

Annual Report 2012







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



His Royal Highness

Prince Hussein Bin Abdullah II

Crown Prince

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القيمــة

« فَإِذَا قُضِيَتِ الصَّلاةُ فَانتَشِرُوا فِي الأَرْضِ وَابْتَغُوا مِن فَضْل اللَّهِ وَاذْكُرُوا اللَّهَ كَثِيرًا لَّعَلَّكُمْ تُفْلِحُونَ »

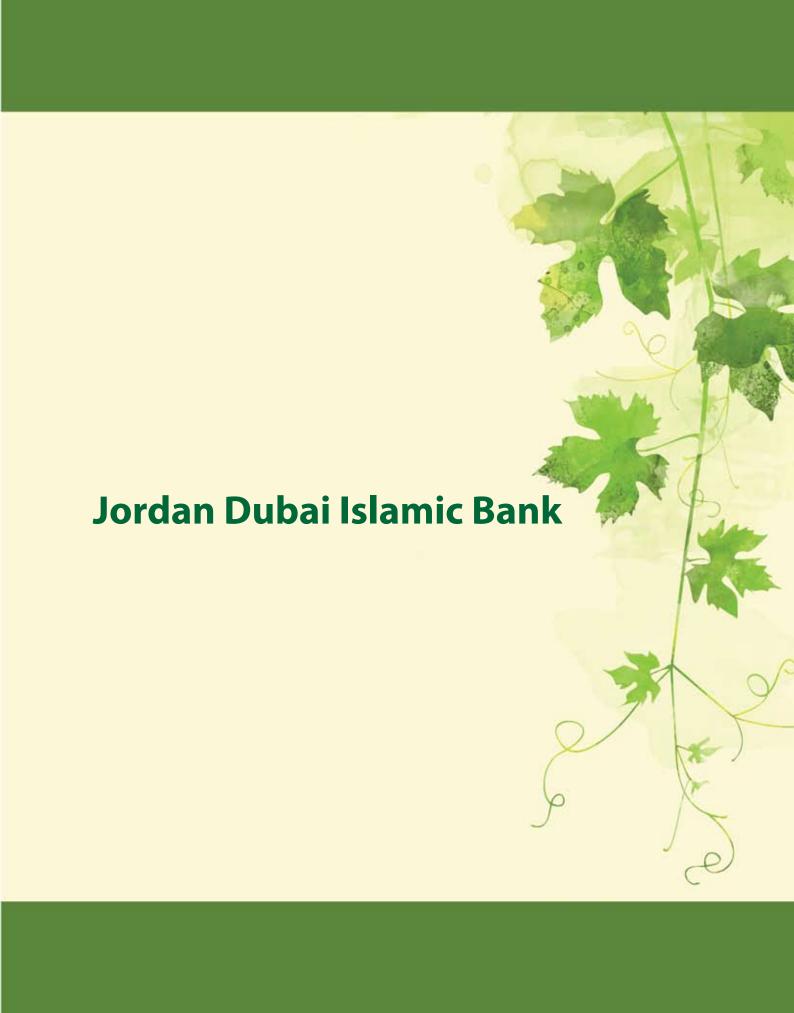
سورة الجمعة الآية ١٠

Value

General meaning of the Holy Verse is:

Once your prayers have been done disperse in this land and seek the grace of God and mention Allah freguently, so that you may prosper.

Surat Al Jumah Verse No. 10



In the Name of Allah, the Merciful, the Compassionate

Jordan Dubai Islamic Bank is a Public Shareholding Company

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

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

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

Our Vision

Leading Islamic banking to serve all spectrums of the society.

Our Mission

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

Our Values

Innovation

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

Knowledge

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

Quality

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

Value

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

World Class Service

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

Board of Directors until 17/1/2013

Mesc Investment Company, represented by:

Mr. Ismail Nabil Abdel Mu'ti Tahboub Chairman

Mr. Mohammed Said Ahmed Abdullah Al Sharif Deputy Chairman

Mr. Bashar Mohammed Abdel Ghani Al Amad Member
Mr. Khalid Mohammed Oudeh Al Qaraan Member

Mr. Nidal Pascal Elias Al Shomali Member (until 4/2012)

Mr. Mohammad Salim Saif Al Falasi Member

(from 5/2012)

Al Hilal Company for Islamic Investments represented by:

Mr. Marwan Hasan Ali Al Khatib Member

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

Eng. Abdullah Khalid Abdullah Obeidat Member

Jordan Ministry of Finance represented by:

Dr. Ismail Said Zein Zaghloul,

General Budget Department Member

Investment Unit for the Social Security Corporation represented by:

Dr. Eng. Lo'ay Munir Tewfick Suhwail Member

Al Kamaliyya Company for Housing represented by:

Mr. Fadi Ibrahim Quraish Member

Mr. Raslan Nouri Raslan Deiranieh, representing Himself

Member



Mr. Ismail Nabil Abdel Mu'ti Tahboub Chairman



Mr. Mohammed Said Ahmed Abdullah Al SharifDeputy Chairman



Mr. Bashar Mohammed Abdel Ghani Al Amad Member



Mr. Khalid Mohammed Oudeh Al Qaraan Member



Mr. Mohammad Salim Saif Al Falasi Member (from 5 /2012)



Mr. Marwan Hasan Ali Al Khatib Member



Eng. Abdullah Khalid Abdullah Obeidat Member



Dr. Ismail Said Zein ZaghloulMember



Dr. Eng. Lo'ay Munir Tewfick Suhwail Member



Mr. Fadi Ibrahim QuraishMember



Mr. Raslan Nouri Raslan Deiranieh Member

Board of Directors From 17/1/2013

Mesc Investment Company, represented by:

H.E Mr. Salem Ahmed Khaza'leh Chairman

Mr. Mohammed Said Ahmed Abdullah Al Sharif Deputy Chairman

Mr. Mohamed Salim Saif Al Falasi Member
Mr. Maher Samir Shameyeh Member
H.E. Ms. Hala Numan Bseiso Member

Al Hilal Company for Islamic Investments, represented by:

Mr. Ismail Nabil Abdel Mu'ti Tahboub Member

Orphan's Fund Development Foundation, represented by:

Dr. Faysal Abdel Razzaq Al Hyari Member

Jordan Ministry of Finance, represented by:

Dr. Ismail Said Zein Zaghloul, General Budget Department Member

Investment Unit for the Social Security Corporation, represented by:

Dr. Eng. Lo'ay Munir Tewfick Suhwail Member

FCP Fund, represented by:

Mr. Laith Muneeb Al Masri Member

Mr. Raslan Nouri Raslan Deiranieh, representing himself

Member

Sharia Supervisory Board



Prof. Dr.
Hussein Hamed Hassan
Chairman and Executive Member



Prof. Dr. Ali Mohyiddin Al Quradaghi Member



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

Member



Dr. Ahmad Salem Mulhem Member

Executive Management



Mr. Sami Husam Eddin Sabri Al Afghani Chief Executive Officer



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



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



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



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



Mr. Taj Omran Amin KhomoshDeputy CEO,
Chief of Retail Banking
Since 5/ 2/ 2012



Mr. Ziad Said Khalil KokashDeputy CEO ,
Chief of Risk Management
Since 16/9/2012



Mr. Ajoud Sharafaldeen Ali AlRousan Head of Internal Audit



Mr. Masoud Ismail Masoud Sakfal-Hait Head of Legal



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



Mr. Ibrahim Asa'd Issa Abdallah Head of Administration



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



Mr. Muneer Mohammed FayyadSenior Manager-Sharia

In The Name of Allah the Gracious the Merciful

Message of the Chairman

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

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

Dear Shareholders,

On behalf of Jordan Dubai Islamic Bank's members of the board, it is my great pleasure to welcome you to this meeting and introduce you to the annual report of the Bank's business results for the fiscal year ending December 31, 2012.

The global financial growth's slowdown continued in 2012 as a result of the Eurozone crisis and the subsequent increase in worldwide unemployment and disinflation due to a decrease in economic growth and demand. On the local front, the Jordanian economy faced a number of obstacles during 2012, most importantly; the increase in the country's oil bill, a decrease in foreign grants, an increase in budget deficit to exceed \$4 billion, an outstanding debt that



reached an all-time high of more than \$23 billion by the end of the year due to Egypt's discontinue of its gas supply to Jordan as well as the inflow of refugees resulting from the ongoing conflict in Syria. Despite these obstacles, the Jordanian economy recorded a 3% growth in its GDP in 2012 compared to a 2.6% in 2011. Deposits in the Jordanian financial system grew by 2.4% to reach JOD 24.97 billion and Jordanian banks' credit facilities grew by 12.4%, to reach JOD 17.82 billion.

In spite of the surrounding difficulties and its impact on our local economy, the Bank's executive management continued its success during the Bank's third year operating as an Islamic Bank working with an innovative vision through the execution of prudently-set plans on all levels to reflect the Bank's aim in becoming a leading institution in the financial industry in general, and among other Islamic banks in specific. Also, the Bank continued its planned growth since its launch as an Islamic bank operating according to Islamic Sharia. The Bank's total assets grew by 35.6% to reach JOD 476 million, shareholder's equity grew by 10.5% to reach JOD 127 million, and in 2012 the Bank generated operating profits in the amount of JOD 762 thousand that drove net income to JOD 2.2 million, which helped develop a solid foundation for generating sustainable profits. The Bank also retained a high level of capital adequacy ratio of 43% in comparison to the banking sector in Jordan.

On the Bank's Corporate Banking front, corporate banking credit facilities portfolio grew by 21.6% to reach JOD 214 million. On the retail banking side, it achieved a 47% increase in deposits to reach JOD 307 million as well as a 100% growth in its credit facilities portfolio to reach JOD 86 million.

In addition, the Treasury & Investment Department continued to efficiently manage the Bank's liquidity to generate profits that support its revenue streams. The Treasury & Investment Department generated JOD 3.3 million through investments in International Murabaha and capital markets. Also, the Treasury Department continued to expand its relationship network with international correspondent banks to meet its customers' needs, specifically in the field of foreign trade, at minimum costs.

Jordan Dubai Islamic Bank's capital was raised during 2012 to JOD 100 million through the offering of 11 million shares subscribed to the Bank>s shareholders.

JDIB's Future Plan:

According to the Board of Directors' vision to achieve the set objective within the Bank's strategic future plan, we aim to continue with our growth and focus on the quality of the service provided to the Bank's customers in addition to offering Shariah-compliant new products.

I would like to genuinely express my gratitude to the members of the Board of Directors for their efforts which are reflected in effective strategic planning that helped support the Bank's foundations through the sub-committees of the Board.

Also, I would like to thank my brothers, members of the Bank's Executive Management for their dedication and hard work.

We ask Allah to guide us for the benefit of our institution and to serve our dear country under the leadership of His Majesty, King Abdullah II Ibn Al-Hussein.

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

Salem Khaza'leh Chairman, Board of Directors

المعرفــة

قال رسول الله صلى الله عليه وسلم:

مَنْ سَلكَ طريقاً يلتَمِسُ فِيهِ عِلمَاً سَهَّلَ الله له بِهِ طَريقاً إلى الجَنَّةِ

حديث صحيح

Knowledge

The general meaning of the Hadith Sharif is:

Those that seek the route to knowledge, God cases their way to heaven.



Disclosure Requirements

Since the establishment of Jordan Dubai Islamic Bank in the beginning of 2010, it has been working on providing fully integrated Islamic banking solutions combining the best of traditional Islamic values with cutting edge technology and innovation to deliver high quality personalized service to cater to its client's needs. This philosophy is embodied in its slogan "Solid principles, innovative solutions".

To achieve its objectives the Bank is building a constantly increasing network of branches which currently stands at thirteen branches strategically located throughout the Kingdom offering a bouquet of modern Sharia-compliant financial solutions to cater to the growing demands in the Jordanian market such as Auto and Personal Finance through Murabaha, and Home Finance through Ijara (lease to own) as well as land and commercial offices finance. The Bank also provides services ijara such as financing marriage, education and travel.

On the other hand, the Bank provides attractive savings, checking and investment accounts which have been designed with extremely flexible terms and conditions. The Bank also offers a host of electronic products such as Internet Banking, Visa Electron plus Gold & Classic charge cards. As for corporate banking, the Bank offers diverse and innovative Sharia-compliant products and services for large and medium-sized enterprises built on understanding their distinct financial needs. All this and more is provided by the Bank through its approach to fulfill its customers' needs and gain their satisfaction; going forward in its quest for innovation and modernity.

The main services and products offered by Jordan Dubai Islamic Bank

- Current and Saving Accounts in addition to Term Deposits of all types.
- Personal Banking Services: whereas the Bank offers an innovative bouquet of personal retail finance products to suit the needs of its customers within Islamic Sharia principals. These include personal finance through Goods' Murabaha and Ijara services such as Hajj, Omrah, travel, marriage and education finance, as well as auto finance through Murabaha, and lease to own home finance in addition to land, farms and commercial offices finance. The Bank also launched in 2012 AL Yusur Program that enables customers to settle all their liabilities at commercial/traditional banks and to refinance them with JDIB according to Islamic Sharia principals.
- Services for the VIPs or affluent banking customers "Safwa": A specialized center providing highly personalized banking services to JDIB VIP clients combining solid Islamic values with modern technology and innovation in advanced banking services.
- Electronic Banking Services: which include ATM machines and internet banking services, in addition to SMS and phone banking services.
- Visa Charge Cards.
- Corporate Banking services, whereas Jordan Dubai Islamic Bank provides a bouquet of Sharia compliant financial services which include indirect facilities such as letters of credit and letters of guarantee, as well as providing innovative financial solutions under the um-

brella of Islamic Banking systems covering corporate finance to large and medium companies through various products in Murabaha, Ijara and others, focusing on distinct service and the understanding of its customers' needs in the different economic sectors.

• Treasury and investment services provide current and potential clients with innovative and customized Sharia compliant financial services, which assist them in hedging their financial risk exposure. These products include FX Spot, FX Islamic Forward Based on Promise Contracts, Profit Rate Swap and Structured Products.

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

Branch Name	Neighborhood	Street	Building	Building No.	Tel.	Fax	No. of Staff
General Management	2nd circle – Jabal Amman	Islamic College St.	-	-	4602200	4647821	203
Main Branch Jabal Amman	2nd Circle- Jabal Amman	Islamic College St.	-	-	4602110	4647821	10
Al-Bayader	Al-Rawnaq/ Wadi Essair	Husni Sobar St.	Mahmoud Bin Zakariah Abzakh	33	5803131	5803140	10
Al Madinah	Assalam/Tla'Al Ali	Madinah Monawarah St.	Jordan Properties	121	5507444	5507440	10
Shmaisani	Shmaisani/ Abdali Area	Eilya Abu Madi (Poet)	Wael Abu Hamdan	6	5630555	5630550	10
Al Wehdat	Al-Oudah/ Yarmouk Area	Madaba St.	Eid Al-Fayez Bldg.	313	4791111	4791112	9
Khilda	Khilda Neighborhood/ Tla' Al Ali	Amer Bin Malek St.	-	49	5512526	5512657	5
Al-Khaldi	Al-Radwan Quarter/ Zahran Area	Ibn Khaldoun St.	Khaldi Medical Plaza	38	4630827	4630837	5
Al Jubaiha	Al Fadilah Neighborhood/ Suwaileh	Queen Rania Al Abdullah St.	-	-	5301315	5301316	7
Al Swaifiyeh	Swaifiyeh / Wadi Essair	Abdul Rahim Al Haj Mohammed St.	Hijazi Plaza	70	5810241	5824121	5
Taj Mall	Abdoun	Prince Hashem Bin Al-Hussein crossroad	Taj Mall	-	5931390	5931451	9
Irbid	Al-Hashmi	Al-Hashmi	Al-Rosan Bldg.		02/7201800	02/7201814	10
Al-Zarqa'	New Zarqa'	36 Street	Al-Kurdi Plaza	-	05/3758111	05/3758102	10
Sahab	King Abdullah II Bin Al Hussein Industrial City	-	-	-	4602110	4023409	7
Total							310

Bank Capital Investment Volume

Total volume of investment in 2012 financial statements is 475 Million JOD consisting of the Bank's portfolio of direct and indirect financing, fixed and current assets and others, noting that the Bank's declared capital is 100 Million JOD and shareholders equity reached 127 Million JOD as in 31/12/2012.

Bank's Subsidiaries

MISC for Financial Brokerage; which started operations in 2011 with a capital of JOD 750,000, and its main activity is financial brokerage and it is fully owned by JDIB with an investment capital of JOD 763,000. The company address is Housing Bank Complex and the number of staff is 6.

Jordan Dubai Properties for Reconstruction, established in October 2012 with a capital of JOD 100,000, and is fully owned by JDIB.

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

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

Date of Birth 20/12/1973

Qualifications Bachelor in Accounting/ Jordan University 1995.

Professional Certifications Accounting certificate from Montana State for CPA Board, Also

a member of American Institute of Public Accountants (AICPA)

Experience Executive Chairman of Jordan Dubai Capital Co.

Board Memberships Chairman of Board of Directors of First Insurance Company

Chairman of Board of Directors of Mesc Investment Company. Chairman of Board of Directors of Jordan Dubai Properties Vice-Chairman of Board of Directors of MADAEN AL-SHOROUQ

for Investment and Real Estate Development.

Member of Board of Directors of Ahyaa Amman Real Estate

Development Company

Mr. Mohammed Said Ahmed Abdullah Al Sharif/ Vice Chairman

Date of Birth 05/06/1965

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

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

Professional Certification

Experience

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

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

Financial Director, Dubai Islamic Bank (1999 – 2010). Occupied various posts at UAE Central Bank (14/10/1986-

31/8/1999).

Board Memberships Chief Editor of the Journal of Islamic Economics

Chairman of the Board of Directors of Dubai Islamic Bank, Pakistan Member of the Board of Directors of Khartoum Bank, Sudan. Member of the Board of Directors of Liquidity Management

Center, Bahrain.

Chairman of the Board of Directors of Faisal Islamic Bank, Cyprus Member of the Board of Directors of Tamweel Company, UAE. Member of the Board of Directors of DIYAR Development

Company, UAE.

Member of the Board of Directors of RAIT Company, UAE. Chairman of the Board of Directors of Modern Real Estate

Development Co., Egypt.

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

Date of Birth 16/03/1974

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

University, Canada, 1995.

Professional Certification

CFA Certificate

Experience

Vice-Chairman of Financial Investments, Jordan Dubai Capital

since 2008 until 2013.

Director of Financial Markets, Amwal Invest (2005-2007). Director of Financial Markets, Export & Finance Bank (2004-2005). Financial Markets Manager of AL-Thegah for Jordanian

Investment 2000-2004.

Broker & Director of Research – United Financial Investments

(1997 - 2000).

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

1997).

Financial Analyst, Arthur Anderson (1995 – 1996).

Board Memberships Member of Board of Directors of First Insurance Company

Member of Board of Directors of Jordan Dubai Properties Member of Board of Directors of Mesc. Investment Co Member of Board of Directors of Ahyaa Amman Real Estate

Development Company

Mr. Khalid Mohammed Al Qaraan/ Member of the Board of Directors

Date of Birth 21/10/1966.

Qualifications B.A. in Accounting, Jordan University, 1988.

Masters in Business Administration/Professional Accounting

(MBAPA), 1990, New York.

