Unrestricted investments accounts and current accounts	318,978	168,830	20,319	646,725	-	22,857	1,177,709	1,049,570
Deferred sales receivables	-	439,130	-	-	-	-	439,130	53,514
Balances at banks and financial institutions	-	-	-	-	28,969	-	28,969	-
Financial assets at amortized cost - net	-	-	-	-	140,828	-	140,828	-
Off financial position items								
Letters of guarantees	-	-	-	150,000	-	-	150,000	150,000
Statement of Income items								
Dividends	8,347	33	-	30,289	-	41	38,710	13,280
Salaries and bonuses	-	1,702,422	6,600	-	-	48,153	1,757,175	1,767,071
Transportation	-	-	164,738	-	-	-	164,738	134,457
Management and consulting fees	-	-	-	-	987,696	-	987,696	1,394,249
Paid commissions	-	-	-	8,320	-	-	8,230	-

The lowest and highest received Murabaha percentage was 3.48% and 4.23% respectively and the lowest and highest Murabaha in JD percentage was 3.02% and 4.28%, respectively.

Executive management salaries and benefits for the year amounted to JD 1,702,422 as at 31 December 2011 (31 December 2010: JD 1,656,865).

(50) Fair Value of Financial Assets and Liabilities Not recorded 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 Board of Directors has the ultimate responsibility for managing the risks faced by the Bank through its Risk Committee. The executive management of the Bank through the risk management 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 on the latest developments regarding the Risk Management Division in the Bank for their assessments and recommendations.
The Internal Audit Department reports on a regular manner to the Audit Committee about the compliance of all departments with risk policies and procedures. In addition, the Internal Audit Department reports on the work of the Risk Management Division.

The Bank applies the Central Bank of Jordan regulation whereby the Risk Management Division prepares periodically a plan for Internal Capital Adequacy Assessment Process (ICAAP), in addition, to applying banking stress tests and other Basel II requirements.

The Bank is currently developing its technologies at all levels to promote the Bank's services, close control risks and develop necessary programs to measure the risks in accordance with the nature and size of the Bank's activities. The Bank also pays attention to human resources by enhancing employees' skills and enrolling them in training programs on the application of Basel II and III.

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

1. Credit Risk

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

Credit Risk Department is developing the Bank's credit policy and meeting the requirements of the regulations issued by the Central Bank of Jordan and Basel II Committee.

Credit risks in the Bank arises from financing and investment operations, includes:
- Credit and financing operations risks.
- The borrower and his activities risks.
- Concentration risks.
- Islamic financing instruments risks.

The Bank is concerned with controlling and monitoring 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 and adopting clear and specific conditions in financing operations.
- Monitoring permitted credit and facilities limits, issuing reports necessary to ensure non-occurrence of exceeding these limits and controlling quality.
- Diversification of financing and investment activities to avoid credit concentration risks for retail, groups and customers in certain geographical areas, or economic activities, or in financing instruments or products.
- Managing problematic debts, to achieve less credit losses by the Bank.
- Segregating marketing divisions from credit and risk management divisions.

Credit Risk Measurement:

The Bank applies the standard method to measure credit risks by measuring capital adequacy and compare it with the assets, commitments, liabilities included in the statement of financial position according to the risk degree.

Credit Risk Classification System:

The Bank is preparing to apply the Foundation Internal Rating Based (FIRB) where a system to classify the corporate credit risk to determine the quality of credit and monitoring this quality over the term of the credit which will determine the credit granting and pricing.

Credit Risk Reductions:

The Bank uses different techniques to hedge and reduce the credit risks through defining the volume and value of required collaterals and the value of mortgage receipts based on credit standards followed by the Bank and the credit study of facilities and the risk degree expected along with completion of all aspects of control on credit 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 exchange rates, financial securities and commodities prices. The Bank adopts a conservative policy to reduce the risk or set at minimal limits. This is done by maintaining the assets liabilities gaps and maintaining minimum positions in currencies and stocks.