Professional Certifications CPA, New York State Council of Chartered Accountants,

Member of AICPA.

Experience Chief Financial Officer for Jordan Dubai Capital

Chief Financial Officer for NUQUL Group (1999 – 2005).

Board Memberships Member of Board of Directors of Jordan Dubai Properties

Member of Board of Directors of Munya Specialized Resorts Member of Board of Directors South Dead Sea Resorts Member of the Board of Mesc Investment Company

Member of the Board of Directors of Ahyaa Amman Real Estate

Development Company

Mr. Mohammed Salim Seif Al Falasi / Member of the Board of Directors

Date of Birth 3/5/1964

Qualifications MBA Leicester University UK

BS Computer Science, University of Arkansas at Little Rock, USA

1985 – 1991

Professional Certifications IATA Program, Geneva, 1996 – 1997, Switzerland Airline

Management Program BAI Finance Diploma

Strategic and Innovation Diploma

Experience SVP Head of Central Operations, Dubai Islamic Bank 2011 – to date

SVP Head of Direct Sales and Alternative Channels, Emirates NBD

2005 - 2011

Head Alternative Channels, Emirates NBD 2005 – 2009

Regional Manager, Emirates Airline, Saudi Arabia 2002 – 2005

Area Manager, Emirates Airline, Oman 2000 – 2002 Area Manager, Emirates Airline, Libya 1998 – 2000 District Manager, Emirates Airline, Riyadh 1996 – 1998 Commercial Officer, Emirates Airline, Dubai 1993 – 1996

Mr. Marwan Hasan Ali Al Khatib / Member of the Board of Directors

Date of Birth 10/07/1970.

Qualifications Masters in Business Administration/ Financial & Banking

Sciences, Hull University, UK, 2001.

B.A. in Business Administration & Computer Sciences,

American University Cairo, Egypt, 1993.

Professional Certifications

Experience

Executive Senior Management Program IMD, Switzerland. Managing Director of Dubai Group – Islamic Investments (Dubai Group, Member of Dubai. Holding Co.) From 2005 to

date.

Board Memberships Member of the Board of Directors of Malaysia Islamic Bank

(2007 - 2011).

Chairman of the Board of Directors of Al-Fajr Retakaful –

Kuwait from 2008 till date.

Vice-chairman of the Board of Directors of ACR Re-Takaful MEA

B.S.C, Bahrain, 2008 to date.

Member of the Board of Directors of ACR Re-Takaful Berhad,

Malaysia, 2008 to date.

Member of the Board of Directors of ACR Re-Takaful Holding

Limited, Dubai, from 2008 to date.

Member of the Board of Directors of National Bonds

Corporation, Dubai, (2009 – 2010).

Engineer Abdullah Khalid Abdullah Obeidat/ Member of the Board of Directors

Date of Birth 25/02/1963.

Qualifications Bachelor in Architecture.

Experience President of the Jordanian Engineers Association

Board Memberships Chairman of the Board of Directors of Jordanian Council of

Architects and Consulting Engineers.

Member of Competitive and Innovation Council / Prime

Ministry.

Member of Board of Directors of the Economic & Social

Council

Member of the Higher Organization Council.

Member of the Board Trustees of Ajloun National University. Member of the Board of Directors of the Engineering Faculty,

Jordan University.

Member of the Arab Engineers Union.

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

Date of Birth 01/01/1947.

Qualifications Ph.D. of Finance – Amman Arab University

Masters in Economics & Statistics – Jordan University, 1984. Bachelor in Economics & Statistics – Jordan University, 1970 Director General of General Budget Department, 14/05/2007.

Experience Director General of General Budget Department, 14/05

Director of Studies & Research Department, Ministry of

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

Executive Manager, Islamic Development Bank – Jeddah,

(2000 - 2001).

General Supervisor of Studies & Research Department/ Jordan

Central Bank (1996 – 2001).

Economist/ Qatar Central Bank (1985 – 1992).

Board Memberships Previous Council Member of Yemen Islamic Bank.

Member of the Board of Directors of Investment Fund for the

Funds of the Society for the Conservation of Nature

Vice Chairman of the Board of Directors of the Samra Electric

Company

Member of the Board of Directors of the Agricultural Credit

Corporation

Member of the Board of Directors of the Jordan Enterprise

Development Corporation

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

Date of Birth 04/05/1977.

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

University 07/2006

Masters in Industrial Engineering & Administration, Oklahoma

University 05/2001.

Bachelor of Industrial Engineering & Administration, Jordan

University 05/1999.

Professional Certification Six Sigma Black Belt by American Society for Quality

Improvement Associate by American Society for Quality

ISO 9000 Internal Auditor by SGS

Experience Director General, Jordan Industrial Estates Corporation March

2012 to date

Director of Industrial Development, Ministry of Industry &

Trade – Jordan from 03/2008 until March 2012

Assistant Professor at University of Wisconsin, USA, 2007 Advisor at a number of large US corporations 2001 – 2007 Member of the Board of the Jordanian Corporation for

Board Memberships Member of the Board of the Jordanian Corporation for

Enterprise Development

Member of the Board of the Jordan Investment Board

Member of the Board of the Maan Development Corporation Deputy Chairman of the Board of the Jordanian Company for

Innovation

Member of the Board of Al Mutarabetta (previously)

Mr. Fadi Ibrahim Quraish / Member of the Board of Directors

Date of Birth 29/03/1978

Qualifications Bachelor in Information Systems & Computer Sciences
Experience Deputy General Manager of Al Rida Financial Services

Corporation.

Deputy General Manager of Al Kamaliya Housing Corporation.

General Manager of Lubna Group.

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

Date of Birth 17/11/ 1963

Qualifications Masters in Accounting, Jordan University, 1992.

Bachelor in Accounting and Computer Science, Yarmouk

University 1985.

Professional Certification Orange Certificate in Finance and Control, Paris University

- ESCP.

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

Director of Treasury, Jordan Telecommunications, (1998 –

5/2001).

Head of Foreign Investment, Jordan Central Bank

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



Member of the Board of Directors of Jordan Metal Company Member of the Board of Directors of Jordan Dubai Islamic Bank.

Vice-Chairman of Jordan Administrative Accountants Society.

Member of the Board of Directors of the Jordan Press

Foundation, (Al Rai) previously.

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

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

Date of Birth 1932.

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

University, Egypt 1965.

Master of Comparative Jurisprudence, International Institute of Comparative Law, New York University – USA, 1964. Diploma of Comparative Law, New York University –

USA, 1963.

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

Experience Chairman of Sharia Supervisory Boards for more than 13

Islamic Financial Institutions

Member of the Sharia Supervisory Board for more than 9

Islamic Banks & Financial Institutions
Chairman of Sharia Jurists Assembly in USA.

Member of Islamic Jurisprudence Assembly of the World

Islamic Assembly

Member of the Sharia Board of Accountancy & Revision

Committee for Islamic Financial Institutions

His Eminence Prof. Dr. Ali Mohyiddin Al Quradaghi / Member of the Sharia Supervisory Board.

Date of Birth 1949.

Qualifications Ph. D. in Sharia & Law, in Financial Contracts & Transactions,

Al-Azhar University, 1985

Master of Comparative Jurisprudence, Sharia & Law College,

Al-Azhar

University, 1980

Bachelor of Islamic Sharia, Baghdad, 1975.

Scientific Certificate of Islamic Sciences at the hands of the

elders, 1970.

Graduate from Islamic Institute, 1969

Experience Secretary General of World Federation of Muslim Scholars.

Islamic Jurisprudence Assembly Expert affiliated to ICO,

Jeddah.

Vice-Chairman of European Council of IFTA' & Research.
Professor & Chairman of Jurisprudence in Sharia, Law and

Islamic Studies at Qatar University.

Member of Sharia Assembly for reviewing Islamic Financial

Institutions.

Chairman of Kurd Islamic Foundation

Chairman & Executive Member of Sharia FATWA & Supervisory Boards for several Islamic Banks, Islamic Insurance Companies in Qatar, like Qatari Islamic Insurance Co., and outside Qatar like Dubai Islamic Bank, Investors Bank in Bahrain, and the

First for Investment in Kuwait.

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

Date of Birth 1948.

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

Egypt, 1978.

Master of Comparative Jurisprudence, Al-Azhar University,

Egypt 1973.

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

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

Professor or Professor Associate or Dean of Sharia Colleges.

Membership of Boards Member in several Preparatory Committees.

Permanent Member of Islamic Studies Association

Permanent Member of Jordan AL-AFAF Charity Foundation Chairman of Sharia Committee of House Advice Center,

Jordan 2004 till date.

Member of Sharia Supervision Committee of Islamic Insurance

Co., Jordan, 1996 to date.

Chairman of Sharia Supervision Committee of Engineers

Union Investment Funds, Jordan, 2000 to date.

Member of Sharia Committee of House Advice Center,

Kuwait 2002-2004.

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

Qualifications Ph.D. of Comparative Jurisprudence 1994.

Masters in Jurisprudence & Sharia 1987

Bachelor in Jurisprudence & Sharia 1982.

Experience Legal Advisor for the Sharia Supervisory Board affiliated to

World Federation of Takaful Companies and Islamic Insurance

in Khartoum

Legal Advisor of North Africa Bank Consultative Committee,

Libva.

Part-time Lecturer at Arab Academy of Financial & Banking

Sciences

Part-time Lecturer at Al Zaitounah Private University.

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

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

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

University- USA Grade A with Honor Roll

Bachelor in Civil Engineering, 1984, University of Southern

California (USC) - USA.

Experiences Country Head of Corporate Banking, Abu Dhabi Islamic Bank,

2008 - 2009.

Regional Manager of Western Region, National Arab Bank,

Jeddah, 2001-2008

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

2001.

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

Amman, 1994-1996

Financial Analyst, Kuwait for Investments & Consultations

KCIC, 1987 - 1990.

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

Date of Birth 18/09/1964.

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

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

- 07/ 2009.

Assistant General Manager - Treasur & Investments,

Capital Bank, Jordan 2003 – 2008.

Treasur Officer – Treasur & Investment Department,

Capital Bank – Jordan, 2001 – 2003.

Manager – Capital Market Department, Jordan Trust

Investments, 1999 - 2001.

Assistant Head of Investment / Foreign Investments Department, Jordan Central Bank, 1991 –1999.

Settlements Officer of Foreign Investments Department,

Jordan Central Bank, 1990 – 1991.

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

Date of Birth 12 / 03 /1973.

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

Experiences Head of Human Resources & Administration, Sheikh Saif Bin

Zaved Al Nahvan Private office – UAE, 2009

Director of HR and Administration, Nuqol Group, 2008 – 2009 Deputy Head of HR, Head of Performance Development &

Change, Burgan Bank – Kuwait, 2007 – 2008. Head of HR, Jordan Kuwait Bank, 2005 - 2007



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

Date of Birth 15/08/1973.

Qualifications Masters in Banking Sciences, 1995.

Experiences Division Head, Corporate Banking Group, Abu Dhabi Islamic

Bank, UAE – 2008 – 2010.

Senior Manager, Commercial Banking Division, National Arab

Bank – Saudi Arabia 1999 – 2008.

Credit Officer, Cairo Amman Bank, 1995 – 1999.

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

Financial Sciences.

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

Technology

Date of Birth 10/03/1963

Qualifications Bachelor of Economics / Public Management, 1985.

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

- 06/ 2010.

Chief of Operations & Administration, Dubai Islamic Bank,

02/2006 - 03/2008

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

Quality Assurance, Citi Bank, 11/2003.

Chief of Remittances Department & Foreign Currencies

Exchange, Cairo Amman Bank, 03 / 1989.

Mr. Hisham (Mohammed Omar) Rabah Al Kayyali / Deputy CEO, Chief of Retail Banking (until 13/1/2012)

Date of Birth 16/08/1961

Qualifications Bachelor of Commerce, 19/11/1986.

Experiences Assistant General Manager – Management of Individual

Banking Services, Arab Banking Corporation, 2007 – 2009. Executive Director of Branches and Retail Credit, Arab

Banking Corporation, 2003 – 2007.

Senior Manager of Cards & Electronic Services, Arab Banking

Corporation, 1991 – 2003.

Marketing Officer, Kuwait Gulf Bank, 1983 – 1990.

Taj Omran Amin Khomosh/ Deputy CEO, Chief of Retail Banking (since 5/2/2012)

Date of Birth 25/12/1972

Qualifications Bsc. Business Administration 1995.

Experiences Head of Retail Banking Group - Arab Bank – Syria (2010).

District Manager - Arab Bank – Jordan (2009). Head of Branches - Arab Bank – Syria (2007).

Manager, Direct Sales Center - Jordan Ahli Bank (2004).

Marketing Manager - Mashreq Bank (2003). Sales Manager - Standard Chartard Bank (2001)

Mr. Ahmed Abdullah Ahmed Abdullah/ Deputy CEO, Chief Risk Officer (until 7/9/2012)

Date of Birth 14/03/1971

Qualifications Masters in Risk Administration, 2002

Professional Certificates PRM, FRM.

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

Head of Credit Risk Management, VP, Arab Bank, Jordan,

07/2002-07/2008.

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

11/1999.

Mr. Ziad Said Khalil Kokash/ Deputy CEO, Chief Risk Officer (since 16/9/2012)

Date of Birth 31/08/1970

Qualifications Master Financial Management 2006.

Experiences Assistant General Manager (AGM), Head of Group Risk

Management Abli Pank (2004 2012)

Management - Ahli Bank (2004 – 2012).

Account Manager , Credit Remedial - Arab Banking

Corporation (ABC) Bank (2000 – 2004).

Account Officer , Credit Remedial - Cairo Amman Bank

(1992 - 2000).

Mr. Khalid Jamal Abdel Karim Al Kayed / Deputy CEO, Chief of Finance (until 7/6/2012)

Date of Birth 01 / 02 /1972

Qualifications Bachelor in Accounting, 1993.

Professional Certificates Licensed Financial Accountant – American Administrative

Accountants Institute (CMA).

Licensed Financial Manager - American Administrative

Accountants Institute (CFM).

International Accounting Standards Certificate – CERT IFR

ACCA London

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

Experiences Chief of Financial Management, Standard Chartered Bank

- Jordan, 2006 - 2009

Assistant Manager of Financial Control, Capital Bank – Jordan,

2005 - 2006

Internal Auditor & Financial Controller, Jordan Ahli Bank –

Cyprus, 2002 – 2005

Supervisor – Financial Department, Jordan Ahli Bank, 1996

-2002

Senior Accountant, Business Bank, 1993 – 1996

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

Date of Birth 18 / 08 /1969.

Qualifications Masters in Accounting & Finance, 1977

Professional Certificates CPA, CISA

Experiences Internal Audit Manager – Abu Dhabi Accountability Authority

1997 – 2009

Budget Analyst – General Budget Department, Ministry of

Finance – Amman, 1993 – 1997

Mr. Masoud Ismail Masoud Sakfal-Hait/ Head of Legal

Date of Birth 16/07/1967 Qualifications Bsc. Legal.

Experiences Lawyer - Ali Sharef Al Zoubi Office (2003 – 2012).

Head of Legal - Capital Bank, Jordan (2001 – 2003).

Lawyer - Arab Bank (1992 – 2001).

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

Date of Birth 27/06 / 1969

Qualifications Bachelor in Economics, 1991

Experiences Chief Communication Officer, United Group Holdings,

08 / 2008 – 05 / 2010

Deputy General Manager, Aquamedia Advertising, Media and

PR Agency - 08 /2007 / 08 /2008

Director of Marketing & Communications – Jordan Tourism

Board, 12/2004 – 07/2007

Vice President Corporate Communications, Arab Bank, Jordan

11/2001-12/2004

Communications Director, King Hussein Foundation,

08 / 2000 - 11 / 2001

Public Relations Director – Arab Bank, Jordan, 07 /1996 –

08 / 2008

Credit Officer, Bank Dhofar Al Omani Al Fransi – Oman,

01/1992 - 7/ 1994

Assistant Project Manager (Jubilee School), Noor Al Hussein

Foundation 07 / 1991 – 10 / 1991

Mr. Ibrahim Asa'd Issa Abdallah / Head of Administration

Date of Birth 29 /10 /1965

Qualifications Bachelor in Electrical Engineering – Jordan University, 1988 Experiences Chief Engineer – Radisson SAS Hotel, Tala Bay, 24/07/2010 -

20/03/2011

Director of Engineering – Meridian Hotel, Amman, 29 / 03 /

2008 - 20 / 07 / 2010

Director of Engineering – Movenpick Hotel, Dead Sea,

28/10/2005 - 21/03/2008

Chief Engineer – Movenpick Hotel, Agaba, 17 / 07 / 2002 –

27 / 10 / 2005.

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

Date of Birth 26 / 04 / 1955

Qualifications Bachelor of Computer Science & Mathematical Statistics 08 /

07 / 1979

Professional Certification CPM, MPM

Experiences Manager, IT Department, Industrial Development Bank –

Jordan, 2001 – 2009

Technical Manager & Project Manager, Arab Expert Center for

Consultancy & Systems – Amman, 1996 – 2000

Projects Manager, Integrated Data Solution – Jeddah – Saudi

Arabia, 1992 - 1995

Computer Specialist, The Saudi Fund for Development –

Riyadh – Saudi Arabia, 1986 – 1992

Systems Analyst & Systems Engineer, Jeraisy Computer

Services – Riyadh – Saudi Arabia, 1983 – 1986

System Analyst NCR Corporation Amman from 1981-1983

Operator of IBM, IBM Experience, 1979 – 1981.

Mr. Ahmad Fuad Ahmad Elayyan / Head of Central Operations (until 20/11/2012)

Date of Birth 30 / 04 /1971

Qualifications B. A. English Language 3/7/1993

Professional Certification CIFT, CDCS

Experiences Head of Operations & Technology Department, Samba

Financial Group – UAE 2007 – 2009

Manager, Operations & Administrations Department, Sumitomo Mitsui Banking Corporation – UAE, 2006 – 2007 Head of Support Operations Branches, Arab Bank – UAE, 2004

- 2006

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

Mr. Muneer Mohammad Fayyad / Senior Manager – Sharia

Date of Birth 05 / 06 / 1971

Qualifications Master of Financial & Banking Sciences (Specialized Islamic

Banks), 2008

Professional Certification

CSAA (Chartered Legal Controller & Auditor)

Experiences

Senior Internal Auditor, Jordan Islamic Bank, 1995 – 2010 Accountant – Credit Officer, Siemens for Medical Equipment,

1994 – 1995



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

No.	Name	Nationality	Shares as at 31/12/2011	Percentage	Shares as at 31/12/2012	Percentage
1	Mesc Investment Company	Jordanian	46,280,000	52%	52,000,000	52%
2	FCP Fund	Cayman Islands	-	-	6,898,737	6,8987 %
3	Social Security Corporation	Jordanian	5,311,210	5.9677%	5,967,651	5.9677%
4	Ministry of Finance	Jordanian	4,939,500	5.55%	5,550,000	5,55%

Bank Competitive Status within the Banking Sector

The Bank's facilities portfolio share in the local market increased from 1.37% to 1.68%, where as the facilities portfolio increased by 38% compared to 12% in the banking sector. Also the Bank's assets grew by 125 Million JOD at a growth rate of 36% which represents 8% of the overall growth in the banking sector.

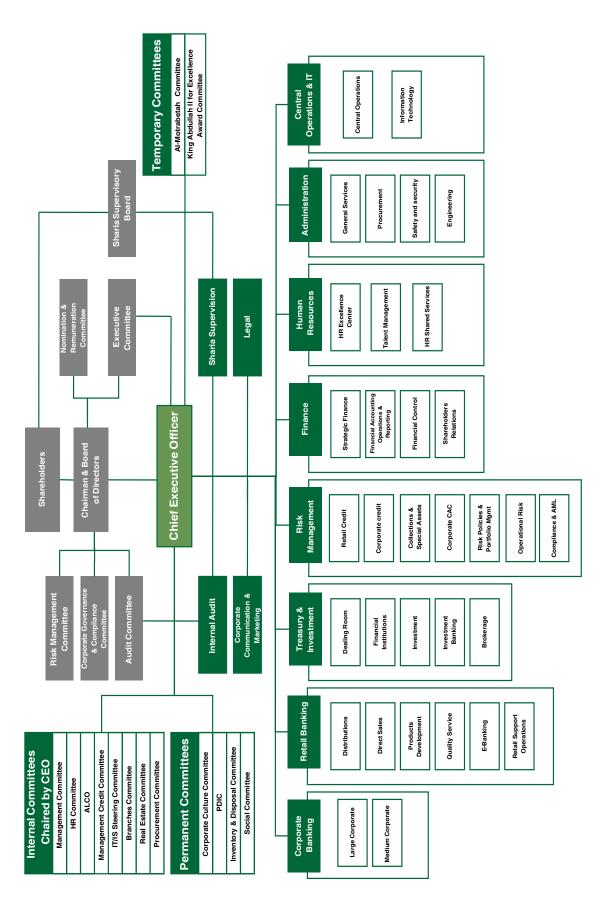
At the level of Deposits the Bank's deposits grew by 104 Million JOD at the rate of 52% which represents 18% growth of deposits in the banking sector (Deposits in the sector grew by 592 Million JOD).

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

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

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

Jordan Dubai Islamic Bank Organizational Structure



Number of Employees in the Bank and their Qualifications

Qualifications	Jordan Dubai Islamic Bank Number of Employees	MISC For Financial Brokerage Number of Employees
Less than Tawjihi (high school)	14	
Bachelors	236	3
Tawjihi (high school)	4	1
Diploma	14	1
One Year Diploma	6	
Higher Diploma	3	
PHD (Doctorate)	2	
Masters Degree	31	1
Total	310	6

Rehabilitation and Training Programs for the Bank Employees

No.	Category	Number of Programs	Number of Participants	General description of the objectives of the program
1	General Training Programs	42	963	Focus the main training activities on Islamic Banking as it is the base for all banking services presented to JDIB clients. Training programs included introduction to Islamic products and its related details, also the main activities of Islamic banking and its relationship with all of JDIB departments' activities, in addition to various Islamic banking operations and the way it's linked to retail and corporate services.
1.1	General & Islamic Banking products	25	457	To provide newly hired employees with the necessary information and knowledge in Islamic banking in general and in the nature of JDIB business activities. The program is designed to guarantee the acquisition of a comprehensive knowledge about JDIB management, departments and branches, in addition to general aspects such as JDIB values, goals, policies & procedures, selling skills, quality and many more.
1.2	Induction & Orientation	2	75	To guarantee keeping up with the best international practice in human resources management and administration and its implementation.
1.3	Leadership and Strategic Training	5	32	Train leaders and enrich their skills by which they guide all their activities towards goals with the requested efficiency and accuracy. Also to provide leadership skills to guide all efforts to accomplish JDIB strategic goals. Training activities focused on entrusting and stabilization of leaders, the efficiency and quality of leadership and its relationship with the work style, leadership as motivation of change and application of modern leadership
1.4	Simulation	3	350	To provide employees with theoretical and practical skills in working and dealing with the Bank various systems and enabling them to take decisions through simulating real cases in using systems, also to guarantee optimal performance in responding to emergencies.
1.5	Behavioral and Communication Skills & English language	6	36	Based on the formation of JDIB corporate culture, various training sessions have been designed and conducted to enrich and strengthen JDIB staff communication skills and conversation skills in in both English and Arabic in order to comply with HR strategic goals to create harmonious internal work environment well guided towards goals, in addition to ensure best interactions with the external markets variables.

1.6	Project Management	1	13	Enriching participants with required necessary skills and knowledge to manage projects efficiently and effectively in order to accomplish targets
2	Local & International Conventions, Forums & Activities	23	35	To guarantee integration in the training process as participation completes the overall training goals also to guarantee effective participation of the bank in the local and international activities
3	Professional Certificates	11	14	JDIB has contributed in granting employees specialized local and international certifications for better performance in their various jobs
4	Specialized Training Programs	61	309	
4.1	Compliance & Anti Money Laundring	6	11	Updating Staff with the continuous changes of the local and international rules and regulations that govern the banking sector and provide Staff needed knowledge in counter terrorism and AML
4.2	Finance & Accounting	5	5	Participation in accounting and Islamic financial management
4.3	HR & Administration	10	15	Keeping up with international best practices in Human Recourses and Administration
4.4	Computer & I.T.	9	39	Following up with latest developments in Information Technology and ensure having best practices in dealing with information & Communication security
4.5	P.R, Marketing & Sales	4	145	Guarantee effective participation and to present JDIB best image in all local and international activities in addition to contributing in media and marketing training
4.6	Legal	4	45	Participation in training of JDIB activities and Islamic banking legislation and laws
4.7	Audit	2	5	Internal audit best local and international practices
4.8	Treasury	1	3	Participating in treasury and investment trainings
4.9	Risk Management	20	41	Participation in Risk management training programs including operational and credit risk
	Total	137	1321	





Ongoing training activities for staff

The Risks Faced by the Bank:

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

Achievements Realized by the Bank during the Financial Year:

Since its launch in 2010 Jordan Dubai Islamic Bank has aspired to achieve its strategy of expansion through a constantly increasing network of branches which currently stands at thirtheen branches strategically located throughout the Kingdom offering a bouquet of modern Sharia-compliant financial solutions to cater to the growing demands in the Jordanian market. The Bank achieved a growth of 31% in its assets in 2011



The Chairman of the Board and the CEO receiving the award

compared to 2010 and a growth of shareholders' equity of 5.1% and as a result of the extraordinary performance of the Bank and its steady growth it was awarded by (The Banker Middle East) "The Fastest Growing Bank in Jordan for 2011"; and it was also considered the fourth fastest growing bank in the Middle East. It was granted this award thanks to the confidence of its customers of the high quality service provided by the Bank as well as its good reputation. This honoring is also a result of the Banks commitment to deliver high quality personalized service according to best international practices.

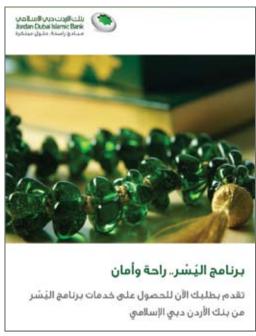
First: Retail Banking Services

In the framework of executing the strategic plan for the Bank for the year 2012 that aims at delivering the Bank's Islamic Sharia compliant banking services to all spectrums of the Jordanian society and using latest technologies to provide highly personalized services to meet its customer needs through its widespread branches and direct sales agents to enlarge customers' base and to support sales activities. This is in addition to developing the electronic banking services to best serve its customers.

It is worth mentioning that the Bank was established in the year 2010 and its' branches started to increase rapidly to date to become 13 branches in Amman the capital and in the two provinces Irbid and Zarqa, providing a complete Bouquet of Sharia compliant banking solutions within a modern frame work, of which for example but not limited to programs of: Auto Finance, Murabaha Personal Financing, Ijara Home Financing- Lease – To - Own and also, the Bank provides services for current, saving and investment deposits accounts within flexible terms, in addition to a package of modern services such as internet banking services, visa electron cards and golden and classic visa cards for monthly settlement.

At the level of products and marketing activities, the bank concentrated on developing and providing a package of products and services with special and competitive features including the launch of Al Yusur program, which was designed to provide current and prospective customers with the means for having the intension to transfer all their outstanding banking liabilities at the commercial/traditional banks to Islamic Sharia compliant liabilities and this program is characterized in covering the liabilities at the commercial/traditional banks within products of personal finance, auto finance and credit cards.

Also in consistency with the Bank's objectives in expanding its existing customer base and obtaining new customers, Ijarah financinglease – to - own program for land and farms has been launched in addition to



Al Yusur program

Murabaha that grants the opportunity to own the land and farms with ease and simplicity and in compliance with the Islamic Sharia Provisions and within flexible terms and competitive rates.

The Bank also launched two marketing campaigns, the first being for the Auto Finance Product under the title of "Your new car in Eid Al Fitr and payment after Eid Al Adha", and the second being for Goods' Murabaha Product under the title of "Happy Eid with New Furniture". These two campaigns were launched during the Holy Month of Ramadan. Also a memorandum of understanding was signed with the Professional Company for Real-Estate Investment and Housing to finance housing flats in Riyadh AL-Muhandiseen Housing Project.

At the level of term deposits, the Bank was able to enlarge its customer base where the number of accounts exceeded 17000 and this was achieved thanks to various innovative accounts that the Bank launched including current and investment accounts and profits' distribution that comply with Islamic Sharia Provisions.

In Jordan Dubai Islamic Bank's keenness to better serve its customers it has opened the Safwa Center which is the VIP customer service center, providing specialized services to its VIP customers and this comes in the embodiment of the Bank's values of providing the highest standards of Shari'a compliant banking services.



Safwa center / VIP Customers service center

Objectives of the strategic plan for the year 2012 were summarized as follows:

- To focus on providing an outstanding service within the highest quality standards as a number one objective on the Bank's list of priorities during the year 2012.
- To build on increasing the Bank's market share in a market that is characterized by high competition.
- To continue developing and providing more outstanding banking services and products in compliance with the Islamic Sharia Provisions.
- To build a network of branches and direct sales teams.





Building a network of branches / Sahab Branch which was opened in 2012

Second: Corporate Banking Services

The Corporate Banking Department continued to lead the Bank's performance in 2012, for the third consecutive year, by building a diversified portfolio of new clients in the Large and Middle corporate sectors despite the continuing difficult economic and political conditions in the region, which affected the various sectors. The quality of services provided by the department to its customers and the ability to understand their needs by providing financial products and services suitable to them, compatible with the Islamic Sharia, was reflected in the portfolio growth of direct and indirect facilities which increased by 150% in the past two years.

Third: Treasury and Investment

- Efficiently managing the Bank's assets and liabilities and maintaining the required liquidity levels to meet the needs of the Bank at all times as well as expertly utilizing the excess liquidity through investing in Wakala, International Murabaha and Capital Markets.
- Managing the Bank's Foreign Exchange Risk, Profit Rate Risk, and Capital Markets Risk to guarantee the highest return for the lowest possible risk.
- Expanding the network of corresponding banks to meet the Bank and our clients' requirements at the lowest possible cost.

- Providing Sharia-compliant brokerage services through MISC, a JDIB wholly-owned Brokerage Company.
- Providing Foreign Exchange trading and investment services to our clients.
- Providing Regional and International Sukuk trading and investment services.

Fourth: Human Resources

As Human Resource Management believes that the success of any project or strategic initiative depends primarily on the strength and durability of the organizational culture - which can only be achieved by genuine and effective contribution of all of the bank's employees - HRM has adopted in its strategy (2012-2014) building the organizational culture through the following three pillars:

1. Build JDIB unique Internal Identity (Internal Branding) through structuring a healthy and solid working environment where our employees act as ambassadors of the JDIB, and through strengthening and enhancing the means of communication between employees at all levels to instill JDIB's identity and reinforce the sense of belonging by on concepts and principles such as transformational leadership beyond the traditional management principles to the development and promotion of intellectual and creative leaders and convert their interests to be an essential part of the message to the Bank.



The training program (The Customer Experience) for branches and direct sales staff

2. Reinforce staff engagement with the aim to boost productivity and commitment to the bank's strategy, vision and objectives, and develop a sense of loyalty among JDIB employees by focusing on key concepts such as communication and partnership between employees and the management, provide opportunities for development and career progression, perseverance and consistency to maximize benefits and contribute to the achievements within and outside the boundaries of the job functionality as well as reward those who take on staff engagement methodology, which result in greater productivity and more commitment to the goals, visions and values of the Bank, in addition to enrich the team spirit and loyalty of the employees to each other on the one hand and the bank on the other and thus enable more employees.



3. Instill the concepts of Change Management and associated principles through harmonization of existing resources within the Bank and employees sense of the need to participate in leading the change which will be reflected positively on the performance and consequently create an organization that is built on trust, knowledge and a sense of responsibility and thus enrich the competencies and the ability to achieve goals and the desired return on investment in human resources.

Understanding the special features of change management facilitates its presentation process in a way that is consistent with the vision of the bank and enable the management to direct efforts towards achieving the desired change, which is directly linked to the promotion of mutual respect and a spirit of partnership between employees and enable them to keep up with changes and developments affecting the nature of their work as well as to ensure provision of knowledge and skills needed to cope with crisis and make critical decisions based on the exploitation of previous experiments and continuous self-development.

To achieve the three strategic Pillars, HRM focused in 2012 on reviewing and studying compensation and benefits granted to employees to ensure competitiveness, it increased the benefits of the products granted to employees at preferential rates, automation of HR activities and processes where employees enjoy the privilege accessing their own data and practice all related activities, adopted incentive programs described as the best in the local market.

Within the framework of maintaining the internal talent and investment in human resources available, HR created opportunities for internal talent through succession planning program and career path system, conducted 360 degrees assessment for all of talent pool to ensure the continuity of the existence of qualified leaders ready to assume positions at the bank whenever the necessity deemed.

In the training and development framework and for the purpose to support the needs of employees in their career path, the Training Department conducted (14) training programs internally at the Training Center, and provided 677 training opportunities addressed many areas and topics directly related to the bank's businesses in order to improve the quality of service, such as Customer Experience Program and sales & service skills, which aims to give employees the skills needed to keep up with the different needs of customers and further to foster a spirit of cooperation and teamwork between various departments. Moreover, the training Department has designed and conducted tailored leadership programs in order to provide leaders in the bank with the necessary skills that will enable them to guide all efforts towards the right direction effectively as well as equip them with leadership skills necessary to employ the efforts towards achieving the strategic objectives of the Bank. For the purpose of ensuring the effectiveness of the training process for the induction training program, Training Department established an integrated Simulation Unit in order to keep up with their continuous development through which conducting training and preparing new employees to ensure providing them with the practical training required.

Fifth: Administration

In line with Jordan Dubai Islamic Bank's strategy to provide high quality Islamic banking services at the highest level of service, work is currently being conducted on preparing the new Head Office building in Al Abdali area with the latest technologies that support the Bank's future needs to better serve its customers.

The building designs were completed according to the latest and most modern technical standards for which the Bank building was awarded the Best Design for Commercial Buildings in 2011.

The building is equipped with the latest technologies for data centers, communications, and security systems that allow observation and remote control of the Bank's departments and branches and all this according to the best environmental practices.

The building includes the best means of interaction with customers from meeting rooms, to seminar and lecture halls as well as a training center equipped with the best systems that provide best customer services.



The new Head Office building in Al Abdali

The financial effect of transactions of non-repeated nature that happened during the financial year and which are not included in the Bank's main activity:

The Bank, through non-repeated operations sold real estate and equipment whose ownership has been devolved to the Bank for unpaid debts in the amount of JOD 430 thousand noting that its value on our book records is JOD 216 thousand which achieves capital gains due to this sale of JOD 195 thousand.

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

Statement/ Year	2010 JOD	2011 JOD	2012 JOD
Operating Profits	4,795,793	17,557,882	14,486,460
Earnings before tax	(4,021,475)	5,021,770	761,906
Shareholders' Equity	110,527,114	115,057,565	127,059,464
Earnings per share	-0.05	0.06	0.023

Analysis of the Bank's Financial Position and its Results during the Financial Year

Operations' most important results	2011	2012
Credit Commissions	2,037,814	2,763,586
Net profits and (losses) before tax	5,021,770	761,906
Net profits and (losses) after tax	5,351,520	2,134,899
Financial Position most important items		
Total Assets	350,398,867	475,217,035
Financing and Investment	289,524,872	392,431,864
Total clients' deposits	201,950,819	306,912,832
Number of shares	89,000,000	100,000,000
Financial Ratios		
Return on assets average	1.86%	0.52%
Return on average equity	5.12%	1.76%
Operation expenses/ operation revenues	94%	71%
Shareholders' equity/ Total of assets	32.8%	26.7%
Off Balance sheet		
Letters of credit	10,007,926	22,069,754
Guarantees	3,806,999	5,261,724
Acceptances	5,912,882	6,896,206

Important Future Developments and the Bank's Future Plan

- To work on increasing the Bank's share in the local market.
- To continue launching new and innovative Islamic banking products and services that meet customer needs.
- To provide high quality services that meet customers' needs and achieve their satisfaction through applying high quality standards.
- To continue developing and providing more electronic banking services such as internet banking services and banking services using SMS and phone banking and mobile banking.
- To deepen and develop the principles of corporate governance in the bank.
- Believing that building our desired and unique corporate culture is the cornerstone to create the harmony needed to directing all efforts towards achieving our goals, Human Resources Management will constantly work throughout an integrated plan aiming to enhance & sustain our pillars of corporate culture; Building Internal Brand, Staff Engagement and Change management.
- HR Department will continue in 2013 as per the adopted strategy 2012-2014 the promotion and enrichment of Building the Internal Brand and the Change Management concept and its related subjects, making sure it's consistent with the overall objectives of the Bank and its framework under which change management can be implemented, where the focus will be on the basic principles of the general concept of change such as major factors in bringing about change, understand planning and management of change, models and strategies to manage and lead change and other related subjects.
- As we believe in the importance of leadership, which is the basic foundation that leads the Bank towards success, excellence, and creating the organizational culture which provides the base for the Bank's success, a number of specialized training programs to top and middle management, talent pool training programs will be carried out in order to prepare the second liners to assume leadership roles. Such programs include many vital and essential topics, such as, but not limited to, total quality management in banks, driving performance, communication skills, strategies, negotiation techniques, strategies for building teams, creative and analytical thinking personal and interpersonal skills and innovative thinking.
- HR Excellence Center will also continue building on efforts exerted in talent management, modernization upgrade the organizational structure and manpower planning to insure

flexibility and alignment with career progression and proper integration between departments to achieve the goals and to enhance bank's competitive advantages.

- For incentives and compensation, we will seek as always to maintain competitive systems in this area through constant studying of the market to strengthen the concept of Staff Engagement and deepen the sense of belonging and loyalty within them.
- It is our comprehensive understanding of the term "service" which directly linked to Human Resources Management that makes it one of our top priorities through the continuous implementing of best practices in the provision of all services to staff as the quality of services provided to employees enhances the sense of job security and the importance of their endeavourers, in addition to employees' satisfaction that stems from a reliable reference that always meet & fulfill their needs at the right time.