3. Operational Risks

Operational risks are the risks of loss arising from inadequacy or failure in internal operations, personnel or systems, or from external events.
The Operational Risks Unit works according to a general framework approved by the Board of Directors. This framework includes policies and procedures explaining the mechanism through which risks are defined, assessed, processed and prioritized, 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 the negative effects arising from any event classified as an operational risk.
This Unit started, in cooperation with all other divisions in the Bank, to establish workshops for risk and control self assessment in order to define and measure all risk factors surrounding the Bank's operations, activities, products and services, along with assessment of control effectiveness; preparation of practical plans to deal with problems and deviations potentially appearing in this process; development of risk profile at the Bank's level; designation and identification of key risk indicators to ensure continuity of control on risk factors, and report and recommend accordingly.

The Unit reviews all policies and procedures related to the Bank's new products and evaluates the controls over these products. In addition, the Unit, in cooperation with certain departments, develops a program, collect and report operational losses potentially faced, and train those in charge in all work units on using this program.

Operational risks are measured, using the Basic Indicate Approach in accordance with the Central Bank of Jordan's regulations.

4. Reputation Risks

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

5. Compliance Control

The Bank's compliance with the regulatory 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 reviewing the requirements of regulatory bodies and ensuring their application on internal procedures and policies. This protects the Bank from any risks arising from non-compliance with these requirements.

This Department also plays an effective role in protecting the regulatory of the Bank's products and services from money laundering and terrorism financing, in addition to know you customers' procedures. The department follow up on the polices and procedure for the products to ensure the compliance with anti-money laundry regulations.

6. Legal Risk Related to Operations

Legal risks are those risks that may arise directly or indirectly from one or more of events stated in the Operations Risks Definition (human resources, internal operations, systems and external events), or from the Bank's non-compliance with the laws and regulations which may incur fines or financial liabilities. Legal risks may arise also from judicial procedures raised by third parties against the Bank. Insufficient 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 through verifying all contracts and documents related to the Bank's transactions in addition to the legal follow-up on the debtors of the Bank in coordination with the Risk Management Division, and the follow-up on the lawsuits to which the Bank is a party.

(52/ A) Credit Risk

1) Credit risk exposure (After Impairment Provision and before collateral and Other Risk Reducers):

	2011	
	Joint	Self financed
	JD	JD
Statement of financial position items:		
Balances with Central Banks	17,896,648	-
Balances at banks and financial institutions	19,175,578	-
International Wakala investments	11,959,000	-
Deferred sales receivables and other receivables		
Retail	43,663,224	2,166,172
Real estate financing	28,171,872	-
Corporate	197,840,451	-
Unconverted loans		
Retail	-	100,812
Corporate	-	263,565
Local Wakala investment		
Corporate	1,400,761	-
Public and governmental sectors	1,226,784	-
Sukuk		
Financial assets at fair value through unrestricted investments accounts	6,298,057	-
Financial assets at amortized cost	2,231,690	-
Other assets	**4,619,093**	**-**
Off statement of financial position items:		
Letters of guarantees	-	3,806,999
Letters of credits	-	10,007,926
Acceptances	-	5,912,882
Unutilized limits	33,829,900	-
Total	**368,313,058**	**22,258,356**

	2010	
	Joint	Self financed
	JD	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 receivables		
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 regulations:

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

	Joint						Self financed				
	Retail	Real-estate financing	Corporate	Public and govern-ment sectors	Banks and financial institutions	Total	Retail	Real-estate financing	Corporate	Total	Grand total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2011											
Low risk	46,903	-	454,391	-	-	501,294	-	-	1,110,132	1,110,132	1,611,426
Acceptable risk	43,610,053	21,965,550	187,292,170	1,226,784	19,175,578	273,270,135	2,266,984	-	187,068	2,454,052	275,724,187
Past due:											
Up to 30 days	1,297,107	1,681,948	12,943,754	-	-	15,922,809	-	-	37,508	37,508	15,960,317
From 31 to 60 days	37,445	-	1,614,112	-	-	1,651,557	-	-	-	-	1,651,557
Watch list	-	6,300,835	3,957,725	-	-	10,258,560	-	-	-	-	10,258,560
Non performing:											
Substandard	-	-	8,602,097	-	-	8,602,097	-	-	-	-	8,602,097
Doubtful	18,777	-	-	-	-	18,777	-	-	-	-	18,777
Loss	-	-	173,544	-	-	173,544	-	-	107,447	107,447	280,991
Total	**43,675,733**	**28,266,385**	**200,479,927**	**1,226,784**	**19,175,578**	**292,824,407**	**2,266,984**	**-**	**1,404,647**	**3,671,631**	**296,496,038**
Less: Suspended revenue	638	-	71,092	-	-	71,730	-	-	30,635	30,635	102,365
Less: Allowance for impairment losses	12,509	94,513	1,238,715	-	-	1,345,737	-	-	1,141,082	1,141,082	2,486,819
Net	**43,662,586**	**28,171,872**	**199,170,120**	**1,226,784**	**19,175,578**	**291,406,940**	**2,266,984**	**-**	**232,930**	**2,499,914**	**293,906,854**

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

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

	Joint				Self financed				
	Retail	Real-estate financing	Corporate	Total	Retail	Real-estate financing	Corporate	Total	Grand total
2011	JD	JD	JD	JD	JD	JD	JD	JD	JD
collaterals									
Low risk	46,903	-	454,391	501,294	-	-	1,110,132	1,110,132	1,611,426
Acceptable risk	37,998,114	21,784,969	64,244,402	124,027,485	1,936,044	-	-	1,936,044	125,963,529
Watch list	-	6,706,636	3,551,924	10,258,560	-	-	-	-	10,258,560
Non performing:									
Substandard	-	-	4,909,235	4,909,235	-	-	-	-	4,909,235
Doubtful	9,500	-	-	9,500	-	-	-	-	9,500
Loss	-	-	463,609	463,609	-	-	276,340	276,340	739,949
Total	**38,054,517**	**28,491,605**	**73,623,561**	**140,169,683**	**1,936,044**	**-**	**1,386,472**	**3,322,516**	**143,492,199**
Comprising of:									
Cash margin	46,903	-	454,391	501,294	-	-	1,110,132	1,110,132	1,611,426
Real-estate	29,662,291	28,491,605	62,751,768	120,905,664	853,463	-	276,340	1,129,803	122,035,467
Vehicles and machinery	8,345,323	-	10,417,402	18,762,725	1,082,581	-	-	1,082,581	19,845,306

	Joint				Self financed				
	Retail	Real-estate financing	Corporate	Total	Retail	Real-estate financing	Corporate	Total	Grand total
2010	JD	JD	JD	JD	JD	JD	JD	JD	JD
collaterals									
Low risk	51,730	-	2,043	53,773	-	120,000	1,110,133	1,230,133	1,283,906
Acceptable risk	8,106,133	4,821,991	3,703,502	16,631,626	1,042,298	-	51,133,823	52,176,121	68,807,747
Watch list	-	-	9,896,295	9,896,295	-	-	-	-	9,896,295
Non performing:									
Substandard	16,500	-	-	16,500	-	-	1,148,769	1,148,769	1,165,269
Doubtful	-	3,500,000	-	3,500,000	-	-	-	-	3,500,000
Loss	-	424,449	74,426	498,875	-	-	451,357	451,357	950,232
Total	**8,174,363**	**8,746,440**	**13,676,266**	**30,597,069**	**1,042,298**	**120,000**	**53,844,082**	**55,006,380**	**85,603,449**
Comprising of:									
Cash margin	51,730	-	2,043	53,773	-	-	1,110,133	1,110,133	1,163,906
Letter of guarantees	-	-	-	-	-	120,000	81,600	201,600	201,600
Real-estate	4,381,703	8,746,440	13,506,975	26,635,118	430,950	-	52,652,349	53,083,299	79,718,417
Vehicles and machinery	3,740,930	-	167,248	3,908,178	611,348	-	-	611,348	4,519,526

3) **Sukuk:**

Sukuk classifications detailes according to external rating agencies:

Rating	Rating agency	Within financial assets at amortized cost	Within financial assets at fair value through unrestricted investment accounts	Total
	JD	JD	JD	JD
BBB-	Fitch	-	982,615	982,615
BA3	Moody's	-	1,076,124	1,076,124
BAA1	Moody's	140,828	-	140,828
A2	Moody's	-	1,460,681	1,460,681
A3	Moody's	1,392,547	-	1,392,547
BBB	S&P	-	696,325	696,325
Unrated	Unrated	698,315	2,082,312	2,780,627
Total		**2,231,690**	**6,298,057**	**8,529,747**