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

Number of Securities owned by the Members of the Board of Directors and Senior Management

Shares of members of	of the Board of Dire	ectors and their represe until 31/12/2012	entatives and the exe	cutive managemen	
Name of member representing the legal entity	Nationality	Name of the represented legal entity	No. of shares of legal entity	Percentage of ownership in the Bank's Capital	
Ismail Nabil Tahboub	Jordanian	Mesc Investment Co.			
Mohammad Salim Al Falasi	UAE	Mesc Investment Co.			
Khalid Mohammed Oudeh Al Qaraan	Jordanian	Mesc Investment Co.	52,000,000	52%	
Mohammed Said Ahmed Al Sharif	UAE	Mesc Investment Co.			
Bashar Mohammad Abdel Ghani Al Amad	Jordanian	Mesc Investment Co.			
Marwan Hasan Ali Al Khatib	UAE	Al Hilal Company for Islamic Investments	949,924	0.9499%	
Ismail Said Zein Zaghloul	Jordanian	Jordanian Ministry Of Finance	5,550,000	5.5500%	
Lo'ay Munir Tewfick Suhwail	Jordanian	Social Security Corporation	5,967,651	5.9677%	
Abdullah Khalid Obeidat	Jordanian	Pension Fund for the Jordan Engineer's Association	296,563	0.2966%	
Fadi Ibrahim Quraish	Jordanian	Al Kamaliyya Company for Housing	2,800,526	2.8005%	
Board Member (representing himself)	Nationality	No. of Shares owned by Board Member	Percentage of ownership in the Bank's Capital		
Raslan Nouri Raslan Deiranieh	Jordanian	1,780	0.0018%		
Board Member owning shares in his personal capacity	Nationality	No. of Shares owned by Board Member	Percentage of ownership in the Bank's Capital		
Ismail Nabil Abdel Mu'ti Tahboub	Jordanian	98,700	0.0987%		



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

Name of the Board of Director's member	Committee Memberships	Transporta- tion and Attending Meetings	Income Tax	Net
Mr. Ismail Nabil Tahboub	1,200	11,900	(917)	12,183
Mr. Nidal Pascal Elias Al Shomali	3,000	1,700	(329)	4,371
Eng. Abdullah Khalid Abdullah Obeidat	3,000	11,900	(1,043)	13,857
Mr. Mohammed Salim Saif Al Falasi	-	8,500	(595)	7,905
Mr. Bashar Mohammed Abdel Ghani Al Amad	3,300	11,900	(1,064)	14,136
Mr. Raslan Nouri Raslan Deiranieh	3,600	11,900	(1,085)	14,415
Al Kamaliyah Company for Housing	600	11,900	(875)	11,625
Mr. Marwan Hasan Ali Al Khatib	-	10,200	(714)	9,486
Investment Unit for the Social Security Corporation	3,900	11,900	(1,106)	14,694
Mr. Mohammed Said Ahmed Al Sharif	3,000	11,900	(1,043)	13,857
Dr. Ismail Said Zein Zaghloul	1,200	11,900	(917)	12,128
Mr. Khalid Mohammed Oudeh Al Qaraan	3,000	11,900	(1,043)	13,857
Total	25,800	127,500	(10,731)	142,569

Benefits and rewards earned by top management

Total top management salaries and bonuses for the year 2012: JOD (1542183)

Donations and Grants Paid by the Bank During 2012

No.	The Entity to which Donations were Granted	Amount JOD
1	Orphan's Fund Development Foundation / Distribution of food packages for needy families during the Holy month of Ramadan	10,000
2	The Islamic Charity Center Society / Distribution of food packages for needy families during the Holy month of Ramadan	10,000
3	The Islamic Charity Center Society/ Distribution of Adahi to needy families during Eid Al Adha	4400
4	Jordan Hashemite Fund for Human Development	11090
5	Jordan Medical Aid for Palestinians / Supporting medical projects for needy families in Hitteen and Jarash Camps	4200
6	HRH Prince Ali Bin Al Hussein Club for the Deaf	1000
7	Middle East Studies Center/ Scientific Research prize for Jordan university students	1000
8	Saad Bin Moath Charity Association	200
9	Jordan Star Charitable Society for the Deaf	200
10	Jordan River Foundation / Supporting the Child Protection Program / Dar Al Aman Center	5000
11	The Association for the Conservation of the Holy Quran / Giving out prizes to those memorizing the Holy Quran	500
12	Qudorat Association for the Youth / Supporting the higher education exhibition	300
13	Asian Football Development Association/ Supporting a day for refugee children	1000
14	The Association for the Conservation of the Holy Quran / Supporting the distribution of the interpretation of the Holy Quran in sign language for the benefit of the deaf	2000
15	The Arab Group for the Protection of Nature / Supporting the planting of 500 olive trees in Palestine	2500
16	Disabled Children Care Association / Supporting the Arab Orphans Convention	500
17	Ibn Sina Society for Cerebral Palsy	300
18	King Hussein Cancer Foundation	15000
19	King Hussein Cancer Foundation / Buying greeting cards	1400
20	Orphan Care Society	1247
	Total	71,837

In 2010 Jordan Dubai Properties were awarded the bid for project management of the construction of the Bank's new Head Quarters building for the amount of 220,238 JOD; and the contract expires in 2013. The necessary approvals were taken regarding the particularity of the relation between this company and the Bank (being related parties).

The Bank participated in environmental protection during 2012 by donating to the Arab Group for Protection of Nature, the sum of 2500 JOD to plant 500 trees to support the campaign of planting a million trees in the Palestinian territories.

During 2012 the Bank focused on serving the local community through supporting local non-profit organizations such as the Association for the Conservation of the Holy Quran as well as supporting scientific conferences and events held by the World Islamic Sciences and Education University and Aal Al Bayt University as well as supporting religious educational lectures emanating from the Bank's belief in the importance of knowledge development.

The Bank also supported local charities that give to the poor, the needy, orphans and those with special needs.



Distribution of food packages during the Holy Month of Ramadan



Blood Donation Campaign by JDIB Staff

Declarations

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

Mr. Ismail Tahboub Chairman of the Board

Mr. Mohammed Said Al Sharif Deputy Chairman

Mr. Bashar Al Amad Member Mr. Khalid Al Qaraan

Member

Mr. Mohammed Al Falasi Member

8

Mr. Marwan Al Khatib Member

Member

Eng. Abdullah Obeidat Member

2

Dr. Ismail Zaghloul Member

-

Dr. Eng. Lo'ay Suhwail

Member

Mr. Fadi Quraish Member

Mr. Raslan Deiranieh

Member.

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

Mr. Ismail Tahboub Chairman of the Board Mr. Sami Al Afghani

Chief Executive Officer

Mr. Amjad Al Ramahi Acting Head of Finance

Sharia Supervisory Board Annual Report Of Jordan Dubai Islamic Bank For the Financial Year Ending 31/12/2012

Praise be to Allah, and peace and blessings upon our prophet Mohammad and his family and companions

Messers/ Shareholders of Jordan Dubai Islamic Bank.

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

By virtue of Jordanian Law of Banks No. 28 of the year 2000, and its content concerning Islamic Banks and JDIB's Articles of Association; and controls mentioned within accountancy and audit standards; and controls of the Islamic Financial Foundations, issued by Audit and Accountancy Organization of the Islamic Financial Institutions (AAOIFI), the Sharia Supervisory Board presents the following report:

The Sharia Board supervised the principles used and contracts concerning transactions and applications offered by the Bank during the financial period ending on 31/12/2012. It has also carried out due surveillance to give its opinion whether the Bank has been compliant with regulations and principles of the Islamic Sharia, and how far its observance of Fatwas (Sharia decisions) was, as well as the defined resolutions and directions that we had issued, and to make sure of the Bank's observance thereof.

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

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

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

In our opinion:

A- The members of the Sharia Supervisory Board reviewed the general budget of the Bank and income statements as of 31/12/2012, and the explanations concerning them, considering that, they provide a picture of the Bank's activities; and the Board did not find any Sharia violation in those it acknowledged thereon.

B-The contracts, operations and transactions conducted by the Bank during the year ending 31/12/2012 that we reviewed have been conducted according to the regulations and principles of the Islamic Sharia.

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

D- The Authority revised the structures of financing and its terms and conditions, and



contracts by which transactions were executed during the current year as of 31/12/2012, which we reviewed according to regulations and principles of the Islamic Sharia.

E- Distribution of profits and burdening loss on investment accounts, agrees with the basis approved by us according to regulations and principles of the Islamic Sharia.

F- Sums that came to the Bank from resources or by ways that do not agree with regulations and principles of the Islamic Sharia were moved to the account of benefits (Khairat) to be spent in charitable fields, and were not included in the Bank's revenues.

G-The Board replied to inquiries presented to it and issued necessary Fatwas (Sharia opinion); and the Bank's management showed remarkable positive reaction in applying those (Fatwas) opinions and observance of them.

H- Issuance of Zakat is the task of shareholders, and there is no entitlement of the Bank's management to issue it directly because there is no official law for collecting it; and because no mention of such thing in the Bank's Articles of Association or the decisions of the General Assembly, or authorization by shareholders. Therefore, the shareholder has to issue (Zakat) of his shares when Sharia conditions and controls of Zakat apply, taking the following into consideration:

- If intent on purchase or underwriting was to trade with them and circulation, the shareholder will issue (Zakat) of the share's market value and the dividends distributed at the end of the year by (2.5%) of this value in the Hijri year, and the calendar year (2.5771%).
- If the intent on purchase of shares or underwriting was to obtain profits not trading, he will issue (Zakat) (2.5%) in the Hijri year or (2.577%) in the calendar year in the value of (Zakat) assets in addition to the dividends either distributed or not.

Praise be to Allah.

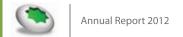
Date 24/2/2013

Chairman and Executive Member Prof. Dr. Hussein Hamed Hassan

Member Prof. Dr. Ali Al Mousa Al-Sawa Member Dr. Ahmad Mulhem

Member

Prof. Dr. Ali Al Quradaghi



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), and its subsidiaries here in referred to as the "Group" which comprise the consolidated statement of financial position as at 31 December 2012, 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 Group as of 31 December 2012 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 Group maintains proper books of accounts and the accompanying consolidated financial statements and financial information in the Board of Directors' report are in agreement therewith.

Amman – Jordan 21 February 2013

الإبداع

« رَبَّنَا مَا خَلَقْتَ هَذَا بَاطِلاً سُبْحَانَكَ »

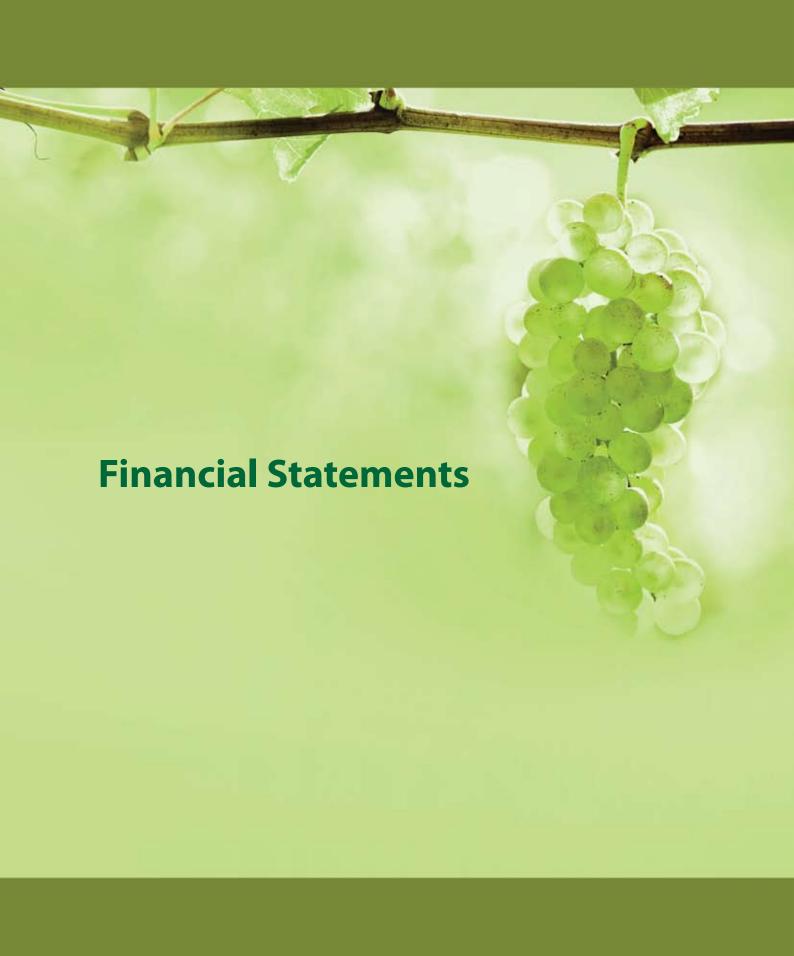
سورة آل عمران الآية ١٩١

Innovation

General meaning of the Holy Verse is:

God's creation is not in vain

Surat Aal Emran Verse No. 191



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Notes	31 December 2012 JD	31 December 2011 JD
ASSETS			
Cash and balances with Central Banks	4	43,279,033	21,280,772
Balances at banks and financial institutions	5	11,540,775	19,175,578
International wakala investments	6	9,217,000	11,959,000
Financial assets at fair value through profit or loss	7	1,679,417	531,699
Deferred sales receivables and other receivables-net	8	263,724,258	195,873,750
Unconverted loans-net	9	245,282	333,742
Financial assets at fair value through unrestricted investment accounts	10	20,532,330	7,292,322
Financial assets at amortized cost – net	11	-	2,231,690
Investment in associate	12	336,947	322,963
Local wakala investments	13	452,963	2,627,545
Ijara muntahia bittamleek assets-net	14	96,234,667	68,847,161
Property and equipment-net	15	12,655,647	10,814,751
Intangible assets	16	1,698,222	1,198,078
Deferred tax assets	23/C	1,991,533	618,540
Other assets	17	11,628,961	7,291,176
Total Assets		475,217,035	350,398,767
Liabilities - Banks and financial Institutions accounts	18	10,208,332	12,728,547
Customers' current accounts	19	58,449,958	38,643,252
Cash margin accounts	20	17,316,600	4,463,719
Borrowed funds	21	1,792,117	2,282,076
Other provisions	22	136,635	251,718
Income tax provision	23/A	2,332,100	5,632,100
Other liabilities	24	7,544,396	6,434,260
Total Liabilities		97,780,138	70,435,672
Unrestricted Investment Accounts			
Unrestricted investment accounts	25	248,462,874	163,307,567
Fair value reserve – net	27	65,835	138,126
Deferred tax liabilities	23/C	28,215	59,197
Total equity of unrestricted investment accounts		248,556,924	163,504,890
Investment Risk Fund			
Investment risk fund	26	-	1,400,640
Provision for investment risk fund tax	26	1,820,509	-
Shareholders' Equity			
Paid in capital	28	100,000,000	89,000,000
Share premium	28	(1,100,000)	-
Statutory reserve	29	20,150,808	20,074,617
Voluntary reserve	29	1,943,336	1,943,336
General banking risk reserve	29	300,000	300,000
Retained earnings	30	5,765,320	3,739,612
Total Shareholders' Equity		127,059,464	115,057,565
Total Liabilities, Unrestricted Investment Accounts and Shareholders' Equity		475,217,035	350,398,767

The accompanying notes from 1 to 57 form part of these consolidated financial statements



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED IN 31 DECEMBER 2012

	Notes	31 December 2012	31 December 2011
		JD	JD
Deferred sales revenues	31	14,074,235	8,830,230
Ijara muntahia bittamleek revenues	32	6,705,462	4,009,412
Local wakala investments profits	33	122,576	279,728
International wakala investments profits	34	202,578	411,202
Profit from financial assets at fair value through unrestricted investment accounts	35	697,500	740,014
Profit from financial assets at amortized cost	36	47,637	88,834
(Losses) gains from financial assets at fair value through profit or loss	37	41,113	(64,906)
Profit from investment in associate	12	42,111	47,258
Foreign currencies revaluation profits	38	213,360	265,748
Revenues from unrestricted investments		22,146,572	14,607,520
Share of unrestricted investment accounts holders'	39	(7,952,583)	(4,303,226)
Investment risk fund	26	(3,321,986)	(2,191,128)
Bank's share of revenues from unrestricted investments as a mudarib and rab mal	40	10,872,003	8,113,166
Bank's self financed revenues	41	340,686	456,607
Gain from foreign currencies	42	313,498	227,776
Banking services revenues	43	2,763,586	2,037,814
Other revenues	44	196,687	6,722,519
Total income		14,486,460	17,557,882
Employees' expenses	45	7,202,486	6,239,810
Depreciation and amortization	15&16	1,508,364	1,058,741
Ijara muntahia bittamleek assets depreciation - self financed	32	197,374	13,218
Provision for impairment on direct credit facilities – self financed	9	-	1,034,000
The excess of deferred sales receivables and other receivables provision	8	(1,750)	(15,415)
Impairment on repossessed asset against debts – self fi- nanced	17	-	150,000
Excess in other provisions	22	(100,000)	(30,000)
Other expenses	46	4,918,080	4,085,758
Total expenses		13,724,554	12,536,112
Profit (loss) for the year before tax		761,906	5,021,770
Income tax credit	23/B	1,372,993	329,750
Profit (loss) for the year		2,134,899	5,351,520
Other comprehensive income items		-	-
Total comprehensive income		2,134,899	5,351,520
		JD/Fils	JD/Fils
Basic and diluted earnings per share	47	0.023	0.060

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED IN 31 DECEMBER 2012

	Paid in capital JD	Share discount JD	Statutory reserve JD	Voluntary reserve JD	General banking risk reserve JD	Retained earnings JD	Total JD
For the year ended 31 December 2012							
Beginning balance	000'000'68	1	20,074,617	1,943,336	300,000	3,739,612	115,057,565
Total Comprehensive income for the year	ı	1	ı	1	1	2,134,899	2,134,899
Capital increase fees	ı	I	ı	ı	1	(33,000)	(000'88)
Capital increase (note 28)	11,000,000	(1,100,000)	ı	1	1	1	000'006'6
Transfers to reserve	ı	ı	76,191	ı	1	(76,191)	ı
Balance as at 31 December 2012	100,000,000	(1,100,000)	20,150,808	1,943,336	300,000	5,765,320	127,059,464
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	ı	ı	ı	I	1	5,351,520	5,351,520
Capital increase fees	I	I	I	I	ı	(167,000)	(167,000)
Capital increase	14,000,000	(10,605,800)	ı	(3,394,200)	1	ı	ı
Transfers to reserve	ı	ı	502,177	ı	1	(502,177)	1
Balance as at 31 December 2011	89,000,000	1	20,074,617	1,943,336	300,000	3,739,612	115,057,565

- Retained earnings balance as at 31 December 2012 includes an amount of JD 1,991,533 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 2012 is restricted from use subject to the Central Bank of Jordan approval

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED IN 31 DECEMBER 2012

	Notes	31 December 2012	31 December 2011
CASH FLOWS FROM OPERATING ACTIVITIES		JD	JD
Profit for the year before tax		761,906	5,021,770
Adjustments for non monetary items:			
Depreciation and amortization		1,508,364	1,058,741
Investment risk fund		3,321,986	2,191,128
Provision for impairment on direct credit facilities-self financed		-	1,034,000
The excess of deferred sales receivable and other receivables provision		(1,750)	(15,415
Impairment on repossessed asset against debts – self financed		-	150,000
Excess in other provisions		(100,000)	(30,000)
Unrealized loss of financial assets at fair value through profit or loss		47,600	88,286
Profit from investment in associate		(42,111)	(47,258)
(Loss) gain on sale of property and equipments		4,205	(5,727,199)
Gain on sale of repossessed asset against debts – self financed		(194,965)	(992,805)
Cash flows from operating activities before changes in operating assets and liabilities		5,305,235	2,731,248
Changes in assets and liabilities:			
(Increase) in financial assets at fair value through profit or loss		(1,195,318)	(619,985)
(Increase) in deferred sales receivables and other receivables		(70,750,875)	(87,145,868)
Decrease in unconverted loans		88,460	5,273,661
Decrease in local wakala investments		2,174,582	433,888
Increase in Ijara muntahia bittamleek assets		(27,387,506)	(42,212,438)
Decrease (increase) in other assets		(4,562,817)	3,946,356
Increase in customers' current accounts		19,806,706	9,859,640
Increase in cash margin accounts		12,852,881	2,613,019
Decrease in other provision		(15,083)	(29,505)
(Decrease) increase in other liabilities		(1,620,363)	1,559,819
Net cash used in operating activities before income tax paid		(65,304,098)	(103,590,165)
Income tax paid		(569,503)	-
Net cash used in operating activities		(65,873,601)	(103,590,165)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at fair value through unrestricted investment accounts – net		(13,343,281)	(2,704,214)
Purchase of financial assets at amortized cost - net		2,231,690	(894,626)
Purchase of intangibles assets		(874,638)	(467,203)
Purchase of property and equipment		(2,978,971)	(3,032,143)
Proceeds from sale of property and equipments		-	6,362,270
Dividends received from associate		28,126	-
Proceeds from sale of repossessed asset against debts		420,000	1,328,158
Sale of international wakala investments		2,742,000	19,385,000
Net cash (used in) from investing activities		(11,775,074)	19,977,242
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in unrestricted investment accounts		85,155,307	60,925,141
Increase in capital		9,900,000	-
Decrease in borrowed funds		(489,959)	(245,492)
Capital increase fees		(33,000)	(167,000)
Net cash from financing activities		94,532,348	60,512,649
Net increase (decrease) in cash and cash equivalents		16,883,673	(23,100,274)
Cash and cash equivalents, beginning of the year		27,727,803	50,828,077
Cash and cash equivalents, end of the year	48	44,611,476	27,727,803

The accompanying notes from 1 to 57 form part of these consolidated financial statements

الجــودة

« وَقُل اعْمَلُواْ فَسَيَرَى اللَّهُ عَمَلَكُمْ وَرَسُولُهُ وَالْمُؤْمِنُونَ »

سورة التوبة الآية ١٠٥

Quality

General meaning of the Holy Verse is:

Say work and Allah, His Messenger and believers will observe your work.