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

	Inside Jordan	Other middle eastern countries	Europe	Asia*	Americas	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD
2011							
Balances with Central Banks	17,896,648	-	-	-	-	-	17,896,648
Balances at banks and financial institutions	12,593,074	1,400,291	2,032,829	12,062	3,135,170	2,152	19,175,578
International Wakala investments	-	11,959,000	-	-	-	-	11,959,000
Deferred sales receivable and other receivable							
Retail	45,829,396	-	-	-	-	-	45,829,396
Real-estate financing	28,171,872	-	-	-	-	-	28,171,872
Corporate	147,469,076	25,091,949	-	-	25,279,426	-	197,840,451
Unconverted loans							
Retail	100,812	-	-	-	-	-	100,812
Corporate	263,565	-	-	-	-	-	263,565
Local Wakala investment							
Corporate	1,400,761	-	-	-	-	-	1,400,761
Public and governmental sectors	1,226,784	-	-	-	-	-	1,226,784
Sukuk							
Within financial assets at fair value through unrestricted investment accounts	-	6,298,057	-	-	-	-	6,298,057
Within financial assets at amortized cost	-	2,231,690	-	-	-	-	2,231,690
Other assets	4,619,093	-	-	-	-	-	4,619,093
Total	**259,571,081**	**46,980,987**	**2,032,829**	**12,062**	**28,414,596**	**2,152**	**337,013,707**
2010	**166,383,509**	**80,224,497**	**2,576,560**	**16,294**	**1,609,391**	**13,182**	**250,823,433**

* Except for the Middle East.

Scheduled deferred sales receivables, other receivables, and financings:

These are the receivables that are 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 756,047 as of 31 December 2011 (2010: JD 824,766).

Rescheduled deferred sales receivables, other receivables, and financing:

Rescheduling includes terms of instalments, extending the term, deferral of instalments, or extending the grace period and accordingly are classified as “Watch List”. The sum of these receivables amounted to JD 16,664,608 as of 31 December 2011 (2010: JD 5,600,000)

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

	Financial	Industrial	Trade	Real-estate	Retail	Public and governmental sectors	Total
	JD	JD	JD	JD	JD	JD	JD
2011							
Balances with Central Banks	17,896,648	-	-	-	-	-	17,896,648
Balances at banks and financial institutions	19,175,578	-	-	-	-	-	19,175,578
International Wakala investments	11,959,000	-	-	-	-	-	11,959,000
Deferred sales receivable and other receivables	6,070,985	64,806,413	126,963,053	28,171,872	45,829,396	-	271,841,719
Unconverted loans	47,422	123,845	92,298	-	100,812	-	364,377
Local Wakala investments	-	-	1,400,761	-	-	1,226,784	2,627,545
Within financial assets at fair value through unrestricted investment accounts	6,298,057	-	-	-	-	-	6,298,057
Within financial assets at amortized cost - net	2,231,690	-	-	-	-	-	2,231,690
Other assets	4,619,093	-	-	-	-	-	4,619,093
Total	**68,298,473**	**64,930,258**	**128,456,112**	**28,171,872**	**45,930,208**	**1,226,784**	**337,013,707**
2010	**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 to manage 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 controlling risks, and conducting the best strategic distribution of assets and liabilities whether on or off 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 reviewing the investment policy implemented and assessing its results against the banking market and competitive indicators.

- Composing investment decision-making committees and its authorities, according to the Bank's investment policy.

- Preparing the annual investment plan, in line with the Assets and Liabilities Committee expectations of revenues and changes in market rates, including low risk investment instruments available in the market.

- Preparing reports for the Assets and Liabilities Committee to monitors the unexpected changes in the rates of financial investments to mitigate the risks of change in market rates.

1- Rate of Return Risks

Risks of rate of return arise from the unexpected changes in the market rates. Necessary procedures must be taken to ensure the existence of administrative procedures related to reviewing, measuring and monitoring of rate of return risks.

The Bank is exposed to rate of return risks as a result of the gap between assets and liabilities according to their terms and re-pricing the rate on subsequent transactions. 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 market indicators as a standard and Benchmarks for both the, portfolios and the investments managed by the Bank.
2. Tacking into account the risks resulting from these investments, depending on the diversification option based on countries and institutions to ensure the reduction of risks' impact.
3. The Bank is committed to manage 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.

2- Foreign Currency Risks

Foreign currency risks are managed on spot basis 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 maximum positions in foreign currencies shall not exceed 5% of shareholders' equity for each currency except for the US Dollar at a maximum of exceeds 15% of the total shareholders' equity. The total foreign currencies position shall not exceed 15% of the total equity.

2011	Change in the indicator	Impact on losses	Impact on equity
currency	(5%)	JD	JD
Dollar	12,826	12,826	-
Euro	307	307	-
Sterling pound	147	147	-
Japanese Yen	616	616	-
Other currencies	6,734	6,734	-

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

Concentration in foreign currencies risks:

2011	US Dollar JD 000	Euro JD 000	Sterling Pound JD 000	Japanese Yen JD 000	Others JD 000	Total JD 000
	31 December 2011					
Assets						
Cash and balances with Central Bank	5,787	156	64	-	178	6,185
Balances at Banks and financial institutions	5,707	798	424	12	324	7,265
Deferred sale receivables	6,005	1,279	1,093	-	-	8,377
International Wakala Investment	709	-	-	-	-	709
Financial assets at fair value through unrestricted investment accounts	6,298	-	-	-	-	6,298
Financial assets at amortized cost - net	2,231	-	-	-	-	2,231
Other assets	80	-	-	-	-	80
Total assets	**26,817**	**2,233**	**1,581**	**12**	**502**	**31,145**
Liabilities						
Banks and financial institutions' accounts	11,699	-	-	-	-	11,699
Customers' accounts (current, saving, term)	13,110	2,225	1,535	-	368	17,238
Cash margins accounts	1,683	-	41	-	-	1,724
Other liabilities	67	3	2	-	-	72
Total liabilities	**26,559**	**2,228**	**1,578**	**-**	**368**	**30,733**
Net concentration inside current year's financial position	258	5	3	12	134	412
Potential liabilities outside current year's financial position	14,598	2,184	-	-	88	16,870

	US Dollar JD 000	Euro JD 000	Sterling Pound JD 000	Japanese Yen JD 000	Others JD 000	Total JD 000
	31 December 2010					
2010						
Total Assets	22,917	2,865	1,553	79	326	27,740
Total Liabilities	20,809	2,858	1,552	70	218	25,507
Net concentration inside current year's financial position	2,108	7	1	9	108	2,233
Potential liabilities outside current year's financial position	5,185	69	-	-	-	5,254

3- Financial assets price change risk:

Financial assets price change is related to the supply and demand in the financial markets which causes a change in the fair value of the investments portfolio. The Treasury Department uses scientific and advanced financial bases to mitigate the risk of price change and to ensure that the Bank and the Bank's customers get better rate of return on their investments. The Department uses segmental and geographical distribution methodology, credit rating is done by the best credit rating agencies (Moody's, Standard & Poor, ect…) and analyzing the financial markets indexes related to investments portfolio to mitigate the risk of financial assets price change.

2011	Change in the indicator	Impact on profit	Impact on owner equity
Indicator	(5%)	JD	JD
Amman stock market	72,159	26,585	45,574
Foreign markets	314,902	-	314,902

2010	Change in the indicator	Impact on loss	Impact on owner equity
Indicator	(5%)	JD	JD
Amman stock market	82,926	-	82,926
Foreign markets	176,693	-	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 at the end of lease term.

(52/C) Liquidity Risks

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 regularly. The cash obligations and available funds are assessed daily by the financial control and treasury departments. Moreover, review and analysis of cash liquidity of Bank's assets and liabilities are done on a monthly basis, in addition to analyzing maturity of assets and liabilities, in addition to analyzing maturity of assets and liabilities. This also includes the analysis of sources of funds according to 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:

2011	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 year JD 000	without maturity JD 000	Total JD 000
Liabilities								
Bank and financial institutions' accounts	12,729	-	-	-	-	-	-	12,729
Customers' current accounts	38,643	-	-	-	-	-	-	38,643
Cash margins accounts	4,464	-	-	-	-	-	-	4,464
Borrowed funds	-	-	-	-	611	1,671	-	2,282
Other provisions	-	-	-	277	-	-	-	277
Income tax provision	-	-	-	5,632	-	-	-	5,632
Fair value reserve - net	-	-	-	-	-	-	138	138
Deferred tax liability	-	-	-	-	-	-	59	59
Other liabilities	2,514	3,585	-	-	335	-	-	6,434
Investment risk fund	-	-	-	-	-	-	1,400	1,400
Unrestricted investment accounts	42,438	44,737	17,252	58,881	-	-	-	163,308
Total	**100,788**	**48,322**	**17,252**	**64,790**	**946**	**1,671**	**1,597**	**235,366**
Total assets	**72,917**	**97,354**	**59,768**	**23,765**	**37,284**	**31,212**	**28,124**	**350,424**