Surat Al Tawbah Verse No. 105



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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. (1/2013) held on 21 February 2013 and it is subject to the approval of General Assembly.

The Shari'a Supervisory Board issued its report in their meeting No. (1/2013) held on 24 February 2013.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation -

- The accompanying consolidated financial statements for the Bank and its subsidiaries 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 interpreta-

tions 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.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank has the power to govern the operational and financial policies of the entities so as to obtain benefits from their 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 subsidiaries included in the financial statements as of 31 December 2012 are as follows:

Company	Capital JD	Ownership %	Main Activity	Location	Acquisition date
Mesc for brokerage	750,000	100%	Brokerage	Amman	2011
Jordan Dubai Real State Investment	50,000	100%	Real state Investment	Amman	2012
AlFaid for Real State Investment	2,500	100%	Real state Investment	Amman	2012

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.

Changes in accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended 31 December 2012 are consistent with those of the previous financial year.

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 2012 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 mixes its own funds 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 by Islamic Shari'a on the purchased shares with the intent of trading equals to (2.5%) for Hijri year and (2.577%) for Gregorian year of the market value for the shares and distributed dividends as at the end of the year.
- 2. The Zakat applied by Islamic Shari'a on the purchased shares for generating profit with no intent of trading equals to (2.5%) for Hijri year and (2.577%) for Gregorian years of the assets applicable for the Zakat plus the realized gains whether distributed or not.

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 finite useful life are amortized during that life, and amortization is recorded in the consolidated statement of comprehensive income. For intangible assets with infinite 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

	2012 JD	2011 JD
Cash on hand	6,322,857	3,384,124
Cash and balances with Central Bank of Jordan:		
Current accounts	15,793,960	3,967,821
Statutory cash reserve	21,162,216	13,928,827
Total	43,279,033	21,280,772

Except for the statutory cash reserve, there are no other restricted cash accounts as at 31 December 2012 and 31 December 2011.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

		cs and finan- Foreign bank titutions cial insti			То	tal
	2012 JD	2011 JD	2012 JD	2011 JD	2012 JD	2011 JD
Current and on -Demand accounts	960,222	12,549,856	10,580,553	6,625,722	11,540,775	19,175,578
Total	960,222	12,549,856	10,580,553	6,625,722	11,540,775	19,175,578

There are no restricted cash balances as at 31 December 2012 (2011: 996,600).

(6) INTERNATIONAL WAKALA INVESTMENTS

	Joint		
	2012 JD	2011 JD	
Within a month	5,672,000	1,250,000	
Month to three months	921,700	10,709,000	
Three to six months	2,623,300	-	
Total	9,217,000	11,959,000	

(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Joint		
	2012 2011 JD JD		
Quoted shares	1,679,417	531,699	
Total	1,679,417	531,699	

(8) DEFERRED SALES RECEIVABLES AND OTHER RECEIVABLES- NET

	Joint		Self fin	anced	То	tal
	2012 JD	2011 JD	2012 JD	2011 JD	2012 JD	2011 JD
Individuals (retail)						
Purchase orderer Murabaha	34,424,992	14,013,442	989,242	1,312,709	35,414,234	15,326,151
ljara Muntahia Beltamleek – receivables	71,805	38,440	-	-	71,805	38,440
Other receivable	-	-	88,699	54,879	88,699	54,879
Real estate funds	4,211,840	2,604,565	-	-	4,211,840	2,604,565
Corporate						
International Murabaha	61,600,651	50,371,375	-	_	61,600,651	50,371,375
Purchase orderer Murabaha	148,093,427	134,796,099	-	-	148,093,427	134,796,099
ljara Muntahia Beltamleek – receivables	425,853	1,203,665	-	-	425,853	1,203,665
Governmental and public section	33,946,381	-	-	-	33,946,381	-
Other receivable	-	-	738,656	-	738,656	-
Total	282,774,949	203,027,586	1,816,597	1,367,588	284,591,546	204,395,174
Less: deferred revenues	16,203,657	6,904,510	113,372	174,194	16,317,029	7,078,704
Suspended revenues	278,902	71,730	-	-	278,902	71,730
Impairment provision	4,247,854	1,345,737	23,503	25,253	4,271,357	1,370,990
Deferred sales receivable, other assets - Net	262,044,536	194,705,609	1,679,722	1,168,141	263,724,258	195,873,750

The non- performing deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables amounted to JD 8,744,980 representing 2.29% as at 31 December 2012 of deferred sales receivables, other receivables, finances and Ijara Muntahia Beltamleek receivables (31 December 2011: JD 8,794,418 representing 3.28 %).

The non- performing deferred sales receivables, other receivables, and the Ijara Muntahia Beltamleek receivables net of the suspended revenues amounted to JD 8,508,097 representing 2.23% as at 31 December 2012 of deferred sales receivable, other receivables, and the Ijara Muntahia Beltamleek receivables, (31 December 2011: JD 8,722,881 representing 3.19%).

Provision for impairment of the jointly financed facilities which is calculated based on portfolio (watch list) amounted to JD 72,780 and the provision calculated based on "individual customer" amounted to JD 5,049,279 as at 31 December 2012 (31 December 2011: JD 153,695 and JD 1,192,042, respectively).

The deferred sales receivables, other receivables, and other facilities granted to and guaranteed by the Government of Jordan amounted to JD 33,946,381 representing 11.9% share of the total deferred sales receivables, other receivables and facilities as at 31 December 2012 (31 December 2011: JD Nil).

Suspended revenues

	Joint				
		31 December 2012			
	Retail Corporate Total JD JD JD				
Beginning balance	638	71,092	71,730		
Add: Suspended revenues for the year	2,211	204,961	207,172		
Ending balance	2,849	276,053	278,902		

Suspended revenues

	Joint				
		31 December 2011			
	Retail JD	Corporate JD	Total 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		

(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						
	3	1 December 20	12	31	31 December 2011		
	Retail JD	Corporate JD	Total JD	Retail JD	Corporate JD	Total JD	
Gross unconverted loans	98,425	1,323,594	1,422,019	100,812	1,404,647	1,505,459	
Less:							
suspended revenues	-	35,655	35,655	-	30,635	30,635	
Impairment provision	-	1,141,082	1,141,082	-	1,141,082	1,141,082	
Net uncon- verted loans	98,425	146,857	245,282	100,812	232,930	333,742	

Movement on unconverted loans impairment provision – self financed

	Corporate		
	2012 JD	2011 JD	
Beginning balance	1,141,082	180,070	
Provision	-	1,105,000	
Less: Released to revenues	-	71,000	
Used during the year (write offs)	-	72,988	
Ending balance	1,141,082	1,141,082	

General banking risks reserve against receivables and self financed facilities amounted to JD 300,000 as at 31 December 2012 (31 December 2011: JD 300,000).

There were no provisions that are no longer required due to settlements, reimbursements and transferred against other financing facilities as at 31 December 2012 (31 December 2011: JD 161,957).

Impairment provision of the self financed facilities amounted to JD 50,517 as at 31 December 2012 calculated based on individual customer (31 December 2011: JD 37,274).

Suspended revenues

	Self financed 31 December 2012		
	Retail JD	Corporate JD	Total JD
Beginning balance	-	30,635	30,635
Add: Suspended revenues during the year	-	5,020	5,020
Ending balance	-	35,655	35,655
		Self financed	
		31 December 2011	
	Retail JD	Corporate JD	Total 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

(10) FINANCIAL ASSETS AT FAIR VALUE THROUGH UNRESTRICTED INVESTMENT ACCOUNTS

	Joint		
	2012 JD	2011 JD	
Quoted Investments:			
Shares	1,094,086	911,491	
Islamic Sukuk	19,355,470	6,298,057	
Total quoted investment	20,449,556	7,209,548	
Unquoted Investments			
Shares	82,774	82,774	
Total unquoted financial assets at fair value unrestricted investment	82,774	82,774	
	20,532,330	7,292,322	

Financial assets stated at cost with amount of JD 82,774 as of 31 December 2012. fair value of related financial assets cannot be measured reliably.

(11) FINANCIAL ASSETS AT AMORTIZED COST - NET

	Joint		
	2012 JD	2011 JD	
Quoted financial assets			
Islamic Sukuk	-	2,231,690	
Total Quoted financial assets	-	2,231,690	
Total	-	2,231,690	

(12) INVESTMENT IN ASSOCIATE

	Percentage of ownership	Country	Principal activity	2012 JD	2011 JD
Jordan Blending and Packing of Fertilizers Company	25%	Jordan	Manufacturing	336,947	322,963

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

	Jo	int
	2012 JD	2011 JD
Beginning balance	322,963	275,705
Share of profit	49,958	51,461
Share of taxes	(7,848)	(4,203)
Dividends received	(28,126)	-
Ending balance	336,947	322,963

Share of associates assets and liabilities:

	Joint		
	2012 JD	2011 JD	
Total assets	406,349	376,301	
Total liabilities	69,402	53,338	
Net assets	336,947	322,963	
Total revenues	424,519	402,703	

(13) LOCAL WAKALA INVESTMENTS

	Jo	int
	2012 JD	2011 JD
Local Wakala Investments	452,963	2,627,545
Total	452,963	2,627,545

(14) IJARA MUNTAHIA BITTAMLEEK ASSETS - NET

		Joint			Self financed			Total	
	Cost	Accumulat- ed Deprecia- tion JD	Net Book Value JD	Cost	Accumulat- ed Deprecia- tion JD	Net Book Value JD	Cost JD	Accumulat- ed Deprecia- tion JD	Net Book Value JD
31 December 2012									
Ijara Muntahia Bittamleek as- sets-Real Estate	96,287,644	(9,823,190)	86,464,454	2,250,510	(104,200)	2,146,310	98,538,154	(9,927,390)	88,610,764
Ijara Muntahia Bittamleek as- sets-Machines	10,158,468	(2,534,565)	7,623,903	ı	ı	ı	10,158,468	(2,534,565)	7,623,903
Total	106,446,112	(12,357,755)	94,088,357	2,250,510	(104,200)	2,146,310	108,696,622	(12,461,955)	96,234,667
31 December 2011									
Jjara Muntahia Bittamleek as- sets-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
Jjara Muntahia Bittamleek as- sets-Machines	4,115,951	(967,994)	3,147,957	ı	ı	ı	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

The accrued Ijara installments amounted to JD 497,658 as at 31 December 2012 (31 December 2011: JD 1,242,105) were presented under deferred sales receivables and other receivables (Note 8).

The non-performing Ijara Muntahia Bittamleek amounted to JD 189,896 representing 0.2% as at 31 December 2012 (31 December 2011: JD 173,544 representing 0.25%).



(15) PROPERTY AND EQUIPMENT, NET

	Land JD	Buildings JD	Equipment, furniture & fixtures JD	Vehicles JD	Computers JD	Total JD
2012						
Cost:						
At 1 January 2012	2,432,937	1,227,859	5,720,704	196,635	1,194,599	10,772,734
Additions	-	-	903,526	11,000	214,641	1,129,167
Disposals	-	-	231,057	-	82,784	313,841
At 31 December 2012	2,432,937	1,227,859	6,393,173	207,635	1,326,456	11,588,060
Accumulated depreciation	1:					
At 1 January 2012	-	401,920	1,176,825	90,490	455,493	2,124,728
Depreciation	-	24,500	880,796	28,021	200,553	1,133,870
Disposals	-	-	216,737	-	81,666	298,403
At 31 December 2012	-	426,420	1,840,884	118,511	574,380	2,960,195
Net book value						
At 31 December 2012	2,432,937	801,439	4,552,289	89,124	752,076	8,627,865
Payments on purchasing of			2.400		262.452	265.022
property and equipment	_	-	3,480	-	262,452	265,932
Projects under construc- tion	-	3,640,773	111,842	-	9,235	3,761,850
Net property and equip-						
ment	2,432,937	4,442,212	4,667,611	89,124	1,023,763	12,655,647
2011						
Cost:		T.			I	I
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		023,333		100,143	7.39,100	0,070,000
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 equip- ment	2,432,937	2,083,520	5,002,167	106,145	1,189,982	10,814,751

Fully depreciated property and equipment amounted to JD 678,883 as of 31 December 2012 (2011: JD 708,161).

The estimated total cost to complete projects under construction amounts to JD 12,139,524 as at 31 December 2012.

(16) INTANGIBLE ASSETS

	2012	2011
	Computers software	Computers software
	JD	JD
Balance At 1 January	1,198,078	995,721
Additions	874,638	467,203
Amortization	374,494	264,846
Balance At 31 December	1,698,222	1,198,078

(17) OTHER ASSETS

	2012 JD	2011 JD
Al-Motrabetah Investment Company receivables *	1,760,291	4,437,147
Checks under collection	7,548	4,518
Repossessed assets by Bank against debts	8,451,697	1,609,341
Prepaid expenses	581,030	600,292
Accrued revenues	326,427	214,551
Stationary and printing materials	39,418	48,461
Income tax deposit	184,333	182,961
Transactions in transit	-	41,492
Others	278,217	152,413
Total	11,628,961	7,291,176

^{*}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:

		2012		2011
	Repossessed real estates JD	Repossessed equipments JD	Total JD	Total JD
Beginning balance	1,559,341	50,000	1,609,341	2,094,694
Additions	7,058,476	-	7,058,476	-
Disposal	166,120	50,000	216,120	335,353
Impairment	-	-	-	150,000
Ending Balance	8,451,697	-	8,451,697	1,609,341

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.

^{*} Repossessed real estates contains an amount of JD 7,058,476 which represents repossessed real estate with irrevocable power of attorney.

(18) BANKS AND FINANCIAL INSTITUTIONS ACCOUNTS

	20	12	20	11
	Inside the King- dom JD	Outside the Kingdom JD	Total JD	Total JD
Current accounts	-	10,208,332	10,208,332	12,728,547
Total	-	10,208,332	10,208,332	12,728,547

(19) CUSTOMERS' CURRENT ACCOUNT

		3	1 December 201	2	
	Retail	Corporate	Small and medium com- panies	Public and governmental sectors	Total
	JD	JD	JD	JD	
Current accounts	36,740,628	9,735,973	8,247,433	3,725,924	58,449,958
Total	36,740,628	9,735,973	8,247,433	3,725,924	58,449,958
		3	1 December 201	1	
	Retail	Corporate	Small and medium com- panies	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

- Public sector accounts inside the Kingdom as at 31 December 2012 amounted to JD 3,725,924 representing 6.37% of the total customers' current accounts (31 December 2011: JD 2,617,373 representing 6.77%).
- The restricted accounts as at 31 December 2012 amounted to JD 1,602,160 representing 2.74% of the total customers' current accounts (31 December 2011: JD 449,776 representing 1.16%).
- The dormant accounts as at 31 December 2012 amounted to JD 1,735,916 (31 December 2011: JD 1,086,786).

(20) CASH MARGIN ACCOUNTS

The details of this item are as follows:

	2012 JD	2011 JD
Margins against deferred sales receivables and finances	14,234,414	1,728,070
Margins against indirect facilities	2,872,171	2,564,433
Other margins	210,015	171,216
Total	17,316,600	4,463,719

(21) BORROWED FUNDS

	31 December 2012 JD	31 December 2011 JD	Total instalments	Remaining instalments	Last instalments date
European Investment Bank Ioan – fifth Ioan – part two	416,236	611,502	One instal- ment	One instalment	2013
European Investment Bank Ioan – fifth Ioan – part two	1,735,990	2,030,683	One instal- ment	One instalment	2017
Less: Investments fi- nanced by the European Investment Bank	360,109	360,109			
Total	1,792,117	2,282,076			

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 2012				
	Beginning balance JD	Provided during the year JD	Used during the period JD	Reversed to revenues JD	Ending balance JD
End of service indem- nity Lawsuits provision	23,818	-	-	-	23,818
Brokerage receivables provision	227,900	-	15,083	100,000	112,817
Total	251,718	-	15,083	100,000	136,635
		31	l December 201	1	
	Beginning balance JD	Provided dur- ing the year JD	Used during the period JD	Reversed to revenues JD	Ending balance JD
End of service indemnity	61,223	-	7,405	30,000	23,818
Lawsuits provision	250,000	-	22,100	-	227,900
Total	311,223	-	29,505	30,000	251,718

(23) INCOME TAX PROVISION

A- Income tax provision

	2012 JD	2011 JD
Beginning balance	5,632,100	5,632,100
Income tax paid	(569,503)	-
Transferred to Motarabetah Investment Company	(2,730,497)	-
Ending balance	2,332,100	5,632,100

- The Bank reached final settlement with the Sales and Income Tax Department up to the year 2007.
- 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.
- Final clearance was obtained from income and sales tax department up to the year of 2007, total amount of JD 569,503 was paid to income and sales tax department and the remaining balance of 2007 provision was transferred to Al Motarabetah Company.
- The Bank reached final settlement with the Sales and Income Tax Department for the year 2009, 2010 and 2011.