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	41	-	-	-	-	-	311	352
Income tax provision	-	-	-	5,632	-	-	-	5,632
Fair value reserve - net	-	-	-	-	-	-	654	654
Deferred tax liability	-	-	-	-	-	-	280	280
Other liabilities	4,156	83	-	-	335	300	-	4,874
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**	**1,488**	**158,215**
Total assets	**123,500**	**53,499**	**28,196**	**8,185**	**4,847**	**37,493**	**12,368**	**268,088**

Second: Off-financial position items

	Until year	
	2011	2010
	JD	JD
letters of credit and acceptances	15,920,808	5,254,227
Guarantees	3,806,999	1,173,661
Unutilized limits	33,829,900	11,885,968
	53,557,707	18,313,856

(53) Segment Information

Information on the Bank's Activities

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

Retail Accounts:

This sector handles retail, 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.

Investment 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	Corporate	Treasury	Others	2011	2010
	JD 000	JD 000	JD 000	JD 000	JD 000	JD 000
Total revenues (joint and self financed)	(1,642)	12,013	2,658	6,720	19,749	5,351
Investment risks fund share of joint						
Investment accounts revenues	(248)	(1,718)	(225)	-	(2,191)	(555)
Results of segment's operations	**(1,890)**	**10,295**	**2,433**	**6,720**	**17,558**	**4,796**
Undistributed expenses	(5,659)	(3,775)	(1,437)	(1,665)	(12,536)	(8,817)
Profit (losses) for the year before tax	**(7,549)**	**6,520**	**996**	**5,055**	**5,022**	**(4,021)**
Excess in tax	-	-	-	330	330	564
Profit (loss) for the year	**(7,549)**	**6,520**	**996**	**5,385**	**5,352**	**(3,457)**
Segment's assets	43,366	173,916	113,165	-	330,447	245,817
Undistributed assets	-	-	-	19,977	19,977	22,271
Total assets	**43,366**	**173,916**	**113,165**	**19,977**	**350,424**	**268,088**
Segments liabilities	113,043	93,373	130,265	-	336,681	256,706
Undistributed assets	-	-	-	13,743	13,743	11,382
Total liabilities	**113,043**	**93,373**	**130,265**	**13,743**	**350,424**	**268,088**
Capital expenditure	**-**	**-**	**-**	**-**	**3,499**	**6,119**
Depreciation and amortization	**-**	**-**	**-**	**-**	**1,059**	**424**

Information on Geographical Distribution-

The following disclosure represents the geographical distribution. The Bank performs its operations mainly in Jordan,

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

	(In Thousand JD)			
	Inside Jordan		Outside Jordan	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	JD	JD	JD	JD
Total assets	272,939	187,142	77,485	80,946
Total revenues	18,168	4,456	1,581	895
Capital expenditure	3,499	6,119	-	-

(54) Capital Management

The Bank's management takes into consideration the Central Bank of Jordan requirements which require the Bank to have sufficient self financed recourses to cover certain percentage of its risk weighted assets based on the nature of the finance given and the direct investment made. Accordingly, the capital considered for the purpose of Central Bank of Jordan requirements is the regulatory capital (both basic and additional capital).

Capital management aims to invest the Bank's fund in various risk weighted investments (low and high risk) to insure that the Bank gets a better rate of return and to maintain a capital adequacy of 12% as required by the Central Bank of Jordan.

Capital adequacy ratio is calculated based on the Islamic Banks Regulation No. (50/2010) issued by Central Bank of Jordan in accordance to article (99/B) of the Banks Law. Following is the capital adequacy details:

	2011	2010
	JD"000	JD"000
Basic capital items	**112,506**	**107,828**
Paid in capital	89,000	75,000
Share premium	-	10,606
Statutory reserve	20,075	19,572
Voluntary reserve	1,943	5,338
Retained earning (Accumulated losses)	3,122	(1,232)
Intangible assets	**(1,198)**	**(996)**
The Bank's share in the bank's and financial institutions capital (50%)	**(9)**	**-**
The bank's share in the capitals of insurance companies (50%)	**(9)**	**-**
Bank's share in the investment risk fund	**(418)**	**(460)**
Additional capital	**1,525**	**925**
Fair value reserve	41	205
General banking risk reserve	1,502	720
The bank's share in the bank's and financial institutions capital (50%)	**(9)**	**-**
The bank's share in the capitals of insurance companies (50%)	**(9)**	**-**
Total regulatory capital	**114,031**	**108,753**
Total risk weighted assets	224,647	136,203
Capital adequacy ratio (%)	50.76%	79.85%
Basic capital ratio (%)	50.08%	79.17%

(55) Assets and Liabilities Maturity Analysis:

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

31 December 2011	Within one year	More than year	Total
	JD 000	JD 000	JD 000
Assets			
Cash and balances with Central Bank	21,281	-	21,281
Balances at Banks and financial institutions	19,175	-	19,175
International Wakala investments	11,959	-	11,959
Financial assets at fair through profit and loss	532	-	532
Deferred sale receivables and other receivables, net	174,383	21,461	195,844
Unconverted loans-net	334	-	334
Financial assets at fair value through unrestricted investment accounts	7,292	-	7,292
Financial assets at amortized cost	2,232	-	2,232
Investment in associate	323	-	323
Local Wakala investments	2,232	396	2,628
Ijara Muntahia Beltamleek assets, net	22,208	46,639	68,847
Property and equipment	10,815	-	10,815
Intangible assets	1,198	-	1,198
Deferred tax assets	618	-	618
Other assets	7,346	-	7,346
Total assets	**281,928**	**68,496**	**350,424**
Liabilities and unrestricted investment account's equity			
Banks and financial institutions' accounts	12,729	-	12,729
Customers' current accounts	38,643	-	38,643
Cash margins accounts	4,464	-	4,464
Borrowed funds	-	2,282	2,282
Other provisions	277	-	277
Income tax provision	5,632	-	5,632
Fair value reserve – net	138	-	138
Deferred tax liabilities	59	-	59
Other liability	6,099	335	6,434
Unrestricted investment accounts	163,308	-	163,308
Investment risk fund	1,400	-	1,400
Total liabilities, unrestricted investment accounts' and shareholders' equity	**232,749**	**2,617**	**235,366**
Net	**49,179**	**65,879**	**115,058**

31 December 2010	Within one year	More than year	Total
	JD 000	JD 000	JD 000
Assets			
Cash and balances with Central Bank	45,042	-	45,042
Balances at Banks and financial institutions	16,421	-	16,421
International Wakala investments	31,344	-	31,344
Deferred sale receivables and other receivables, net	104,621	5,111	109,732
Unconverted loans-net	6,641	-	6,641
Financial assets at fair value through unrestricted investment account	1,791	3,534	5,325
Financial assets at amortized cost-net	-	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	-	352	352
Income tax provision	5,632	-	5,632
Fair value reserve – net	654	-	654
Deferred tax liabilities	-	280	280
Other liability	4,239	635	4,874
Unrestricted investment accounts	102,382	-	102,382
Investment risk fund	243	-	243
Total liabilities, unrestricted investment accounts' and shareholders' equity	**154,420**	**3,795**	**158,215**
Net	**60,379**	**49,494**	**109,873**

(56) Contingent Commitments (Off Balance Sheet)

Contingent credit commitments.

	2011	2010
	JD	JD
Letters of credit	10,007,926	3,843,490
Acceptances	5,912,882	1,410,737
Letter of guarantees:		
Payment	-	375,000
Performance	1,564,413	330,235
Others	2,242,586	468,426
Irrevocable commitments to extend credit	33,829,900	11,885,968
Total	**53,557,707**	**18,313,856**

Contractual commitments.

	2011	2010
	JD	JD
Consulting contracts	1,244,149	1,234,437
Total	**1,244,149**	**1,234,437**

Contractual commitments mentioned above mature within one year.

(57) Lawsuits Against the Bank

The Bank is defendant in number of lawsuits amounted to JD 178,453 as at 31 December 2011 (31 December 2010: JD 1,252,311). According to the Legal Advisor, the lawsuits provision which amounts to JD 227,900 is sufficient to face any liabilities that may arise from lawsuits.

(58) Comparative Figures

Some of 2010 balances were reclassified to correspond with those as at 31 December 2011 presentation. The reclassifications had no effect on the profit for the year and equity and are shown at Note 2.