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

	2012 JD	2011 JD
Deferred tax assets for the year	1,372,993	329,750
Total	1,372,993	329,750

C- Deferred tax assets/liabilities

	2012					2011
	Balance Beginning JD	Released during the year JD	Additions during the year JD	Ending balance JD	Deferred tax JD	Deferred tax JD
A- Deferred tax assets - self financed						
End of services indemnity provision	23,818	-	-	23,818	7,145	7,145
Lawsuits provision	227,900	115,085	-	112,815	33,845	68,370
Impairment for repossessed assets	710,084	350,000	-	360,084	108,025	213,025
Impairment for credit facili- ties	1,100,000	-	-	1,100,000	330,000	330,000
Accumulated losses	-	-	5,041,727	5,041,727	1,512,518	-
Total	2,061,802	465,085	5,041,727	6,638,444	1,991,533	618,540
B- Deferred tax liabilities – joint						
Fair value reserve – Joint	197,323	174,848	71,575	94,050	28,215	59,197
Total	197,323	174,848	71,575	94,050	28,215	59,197

The deferred tax liabilities consists of JD 28,215 as at 31 December 2012 (31 December 2011: JD 59,197) resulting from revaluation of the financial assets.

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

	31 Decem	31 December 2012		nber 2011
	Assets JD	Liabilities JD	Assets JD	Liabilities JD
Beginning balance	618,540	59,197	288,790	280,315
Additions during the year	1,512,518	21,473	375,000	60
Amortized during the year	(139,525)	(52,455)	(45,250)	(221,178)
Ending balance	1,991,533	28,215	618,540	59,197

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

	2012 JD	2011 JD
Accounting profit (loss)	761,906	5,021,770
Non-taxable profit	6,460,410	11,908,386
Non-deductible expenses	588,975	3,552,794
Tax losses	(5,109,529)	(3,333,822)
Statutory tax rate	30%	30%
Income tax provision, net	-	-

(24) OTHER LIABILITIES

	2012 JD	2011 JD
Accrued expenses	1,750,852	1,986,164
Issued cheques	1,512,008	1,627,918
Shareholders and customers deposits	331,656	248,356
Customers' share of profit from unrestricted investments	2,795,571	1,599,370
Brokerage payables	43,354	67,865
Income tax deposit for the Bank's contribution in the employees' saving fund	334,500	334,500
Temporary deposits	185,644	114,491
Transactions in transit	83,490	-
Others	507,321	455,596
Total	7,544,396	6,434,260

(25) UNRESTRICTED INVESTMENT ACCOUNTS

	31 December 2012				
	Retail JD	Corporate	Small & medium companies JD	Public and governmental sector JD	Total JD
Saving accounts	18,178,393	888,881	322,423	-	19,389,697
Term accounts	126,219,923	78,086,502	2,452,088	14,532,062	221,290,575
Total	144,398,316	78,975,383	2,774,511	14,532,062	240,680,272
Depositors' share from investments' revenues	4,509,949	2,689,723	83,970	498,960	7,782,602
Total unrestricted investment accounts	148,908,265	81,665,106	2,858,481	15,031,022	248,462,874
		31 Dec	ember 2011		
	Retail JD	Corporate JD	Small & medium companies JD	Public and gov- ernmental sector JD	Total 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

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 2012 is 3.95% (3.74% for the same period last year).
- The percentage of the profit on USD for the last quarter in 2012 is (1.45%) (1.25% for the same period last year).
- The unrestricted investment accounts for the public sector amounted to JD 15,031,022 as at 31 December 2012, which represents 6.05% of the total unrestricted investment accounts (31 December 2011: JD 38,636,012 which represents 23.66% of the total unrestricted investment accounts).
- There are no restricted accounts as of 31 December 2012 and 2011.

(26) INVESTMENT RISK FUND

The movement on investment risk fund is as follows:

	2012 JD	2011 JD
Beginning balance	2,746,377	555,249
Additions: transferred from unrestricted		
investment accounts revenues during the year	3,321,986	2,191,128
Deductions: provision for income tax	1,820,509	-
Ending balance	4,247,854	2,746,377

- 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.
- At of 1 January 2013 the rate has been reduced to 10% according to Central Bank of Jordan approval.

Investment risk fund balance is distributed as follows:

	2012 JD	2011 JD
Year end balance	4,247,854	2,746,377
Against Ijara Muntahia Beltamleek receivable	100,235	199,348
Against deferred sales receivables	4,147,619	1,146,389
Remaining balance	-	1,400,640

- * The remaining balance (the undistributed part) relates to the unrestricted investment accounts.
- ** The income tax on Investment risk fund consist of the following:

	2012 JD	2011 JD
Income tax on transferred revenues from investment accounts	1,820,509	-
Prior years income tax/ reconciliations	-	-
(Deferred tax assets for the year)	-	-
Deferred tax liabilities for the year	-	-
(Amortization of deferred income tax liabilities)	-	-
Ending balance	1,820,509	-

(27) FAIR VALUE RESERVE – NET – JOINT

This item represents the following:

	Financial assets available for sale			
	2012 Shares JD	2011 Sukuk JD	Total JD	Total JD
Beginning balance	204,634	(66,508)	138,126	654,069
Unrealized gains (losses)	(278,131)	71,018	(207,113)	(432,600)
Gains on sale of financial assets	31,404	72,436	103,840	(304,461)
Deferred tax liabilities	74,018	(43,036)	30,982	221,118
Ending balance	31,925	33,910	65,835	138,126

^{*} 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 2012 amounted to JD 100,000,000 consisting of 100,000,000 shares, at a par value of JD 1 per share (31 December 2011: JD 89,000,000 / 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. The process of increasing paid in capital was completed on 25 July 2012.

The additional shares were issued at a discount which amounted to 1,100,000 as of 31 December 2012.

(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	2012 Amount/ JD	2011 Amount/ JD	Note
Statutory reserve	20,150,808	20,074,617	Law
General banking risk reserve	300,000	300,000	Central Bank regulations

(30) RETAINED EARNINGS

	2012 JD	2011 JD
Beginning balance	3,739,612	(942,731)
Profit for the year	2,134,899	5,351,520
Transferred to statutory reserve	(76,191)	(502,177)
Capital increase fees	(33,000)	(167,000)
Ending balance	5,765,320	3,739,612

⁻ As of 31 December 2012, the returned earnings include an amount of JD 1,991,533 representing deferred tax assets and according to the Central Bank of Jordan, this amount is not available for distribution (31 December 2011: JD 618,540).

(31) DEFERRED SALES REVENUES

	31 Decen	31 December 2012		31 December 2011	
	Joint JD	Self financed JD	Joint JD	Self financed JD	
Retail					
International Murabaha	1,814,094	69,894	802,172	64,526	
Real estate fund Corporate	359,176	-	153,947	-	
International Murabaha	1,774,985	-	775,187	-	
Murabaha Purchase orderer	10,125,980	-	7,098,924	-	
Total	14,074,235	69,894	8,830,230	64,526	

(32) IJARA MUNTAHIA BELTAMLEEK REVENUES

	31 December 2012		31 December 2011	
	Joint JD	Self financed JD	Joint JD	Self financed JD
Ijara Muntahia Beltamleek – real state	29,276,439	264,466	21,638,593	33,919
Ijara Muntahia Beltamleek – equipments	3,540,109	-	1,158,070	-
Depreciation for Ijara Muntahia Beltamleek assets	(26,111,086)	(197,374)	(18,787,251)	(13,218)
Total	6,705,462	67,092	4,009,412	20,701

(33) LOCAL WAKALEH INVESTMENT PROFITS

	2012 Joint JD	2011 Joint JD
Local Wakala investment profits	122,576	279,728
Total	122,576	279,728

(34) INTERNATIONAL WAKALEH INVESTMENT PROFITS

	2012 Joint JD	2011 Joint JD
International Wakala investment profits	202,578	411,202
Total	202,578	411,202

(35) GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH UNRESTRICTED INVESTMENT ACCOUNTS

	2012 JD	2011 JD
Stock dividends	57,374	73,521
Gain on sale of financial assets	50,540	367,255
Islamic Sukuk profit	589,586	299,238
Total	697,500	740,014

(36) PROFIT FROM FINANCIAL ASSETS THROUGH AMORTISED – COSTS

	Joint		
	2012 2011 JD JD		
Islamic Sukuk	47,637	88,834	
Total	47,637	88,834	

(37) (LOSSES) GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	31 December 2012		31 December 2011			
	Realized gains	Unrealized losses	Total	Realized gains	Unrealized losses	Total
	JD	JD	JD	JD	JD	JD
Shares	79,656	(47,600)	32,056	16,126	(88,286)	(72,160)
Sukuk	9,057	-	9,057	7,254	-	7,254
	88,713	(47,600)	41,113	23,380	(88,286)	(64,906)

(38) FOREIGN CURRENCIES REVALUATION PROFITS

	2012 JD	2011 JD
Foreign currencies revaluation profits	213,360	265,748
Total	213,360	265,748

(39) SHARE OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS'

	2012 JD	2011 JD
Customers		
Saving accounts	187,347	88,100
Term accounts	7,765,236	4,215,126
Total	7,952,583	4,303,226

(40) BANK'S SHARE OF REVENUES FROM UNRESTRICTED INVESTMENT ACCOUNT AS MUDARIB AND RAB MAL

	2012 JD	2011 JD
Bank's share as Mudarib	4,442,186	2,170,097
Bank's share as Rab Mal	6,429,817	5,943,069
Total	10,872,003	8,113,166

(41) BANK SELF FINANCED REVENUES

	Note	2012 JD	2011 JD
Unconverted loans profits*		6,326	358,162
Ijara Muntahia Beltamleek revenues	32	264,466	33,919
Deferred sales revenues	31	69,894	64,526
Total		340,686	456,607

^{*} 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 JD 0.415 for every share.

(42) GAIN FROM FOREIGN CURRENCIES

	2012 JD	2011 JD
Trading in foreign currency	313,498	227,776
Total	313,498	227,776

(43) BANKING SERVICES REVENUES

	2012 JD	2011 JD
Indirect facilities commissions	821,630	501,325
Direct facilities commissions	1,097,012	1,132,408
Other commissions	844,944	404,081
Total	2,763,586	2,037,814

(44) OTHER REVENUES

	2012 JD	2011 JD
Gain from sales of fixed assets	(4,205)	5,727,199
Gain from sales of repossessed assets	194,965	992,805
Other revenues	5,927	2,515
Total	196,687	6,722,519

(45) EMPLOYEES' EXPENSES

	2012 JD	2011 JD
Salaries, benefits, allowances and bonuses	6,011,450	5,368,988
Bank's contribution for social security	562,458	473,481
Medical expenses	312,851	197,149
Training	141,673	95,016
Insurance expenses	13,386	15,736
Other employees' expenses	160,668	89,440
Total	7,202,486	6,239,810

(46) OTHER EXPENSES

	2012 JD	2011 JD
Rent and key money	588,403	487,538
Stationary and printing materials	174,815	139,711
Telecommunications	313,506	246,138
Utilities	290,967	129,216
Travel and transportation	226,433	251,477
Marketing and advertising	386,087	387,677
Subscription and fees	220,234	192,841
Cleaning expenses	142,622	137,597
Licences and governmental fees	57,191	24,813
Board of directors meetings expenses	51,798	50,253
Information technology expenses	362,540	200,191
Security and insurance expenses	139,635	94,824
Donations	55,348	39,429
Management and consulting fees	1,223,538	1,228,806
Professional fees	109,834	125,249
Board of directors remuneration	55,000	6,600
Others	520,129	343,398
Total	4,918,080	4,085,758

(47) EARNINGS PER SHARE

	2012 JD	2011 JD
Profit (loss) for the year	2,134,899	5,351,520
Weighted average number of shares	93,791,781	89,000,000
Basic and diluted earnings per share (JD/ Files)	0.023	0.060

(48) CASH AND CASH EQUIVALENTS

	2012 JD	2011 JD
Cash balances with CBJ maturing within three months	43,279,033	21,280,772
Add: cash at banks and financial institutions maturing within three months	11,540,775	19,175,578
Less: banks and financial institutions accounts maturing within three months	(10,208,332)	(12,728,547)
Total	44,611,476	27,727,803

(49) RELATED PARTY TRANSACTIONS

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

Below is a summary of related party transactions.

	Mesk Invest- ment Com- pany (parent com- pany) JD	Senior manage- men JD	Board of direc- tors JD	Subsid- iaries JD	Dubai Islamic Ban JD	Shari'a Super- visory Board mem- bers JD	31 De- cember 2012 JD	31 De- cember 2011 JD
Statement of finan- cial position items								
Balances at banks and financial institutions	-	-	-	-	244,789	-	244,789	248,563
International Wakala investment	247,463	236,178	153,065	638,967	-	22,301	1,297,974	1,177,709
Unrestricted invest- ments accounts and current accounts	-	316,585	68,199	-	-	-	384,784	439,130
Deferred sales receivables	-	-	-	-	58,560	-	58,560	28,969
Balances at banks and financial institutions	-	-	-	-	-	-	-	140,828
Financial assets at am- ortized cost - net	-	-	-	-	2,127,000	-	2,127,000	-
Off financial position items								
Letters of guarantees Statement of Income items	-	-	-	150,000	-	-	150,000	150,000
Dividends	22,357	342	2,908	22,357	-	50	48,014	38,710
Salaries and bonuses	-	1,542,183	55,000	-	-	52,782	1,649,965	1,757,175
Transportation	-		168,300	-		-	168,300	164,738
Management and consulting fees	-	-	-	-	989,859	-	989,859	987,696
Paid commissions	-	-	-	19,435	-	-	19,435	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 1,542,183 as at 31 December 2012 (31 December 2011: JD 1,702,422).

(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 Mitigation:

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 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):

		2012	
	Joint	Self financed	Total
	JD	JD	JD
Statement of financial position items:			
Balances with Central Banks	36,956,176	-	36,956,176
Balances at banks and financial institutions	11,540,775	-	11,540,775
International Wakala investments	9,217,000	-	9,217,000
Deferred sales receivables and other receivables			
Retail	90,501,045	3,200,748	93,701,793
Real estate financing	27,188,328	-	27,188,328
Corporate	220,979,698	738,656	221,718,354
Public and governmental sectors	33,946,381	-	33,946,381
Unconverted loans			
Retail	-	98,425	98,425
Corporate	-	182,512	182,512
Local Wakala investment			
Corporate	396,202	-	396,202
Public and governmental sector	56,761	-	56,761
Sukuk		-	
Financial assets at fair value through unrestricted investments accounts	19,355,470	-	19,355,470
Other assets	1,944,624	-	1,944,624
Total	452,082,460	4,220,341	456,302,801
Off statement of financial position items:			
Letters of guarantees	-	5,261,724	5,261,724
Letters of credits	-	22,069,754	22,069,754
Acceptances	-	6,896,206	6,896,206
Unutilized limits	44,187,500	-	44,187,500
Total	496,269,960	38,448,025	534,717,985

Total

Total

Letters of guarantees

Letters of credits

Unutilized limits

Acceptances

Off statement of financial position items:

334,483,158

33,829,900

368,313,058

2,530,549

3,806,999

10,007,926

5,912,882

22,258,356

Total

JD

337,013,707

3,806,999

10,007,926

5,912,882

33,829,900

390,571,414

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	nt					Self financed	P	
	Retail JD	Real-estate financing JD	Corporate JD	Public and government sectors	Banks and financial institutions JD	Total JD	Retail JD	Real- estate financing JD	Corporate JD	Total JD	Grand total JD
2012											
Low risk	676,830	4,055,156	5,522,984	33,946,381	1	44,201,351	19,738	1	1,110,133	1,129,871	45,331,222
Acceptable risk	89,755,688	23,133,172	206,541,055	56,761	11,540,775	331,027,451	3,278,208	ı	844,650	4,122,858	335,150,309
Past due:											
Up to 30 days	158,023	68,721	2,628,048	ı	1	2,854,792	24,970	ı	ı	24,970	2,879,762
From 31 to 60 days	4,713	52,924	363,449	1	1	421,086	1,545	ı	1	1,545	422,631
Watch list	12,724	ı	4,895,326	ı	1	4,908,050	ı	ı	ı	ı	4,908,050
Non performing:											
Substandard	16,774	1	ı	ı	1	16,774	1	1	ı	ı	16,774
Doubtful	21,360	1	1	ı	1	21,360	1,227	ı	ı	1,227	22,587
Loss	17,669	1	8,664,389	ı	ı	8,682,058	23,503	ı	107,467	130,970	8,813,028
Total	90,501,045	27,188,328	225,623,754	34,003,142	11,540,775	338,857,044	3,322,676	1	2,062,250	5,384,926	394,241,970
Less: Suspended revenue	2,849	1	276,053	1	1	278,902	1	ı	35,655	35,655	314,557
Less: Allowance for impairment losses	ı	ı	4,247,854	1	ı	4,247,854	23,503	1	1,141,082	1,164,585	5,412,439
Net	90,498,196	27,188,328	221,099,847	34,003,142	11,540,775	384,330,288	3,299,173		885,513	4,184,686	388,514,974

			Joint	ıt					Self financed		
	Retail JD	Real-estate financing JD	Corporate JD	Public and government sectors	Banks and financial institu- tions JD	Total JD	Retail JD	Real- estate financing JD	Corporate JD	Total JD	Grand total JD
2011											
Low risk	46,903	1	454,391	ı	1	501,294	1	1	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	1	187,068	2,454,052	275,724,187
Past due:											
Up to 30 days	1,297,107	1,681,948	12,943,754	ı	ı	15,922,809	1	ı	37,508	37,508	15,960,317
From 31 to 60 days	37,445	1	1,614,112	ı	ı	1,651,557	1	ı	1	1	1,651,557
Watch list	1	6,300,835	3,957,725	ı	ı	10,258,560	1	ı	1	1	10,258,560
Non performing:											
Substandard	1	1	8,602,097	ı	I	8,602,097	1	ı	1	1	8,602,097
Doubtful	18,777	1	ı	ı	1	18,777	1	ı	-	1	18,777
Loss	1	1	173,544	ı	ı	173,544	1	ı	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	1,404,647	3,671,631	296,496,038
Less: Suspended revenue	638	1	71,092	1	ı	71,730	1	ı	30,635	30,635	102,365
Less: Allowance for impairment losses	12,509	94,513	1,238,715	1	1	1,345,737	ı	1	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	1	232,930	2,499,914	293,906,854

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

	Retail JD	Real-estate financing JD	Corporate JD	Government JD	Total JD	Retail JD	Real-estate financing JD	Corporate JD	Total JD	Grand total JD
2012										
collaterals										
Low risk	676,830	4,055,156	5,522,984	33,946,381	44,201,351	19,738	1	1,110,133	1,129,871	45,331,222
Acceptable risk	71,478,652	18,876,463	23,541,640	1	113,896,755	3,218,446	1	ı	3,218,446	117,115,201
Watch list	ı	ı	2,758,202	1	2,758,202	1	1	1	1	2,758,202
Non performing:										
Substandard	16,774	ı	1	1	16,774	1	1	1	1	16,774
Doubtful	21,360	ı	1	1	21,360	1	ı	ı	1	21,360
Loss	9,412	ı	4,906,436	1	4,915,848	1	1	102,447	102,447	5,018,295
Total	72,203,028	22,931,619	36,729,262	33,946,381	165,810,290	3,238,184	ı	1,212,580	4,450,764	170,261,054
Comprising of:										
Cash margin	676,830	4,055,156	5,522,984	1	10,254,970	19,738	1	1,110,133	1,129,871	11,384,841
Real-estate	55,933,862	18,876,463	24,636,265	1	99,446,590	2,146,447	ı	102,447	2,248,894	101,695,484
Vehicles and machinery	15,592,336	ı	6,570,013	ı	22,162,349	1,071,999	ı	ı	1,071,999	23,234,348

		of	Joint			Selffinanced	anced		
	Retail JD	Real-estate financing JD	Corporate JD	Total JD	Retail JD	Real-estate financing JD	Corporate JD	Total JD	Grand total JD
2011									
collaterals									
Low risk	46,903	1	454,391	501,294	,	1	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	ı	1,936,044	125,963,529
Watch list	1	6,706,636	3,551,924	10,258,560	1	1	ı	1	10,258,560
Non performing:									
Substandard	1	1	4,909,235	4,909,235	,	1	ı	,	4,909,235
Doubtful	005'6	1	1	005'6	1	1	ı	1	005'6
Loss	1	1	463,609	463,609	1	1	276,340	276,340	739,949
Total	38,054,517	28,491,605	73,623,561	140,169,683	1,936,044	1	1,386,472	3,322,516	143,492,199
Comprising of:									
Cash margin	46,903	ı	454,391	501,294	1	1	1,110,132	1,110,132	1,611,426
Letter of guarantees	29,662,291	28,491,605	62,751,768	120,905,664	853,463	ı	276,340	1,129,803	122,035,467
Real-estate	8,345,323	ı	10,417,402	18,762,725	1,082,581	ı	ı	1,082,581	19,845,306
Vehicles and machinery									

3) Sukuk:

Sukuk classifications detailes according to external rating agencies:

Rating	Rating agency JD	Within financial assets at fair value through unrestricted investment accounts JD	Total JD
BBB+	Fitch	3,889,751	3,889,751
BBB	S & P	1,556,255	1,556,255
А	Fitch	5,948,510	5,948,510
A-	S & P	355,033	355,033
A3	Moody's	4,975,177	4,975,177
Unrated		380,644	380,644
А	S & P	2,250,100	2,250,100
Total		19,355,470	19,355,470

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

2012	Inside Jor- dan JD	Other middle eastern countries JD	Europe JD	Asia* JD	Americas JD	Other countries JD	Total JD
Balances with Central Banks	36,956,176	-	-	-	-	-	36,956,176
Balances at banks and financial institu- tions	960,222	642,679	1,695,115	74,491	8,168,268		11,540,775
International Wakala investments	-	9,217,000	-	-	-	-	9,217,000
Deferred sales recei	vable and othe	er receivable					
Retail	93,701,793	-	-	-	-	-	93,701,793
Real-estate financ-ing	27,188,328	-	-	-	-	-	27,188,328
Corporate	187,698,995	34,019,359	-	-	-	-	221,718,354
Public and govern- mental sectors	33,946,381	-	-	-	-	-	33,946,381
Unconverted loans							
Retail	98,425	_	-	-	-	-	98,425
Corporate	182,512	-	-	-	-	-	182,512
Local Wakala investment		-	-	-	-	-	
Corporate	396,202	-	-	-	-	-	396,202
Public and govern- mental sectors	56,761	-	-	-	-	-	56,761
Sukuk							
Within financial assets at fair value through unrestricted investment accounts	-	19,355,470	-	-	-	-	19,355,470
Other assets	1,944,624	-	-	-	-	-	1,944,624
Total / 2012	383,130,419	63,234,508	1,695,115	74,491	8,168,268	-	456,302,801
Total / 2011	259,571,081	46,980,987	2,032,829	12,062	28,414,596	2,152	337,013,707

^{*} 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 nil as of 31 December 2012 (2011: JD 756,047).

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 31,959,961 as of 31 December 2012 (2011: JD 16,664,608)

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

	Financial JD	Industrial JD	Trade JD	Real-estate JD	Retail JD	Public and governmen- tal sectors JD	Total JD
2012							
Balances with Central Banks	36,956,176	-	-	-	-	-	36,956,176
Balances at banks and financial insti- tutions	11,540,775	-	-	-	-	-	11,540,775
International Waka- la investments	9,217,000	-	-	-	-		9,217,000
Deferred sales re- ceivable and other receivables	-	65,515,458	156,202,896	27,188,328	93,701,793	33,946,381	376,554,856
Unconverted loans	-	95,067	87,445	-	98,425	-	280,937
Local Wakala investments	-	-	396,202	-	-	56,761	452,963
Within financial assets at fair value through unre- stricted investment accounts	19,355,470	-	-	-	-	-	19,355,470
Other assets	1,944,624	-	-	-	-	-	1,944,624
Total	79,014,045	65,610,525	156,686,543	27,188,328	93,800,218	34,003,142	456,302,801
	68,298,473	64,930,258	128,456,112	28,171,872	45,930,208	1,226,784	337,013,707

(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.

2012	Change in the indicator	Impact on profit and losses	Impact on equity
currency	(5%)	JD	JD
Dollar	-	-	-
Euro	2,590	2,590	-
Sterling pound	2,093	2,093	-
Japanese Yen	3,725	3,725	-
Other currencies	14,145	14,145	-
2011	Change in the indicator	Impact on profit and losses	Impact on equity
2011 currency	Change in the indicator (5%)		Impact on equity
		losses	
currency	(5%)	losses JD	JD
currency Dollar	(5%)	losses JD	- JD
currency Dollar Euro	(5%) - 307	losses JD - 307	- JD

Concentration in foreign currencies risks:

			31 Decem	nber 2012		
	US Dollar JD 000	Euro JD 000	Sterling Pound JD 000	Japanese Yen JD 000	Others JD 000	Total JD 000
Assets						
Cash and balances with Central Bank	18,422	642	191	-	15	19,270
Balances at Banks and financial institutions	8,481	1,368	223	74	671	10,817
Deferred sale receivables	20,245	2,809	688	-	-	23,742
International Wakala Investment	9,217	-	-	-	-	9,217
Financial assets at fair value through unrestricted investment accounts	19,404	-	-	-	-	19,404
Other assets	302	-	-	-	-	302
Total assets	76,071	4,819	1,102	74	686	82,752
Liabilities						
Banks and financial institutions' accounts	7,135	4	-	-	-	7,139
Customers' accounts (current, saving, term)	63,116	4,201	1,014	-	403	68,734
Cash margins accounts	2,152	551	44	-	-	2,747
Other liabilities	153	10	3	-	-	166
Total liabilities	72,556	4,766	1,061	-	403	78,786
Net concentration inside current year's financial position	3,515	53	41	74	283	3,966
Potential liabilities outside current year's financial position	41,175	-	48	-	1,805	43,028
			31 Decem	nber 2011		
	US Dollar JD 000	Euro JD 000	Sterling Pound JD 000	Japanese Yen JD 000	Others JD 000	Total JD 000
Total Assets	26,817	2,233	1,581	12	502	31,145
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

3- Financial assets price risk:

Financial assets price risk 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.

2012	Change in the indicator	Impact on profit and losses	Impact on equity
Indicator	(5%)	JD	JD
Amman stock market	309,006	82,672	226,334
Foreign markets	50,865	-	50,865
2011	Change in the indicator	Impact on profit and losses	Impact on equity
Indicator	(5%)	JD	JD
Amman stock market	72,159	26,585	45,574

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:

	Due in less than a month	Due in 1-3 months	Due in 3-6 months	Due in 6 months 1 year	Due in 1-3 year	Due in more than 3 years	Without matu- rity	Total
	JD 000	JD 000	JD 000	JD 000	JD 000	JD 000	JD 000	JD 000
2012-								
Bank and financial institutions' accounts	10,208	-	-	-	-	-	-	10,208
Customers' current accounts	58,500	-	-	-	-	-	-	58,500
Cash margins ac- counts	12,373	-	-	4,979	44	-	-	17,396
Borrowed funds	-	416	-	-	-	1,376	-	1,792
Other provisions	-	-	-	-	-	-	137	137
Income tax provision	-	-	-	-	2,332	-	-	2,332
Fair value reserve - net	-	-	-	-	-	-	66	66
Deferred tax liability	-	-	-	-	-	-	28	28
Other liabilities	6,246	-	-	1,298	-	-	-	7,544
Investment risk fund	-	-	-	-	-	-	-	-
Unrestricted invest- ment accounts	82,807	66,867	56,399	44,598	-	-	-	250,671
Total	170,134	67,283	56,399	50,875	2,376	1,376	231	348,674
Total assets maturi- ties as expected	145,045	64,849	65,888	57,099	52,014	74,403	15,919	475,217
2011-								
Bank and financial institutions' accounts	12,729	-	-	-	-	-	-	12,729
Customers' current accounts	38,643	-	-	-	-	-	-	38,643
Cash margins ac- counts	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 invest- ment 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 maturities as expected	72,917	97,354	59,768	23,765	37,284	31,212	28,124	350,424

Second: Off-financial position items

	Until year		
	2012 JD	2011 JD	
letters of credit and acceptances	28,965,960	15,920,808	
Guarantees	5,261,724	3,806,999	
Unutilized limits	44,187,500	33,829,900	
	78,415,184	53,557,707	

(53) SEGMENT INFORMATION

a. 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 JD 000	Corporate JD 000	Treasury JD 000	Others JD 000	2012 JD 000	2011 JD 000
Total revenues (joint and self financed)	4,338	10,648	2,349	474	17,809	19,749
Investment risks fund share of joint						
Investment accounts revenues	(609)	(2,456)	(257)	-	(3,322)	(2,191)
Results of segment's operations	3,729	8,192	2,092	474	14,487	17,558
Undistributed expenses	(7,447)	(4,660)	(1,609)	(9)	(13,725)	(12,536)
Profit for the year before tax	(3,718)	3,532	483	465	762	5,022
Tax credit	-	-	-	1,373	1,373	330
Profit for the year	(3,718)	3,532	483	1,838	2,135	5,352
Segments' assets	85,635	206,305	93,309	-	385,249	330,447
Undistributed assets	-	-	-	89,968	89,968	19,977
Total assets	85,635	206,305	93,309	89,968	475,217	350,424
Segments' liabilities	288,068	28,226	8,484	127,422	452,200	336,681
Undistributed assets	-	-	-	23,017	23,017	13,743
Total liabilities	288,068	28,226	8,484	150,439	475,217	350,424
Capital expenditure	-	-	-	3,853	3,853	3,499
Depreciation and amortization	-	-	-	1,508	1,508	1,059

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 2012 JD	31 December 2011 JD	31 December 2012 JD	31 December 2011 JD
Total assets	375,304	272,939	99,913	77,485
Total revenues	15,400	18,168	2,409	1,581
Capital expenditure	3,853	3,499	-	-

(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:

	2012 JD″000	2011 JD"000
Basic capital items	120,715	112,506
Paid in capital	100,000	89,000
Share premium	(1,100)	-
Statutory reserve	20,151	20,075
Voluntary reserve	1,943	1,943
Retained earning	3,774	3,122
Intangible assets	(1,698)	(1,198)
The Bank's share in the banks and financial institutions capital (50%)	(128)	(9)
The bank's share in the capital of insurance companies (50%)	-	(9)
Bank's share in the investment risk fund	(2,227)	(418)
Additional capital	1,752	1,525
Fair value reserve	19	41
General banking risk reserve	1,861	1,502
The Bank's share in the banks and financial institutions capital (50%)	(128)	(9)
The Bank's share in the capitals of insurance companies (50%)	-	(9)
Total regulatory capital	122,467	114,031
Total risk weighted assets	282,685	224,647
Capital adequacy ratio (%)	43.32%	50.76%
Basic capital ratio (%)	42.70%	50.08%

(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 2012	Within one year JD 000	More than year JD 000	Total JD 000
Assets			
Cash and balances with Central Bank	43,279	-	43,279
Balances at Banks and financial institutions	11,541	-	11,541
International Wakala investments	9,217	-	9,217
Financial assets at fair through profit and loss	1,679	-	1,679
Deferred sale receivables and other receivables, net	218,780	44,944	263,724
Unconverted loans-net	245	-	245
Financial assets at fair value through unrestricted investment accounts	20,532	-	20,532
Investment in associate	337	-	337
Local Wakala investments	453	-	453
Ijara Muntahia Beltamleek assets, net	14,762	81,473	96,235
Property and equipment	12,656	-	12,656
Intangible assets	1,698	-	1,698
Deferred tax assets	1,992	-	1,992
Other assets	11,629	-	11,629
Total assets	348,800	126,417	475,217
Liabilities and unrestricted investment account's equity			
Banks and financial institutions' accounts	10,208	-	10,208
Customers' current accounts	58,450	-	58,450
Cash margins accounts	17,272	44	17,316
Borrowed funds	416	1,376	1,792
Other provisions	137	-	137
Income tax provision	2,332	-	2,332
Fair value reserve – net	66	-	66
Deferred tax liabilities	28	-	28
Other liability	7,544	-	7,544
Unrestricted investment accounts	248,463	-	248,463
Investment risk fund	-	-	-
Provision of investment risk fund tax	1,821	-	1,821
Total liabilities , unrestricted investment accounts' and shareholders' equity	346,737	1,420	348,157
Net	2,063	124,997	127,060

31 December 2011	Within one year JD 000	More than year JD 000	Total 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	174,413	21,461	195,874
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	7,291	-	7,291
Total assets	281,903	68,496	350,399
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	252	-	252
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	232,724	2,617	235,341
Net	49,179	65,879	115,058

(56) CONTINGENT COMMITMENTS (OFF BALANCE SHEET)

A- Contingent credit commitments.

	2012 JD	2011 JD
Letters of credit	22,069,754	10,007,926
Acceptances	6,896,206	5,912,882
Letter of guarantees:		
Payment	2,902,372	-
Performance	1,222,444	1,564,413
Others	1,136,908	2,242,586
Irrevocable commitments to extend credit	44,187,500	33,829,900
Total	78,415,184	53,557,707

B- Contractual commitments.

	2012 JD	2011 JD
Consulting contracts	989,859	1,244,149
Total	989,859	1,244,149

Contractual commitments mentioned above mature within one year.

(57) LAWSUITS AGAINST THE BANK

The Bank is defendant in number of lawsuits amounted to JD 158,345 as at 31 December 2012 (31 December 2011: JD 178,455). According to the Legal Advisor, the lawsuits provision which amounts to JD 112,817 is sufficient to face any liabilities that may arise from lawsuits.



الخدمــة

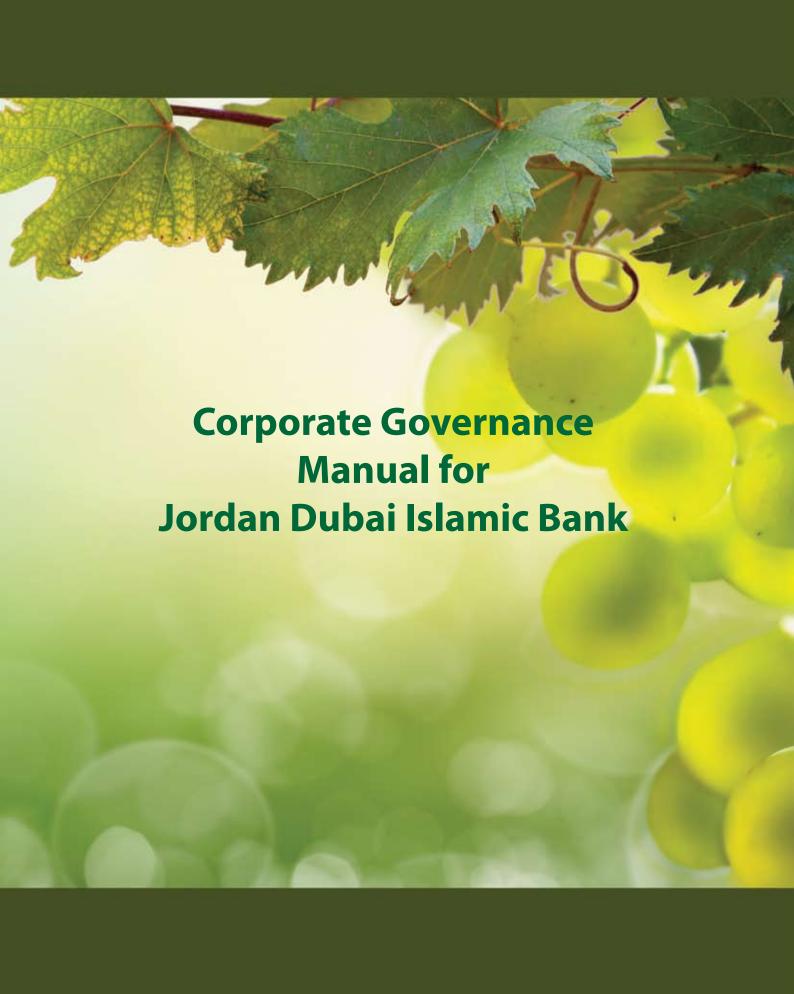
« وَإِنَّكَ لَعَلَى خُلُقٍ عَظِيمٍ » سورة القلم الآية ٤

Service

General meaning of the Holy Verse is:

You have been created in a great form.

Surat Al Oalam Verse No. 4



Corporate Governance Manual for Jordan Dubai Islamic Bank

Commitment to Corporate Governance code:

The Bank represented by the Board of Directors continues its commitment to all articles and requirements of the Corporate Governance Manual and also ensures the continuous supervision for all articles.

The Executive Management, and under supervision from the committees emanating from the Board continued in performing their duties and monitoring of compliance to the Corporate Governance Manual in line with the Central Bank of Jordan and Securities Commission regulations. The Board Committees are as follows:

Executive Committee

Mr. Mohammed Said Al Shareef Head of Committee

Mr. Khalid Al Qaraan Member Mr. Lo'ay Suhwail Member

The Committee held 15 meetings in 2012

Corporate Governance Committee

Mr. Ismail Tahboub Head of Committee

Dr. Ismail Zaghloul Member Eng. Abdullah Obeidat Member Mr. Fadi Quraish Member

The Committee held 4 meetings in 2012

Audit Committee

Mr. Raslan Deiranieh Head of Committee

Eng. Abdullah Obeidat Member
Mr. Mohammad Al Falasi Member
Mr. Marwan Al Khateeb Member

The Committee held 6 meetings in 2012

Nominations and Remuneration Committee

Mr. Raslan Deiranieh Head of Committee

Mr. Mohammad Al Falasi Member Mr. Lo'ay Suhwail Member Mr. Bashar Al Amad Member

The Committee held 7 meetings in 2012

Risk Management Committee

Dr. Ismail Zaghloul Head of Committee

Mr. Bashar Al Amad Member
Mr. Mohammad Al Falasi Member
Eng. Abdullah Obeidat Member

The Committee held 4 meetings in 2012

^{*}The Board of Directors held 7 meetings in 2012.

First: Observance to Corporate Governance

The Bank prepared the Corporate Governance manual to define the nature of its relation with shareholders and all authorities concerned (stakeholders), and to define the strategy and organization and principles that will secure all rights and duties according to the best practices, depending on the content of the principles of Corporate Governance issued by the Organization of Economical Cooperation and Development (OECD), and the directions issued by Basle Committee regarding enforcement of Corporate Governance in banking foundations, and in conformity to requirements of the Central Bank of Jordan and teachings of the gracious Islamic Sharia and in conformity with its needs and policies.

The Corporate Governance of the Bank provides basis for development and future organizational performance, and supports trust in all of the Bank's activities and dealings; besides, it enables the Bank to participate successfully in developing the banking system in Jordan; and consequently it participates in upgrading the competence of the national economy and creates an environment of reassurance for the shareholders and all authorities concerned.

The manual depends on many principles that effectively participate in applying the best practices of the corporate governance in the Bank, such as:

- Fairness in treating all parties concerned such as: shareholders, depositors, borrowers, the Bank's employees and regulatory authorities.
- Transparency and expression in a manner that enables parties concerned to evaluate the Bank's position and financial performance.
- Accountability in the relationship between the Bank's executive management and the Board of Directors, and between the Board of Directors and the shareholders and between Board of Directors and other parties concerned.
- Defining responsibility, regarding the clear separation between responsibilities and delegating authorities.

The Board of Directors of the Jordan Dubai Islamic Bank approved in a session held on the twenty ninth of April 2010 the manual and adopted it as a reference for Corporate Governance in the Bank; it is available in both the Arabic and English languages on the Bank's website.

Second: Functions of the Board of Directors

General Principles:

A- The Board assumes all responsibilities relating to the Bank's operations and its financial integrity and ensures that it meets requirements of the Central Bank of Jordan and interests of the shareholders, depositors, borrowers, employees and other related parties; and ensuring that the Bank is managed wisely and within the framework of effective laws and regulations and the Bank's internal policies.

- B-The board will strengthen the principal of commitment of each member towards the Bank and all its shareholders and not towards a particular shareholder.
- C- The Board will set the Bank's strategic goals in addition to monitoring its executive management, which assumes the responsibilities of the daily operations.
- D- The Board will approve systems of internal control and supervision and will ensure their

effectiveness and the extent of the Bank's observance to the strategic plan, policies and procedures adopted by the Bank or requested by virtue of the effective rules and regulations. In addition to ensuring that all Bank's risks have been managed in a sound manner.

1- Chairman of the Board and General Manager:

A- The positions of the Chairman of the Board and the General Manager are separated, provided that the Chairman and General Manager do not have family relations closer than third degree. Separation in responsibilities will be by virtue of written instructions approved by the Board; and they will be revised when the need arises.

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

C- Status of the Chairman will be disclosed whether he was executive or non-executive.

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

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

B- Create a culture-during the Board meetings – that encourages constructive criticism concerning issues of contradiction in the points of view among the members, and also encourages discussions and voting on these issues.

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

D- Ensure that there are high standards of corporate governance at the Bank through reviewing the periodical reports and events at the executive management levels at the Bank.

E- Activating the role of the Board and those committees emerging from it.

3- The Board of Directors composition:

A-The Board of Directors consists of eleven members elected by the General Assembly for a period of four years; and also the Chairman of the Board of Directors is elected by the members of the Board of Directors.

B- In forming the Board, variety of practical experience and professionalism and specialized skills are taken into account; it is possible for the Board to include executive members; and it is preferred that the majority of members are of those non-executive members.

C- It should be taken into account that the Board of Directors will have at least three independent members.

D- An independent member is defined as the member (whether in his personal capacity or a representative of a legal entity) who is related to the Bank only through his being a member of the Board of Directors, which makes his judgment of matters not affected by any considerations or external matters. The minimum limit of requirements the independent member should possess, include:

- 1. He / she should have not worked in the Bank as an employee during the three years prior to the date of nomination for the Board's membership.
- 2. He/she should not have any relation to any executive or director below second degree family relationship.

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- 3. He/she should not receive any salary or sum of money from the Bank except those received as remuneration for his membership in the Board.
- 4. He/she should not be a member of a Board of Directors or an owner of a company that the Bank deals with except those dealings resulting from a normal services and/or business provided by the Bank to its clients, provided that, they submit to the same conditions of similar dealings with any other party and without any preferential conditions.
- 5. He /she should not be a partner to the external auditor or an employee at his/her firm during the three years prior to the date of nomination to the Board's membership.
- 6. His/her participation should not form an effective interest in the Bank's capital; nor be an affiliate of another shareholder.

4- Organizing the Board's Agenda:

- A- To secure the comprehensiveness of subjects discussed in the Board's meetings, the executive management will take the initiative to propose the subjects it deems important in the agenda of each meeting, after consultation with the Chairman of the Board.
- B-The Board's meetings should not be less than (6) meetings a year, provided that the period between one meeting and the other should not be more than two months.
- C- The Bank's policy should include existence of independent members in the Board to assure objectivity of resolutions and to guarantee Board's having a level of observance that secures the balance of all parties' influence including the executive management and main shareholders; and to make sure that the resolutions taken are at the interest of the Bank.
- D- The Bank will provide the Board's members through the secretary with sufficient and adequate information and before enough time prior to the Board's meetings to enable them to take resolutions appropriately.
- E- It is the duty of the Board's secretary to write down the Board's discussions and proposals and the member's voting taken during the Board's meetings.
- F- All of the responsibilities of the Board of Director's members are defined and clear and conforming to the relevant legislations. The Bank has to provide each one of the Board's members upon election with a letter that clarifies the member's rights and responsibilities and duties.
- G- Limits of banking operations requiring the approval of the Board of Directors are clarified in writing such as:
- 1-The authority of the Board concerning granting loans that exceed a defined amount
- 2- The Board's authority regarding related –party transactions.
- H-The Board's members should be always be acquainted with developments inside the Bank and the local and international banking sectors.
- Moreover, the Bank has to provide the members with an appropriate summary of the Bank's activities and upon appointment, during the period of membership or upon demand.
- I- The Board's members and committees will have, if necessary, the authority to ask for help from external resources to help them in performing the tasks they are entrusted with.
- J- Communication between the members of the Board of Directors and the executive management is always available through the General Manager.
- K- An organizational structure defines the administrative hierarchy (including the Board's committees and the executive management). The public is provided with that part of the organizational structure that shows the higher managerial levels in the Bank.
- L-The Board's secretary will ensure that the Board's members follow the approval procedures and to circulate information among the Board's members, committees, and the executive management; in addition to setting the dates of the Board's meetings and writing the minutes of meeting.

M- The Board will define the job and duties of the Board's secretary, officially and in writing, and in conformity with the level of responsibilities referred to above. Besides, any decision of appointment or dismissal of the secretary is taken by the Board unanimously.

5- Board's Activities:

A. Appointments and Succession:

- The Board's policy should include the appointing of a General Manager who enjoys integrity and technical competence and banking experience.
- The Board's approval is to be taken upon the appointment of the executive managers and making sure that they have the required experience.
- The Board will approve the succession plans for the Bank's executive managers in a manner that takes into consideration their qualifications and the needed requirements for the position.

B. Self-Assessment and Evaluation of the General Manager's:

- 1- The Board through the committee of nominations and remunerations shall evaluate the Board performance at least once a year, through following defined and approved standards in evaluation. The standard of performance evaluation should be:
- Objective and reasonable.
- Capable of being measured quantitatively or qualitatively.
- Capable of being compared with other banks and similar well reputed financial institutions.
- The extent to which the Bank complies with regulatory requirements.
- 2- The General Manager is evaluated by the Board annually.

C. Planning, Control and Audit Systems, Code of Ethics, and Conflict of Interest:

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

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

- 2- All of the Board's members will sign the code of Ethics where this will include (at least) an undertaking by the member to:-
- Not to carry out direct operations or through the others aiming to manipulate the Bank's shares prices or securities markets.
- Transfer information to any other person aiming to create influence on this Bank's share prices.
- Non-disclosure of special or secret information through their practice of their jobs.
- To carry out all of the Board's activities honestly and faithfully and in conformity with the higher interest of all shareholders.
- 3- The Board will always ensure the Bank enjoys integrity and higher professionalism in conducting its works. This should be achieved through:-
- Setting up policies and procedures and approval of them by the Board to make sure that

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the Bank practices its operations at a high level of professionalism.

- All the Bank's employees will sign annually the Code of Ethics and ensure it is being updated annually in conformity with best practices.
- Entrusting the risk management committee to direct the executive management to set up procedures and systems that ensures the exposure of cases of conflict of interest or transactions carried out by the Bank's employees for their own personal interest, or based on inside information; and to obtain periodical reports to make sure that the committee applies such standards.
- Entrusting the executive management to set up the rules and procedures to organize operations with parties concerned whether between the Bank and its employees or the members of the Board of Directors or their companies or parties related to them including financing, investment operations and trading transactions with the Bank. Such rules will include an assurance that granting credit to the Board's members and their companies are carried out by virtue of prevailing prices in the market and not according to preferential conditions and the member will not participate in any meeting that discuss dealings or contracting or voting on . In addition such transactions will be disclosed in the Bank's annual report. Moreover, the Bank's departments concerned with the control and internal observations systems should ensure that the parties' operations concerned have been carried out according to that policy.
- 4- The Bank should have written policies covering all of the banking activities and to be circulated to all administrative levels and reviewed regularly to make sure that they include any modifications or changes that occurred on laws and instructions and economic conditions or any other matters related to the Bank.
- 5- The Bank will, as a part of the approval of granting financing, evaluate the quality of its clients' Corporate Governance (the companies), in particular the incorporated general companies; where the clients' risk evaluation is included with the points of weakness and strength of their practices in the field of governance. The Bank may think to reward its clients whose foundations include good governance.

Third: The Board's Committees

General Provisions:

A- The Board will, to increase its efficiency, form committees with specified goals and entrusted with powers and responsibilities for a specific period of time according to the charter to clarify all the afore-mentioned and in a way so that those committees will submit periodical reports to the Board as a whole. The establishment of such committees will not relieve the Board from direct responsibility for all matters related to the Bank.

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

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

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

1-Executive Committee:

A- The Board will form an executive committee composed of least three experienced

members of the Board of Directors; and the committee practices its powers according to the powers it has been granted by the Board of Directors.

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

C-The committee>s duties are focused on the following:-

- General supervision and performance review in comparison with strategy and budget.
- Follow-up on the works of all committees affiliated to the executive management and decisions made.
- Evaluation of the General Manager and the executive management and submission of recommendations.
- Monitoring the Bank's performance and the executive administration's activities, in addition to a periodical review of the performance in comparison with strategy and budget approved by the Board.
- Taking lending and investment decisions that are beyond the powers of the executive management's committees and submitting recommendations/reports to the Board in this regard.
- Review and approval of lending and investment proposals according to the powers granted by the Board of Directors.
- Review and approval of policies, procedures and products.
- On going review of the Bank's management performance.

2- Corporate Governance and Compliance Committee:

A- The Board will form a Corporate Governance and Compliance committee composed of at least four experienced Non-Executive members of the Board. Moreover, the committee practices its powers according to powers granted by the Board of Directors.

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

C-The main focus of this committee's work are the following:-

- Organizing the relationship between the Bank and it's shareholders and ensuring the issuance of the required disclosure reports.
- Issuance of periodical reports, for the Board of Directors about the extent of the Bank's observance of the practices of the corporate governance.
- Working and coordinating with other committees of the Board to raise the corporate governance's coordination and to secure transparency of committee's work before the Board.
- Enforcement of transparency and disclosure.
- Supervising the practices of the corporate governance in the Bank and securing the existence of all of its basic supports needed.
- The committee is responsible for ensuring of compliance according to policies and procedures and requirements of the Central Bank of Jordan and the other legislative authorities including requirements of anti-money laundering and terrorist financing.
- Supervising of preparing and updating the compliance policy, annual plan and increasing awareness of the compliance inside the Bank.
- Evaluation of efficiency degree by which the Bank manages the "Compliance Risks", and issuance of periodical reports for the Board of Directors about the extent of the Bank's

compliance before the supervising authorities.

- Making sure of and securing the existence of an internal effective supervising system, to apply the compliance policies and ensuring its good performance.

3- Audit Committee:

A- The Board will form an Audit Committee composed of at least three experienced non-executive members of the Board of Directors. The committee practices its power according to powers granted by the Board.

B- Responsibility of the Audit Committee shall not relieve the Board of directors or the executive management of their responsibilities regarding oversight of the adequacy of internal controls and inspection systems.

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

- Scope and adequacy of internal and external audit of the Bank.
- The accountancy issues of substantial effect on the financial statements.
- internal controls and inspection systems in the Bank.

D- The audit committee will provide the recommendations to the Board concerning appointing, termination, enumeration of the external auditor and any other contractual conditions related thereto. In addition to evaluation of the external auditor's objectivity taking into consideration any other works conducted outside the range of auditing performed to ensure objectivity.

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

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

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

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

I. The ratification of the policy manual and the annual work plan and audit-related activities, including resource planning and training of the audit department and to ensure that there are no undue restrictions, as it is reviewed on an annual basis, the performance of the Bank>s audit department versus those planned.

J. Reviewing the accounting policies suitability, all the business policies related, and ensuring the proper and suitable implementation of the new policies and all policies as well.

K. Reviewing the banks' financial statements prior to their submission to the board of directors and its commitment with the CBJ regulations concerning the provisions of the doubtful debts collection, and the securities portfolio, and sharing points of view about the non-performing financing, and those suggested for bad debts.

L. Reviewing all the important financial and disclosing cases including the changes in accounting policies, and the important adjustments, and the key cases that have been resulted from accounting auditing, and the viable independent reasoning for transactions, and the latest professional and regulatory disclosures and understanding its impact on the financial reports.

M. Studying and ensuring the controlling and accounting proceedings accuracy, and the degree of being compliant with it.

N. Reviewing the comments of the CBJ reports and the external auditors and any other reports from any regulatory authority and following the actions taken on them.

4- Nominations and Remuneration Committee:

A-The Board will form the nominations and remuneration committee composed of at least three experienced non-executive members from the Board of Directors provided that the majority (including the chairman of the committee) are independent members. The committee practices its power according to powers granted by the Board.

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

C-The nomination and remuneration committee will name the members of the Board based on their abilities and qualifications. It also takes the procedures relating to re-nomination for new periods and any material remuneration or benefits for the Board's Members. The committee will also decide whether the member has or not the capacity as an independent member, and to define independent members among them, taking into account the least level of requirements that the independent members should meet.

D- The nomination and remuneration committee assumes the responsibility of providing information and summaries about the background of certain important topics about the Bank to the Members of the Board on demand; it also ensures to continuously updated them on the latest bank business related topics. To achieve this, the Bank encourages the members of its Board of Directors to attend seminars and events that offer them the chance to meet with the local and international enterprises and companies.

E- The nomination and remuneration committee adopts defined and certified foundations in evaluating the Board's efficiency, where the criterion of performance evaluation is objective and includes comparison with the other Banks and similar financial institutions, in addition to criteria of the soundness and correctness of the Bank's financial data and extent of observance of regulatory requirements.

F- The nomination and remuneration committee revises and recommends remuneration including the monthly salary and other benefits for the General Manager, and the Executive management depending on the periodical performance evaluation.

G-The nomination and remuneration committee assumes the responsibility of ensuring the existence of a remuneration policy at the Bank which includes sufficient rewards / salaries to attract qualified people to work for the Bank and retain them in a way that conforms to the rewards/salaries granted by similar Banks in the market.

5- Risk Management Committee:

A- The board will form the risk management committee composed of at least three experienced Non-Executive members of the Board of Directors. The committee practices its power according to powers granted by the Board

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

- C-The risk management committee revises the strategy and policy of the Risk Management Department and risk appetite of the Bank before it is endorsed by the Board. The Bank's executive management assumes the responsibility of carrying out these strategies, in addition to developing policies and procedures of managing the different types of risks.
- D-The risk management committee follows up on the size and type of risks (strategy, credit, market, operations and liquidity) that the Bank is exposed to and any changes that may happen.

E-This committee revises and evaluates Capital Adequacy of the Bank and its appropriations for the Bank's businesses.

Fourth: The Sharia Supervisory Board:

- 1- The General Assembly of shareholders will appoint upon the recommendations of the Board of Directors, appointed a Sharia Supervisory Board that consists of at least three members of the Islamic Sharia scholars; and its opinion is obligatory to the Bank.
- 2-The Board of Directors will issue, based upon the recommendation of the Sharia Supervisory Board, the Board's bylaw, in addition to the financial system and the remunerations for its members.
- 3-The Board's tasks include the following:-
- Studying all subjects, inquiries and various financing formulas, which the Bank deals with, to ensure that they conform to Islamic Sharia laws.
- The committee will verify the presence of a jurisprudential authority that will support the Bank's assumption of any losses resulting from joint investment transactions.
- Verifying and persuasion of conformity with the Sharia controls for all contracts and instructions and other transactions and its procedural requirements, and non-existence of any Sharia impediment or taboo to approve it or modify it to conform to the Islamic Sharia laws.
- -The Bank's annual report includes a disclosure from the Sharia Supervisory Board about the Sharia opinion of the Bank's businesses and activities, the Bank's balance sheet, profits and losses account and any other explanations; in addition to the disclosure of any breach to the Sharia laws.

Fifth: Control and Internal Inspection

1-Internal Control and Inspection systems:

- A- Internal and external auditors will review the structure of the internal control and inspection systems at least once a year.
- B- The Board will include in the Bank's annual report; a report concerning the adequacy of the internal control and inspection systems on the financial reporting. The report will include the following:-
- A paragraph showing the executive management's responsibility for the status of the internal control and inspection systems regarding financial reporting in the Bank and maintaining such systems.
- A paragraph concerning the framework used by the executive management to evaluate the efficiency of the internal control and inspection systems.
- The executive management evaluation of the efficiency of the internal control and inspection systems as at the date of the financial statements included in the Bank's annual report.

- Disclosure on any points of weakness of intrinsic value in the internal control and inspection systems (any point of substantial weakness is a point or a number of points of obvious weakness that will result in possibility of failing prevent or expose to an incorrect statement of substantial effect).
- -External auditor report stating it's opinion regarding the executive management's evaluation of the efficiency of the internal control and inspection systems.
- C- The Bank will set procedures that enable the employees to notify secretly in due time about the existence of fears concerning the possibility of violations to happen, in a way that allows carrying out inspections independently about such fears and follow- up on them. The audit committee will monitor the implementation of such procedures.

2- Internal Audit:

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

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

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

D-The internal audit management will practice its duties and prepare its report without any external interference; and it will have the right to discuss its reports with audited.

E- The main responsibility of the internal audit management -that is based on risk based audit- is to review the following as a minimum:-

- Operations of financial reporting in the Bank(to ensure that the basic information about the financial and administrative matters and transactions is accurate, reliable and timely).
- Compliance with the Bank's internal policies, international standards ,procedures and relevant rules and regulations.

3- External Audit:

A-The Bank is required to provide regular rotation of the external audit between audit firms, where-whenever possible – a new external auditor is elected every two successive fiscal years; and when it is difficult to apply, the Bank will request regular rotation of the principal partner responsible for the Bank's external audit.

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

4- Risk Management:

A- The Bank's risk management department will submit its reports to the risk management committee. As for the daily operations, it will be reported to the General Manager.

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

- Analysis of all risks including credit risks, market risks, liquidity risks and operation risks.
- Developing measurement methodologies and control for each type of risk.
- Recommending for the Risk Management Committee with risk limits, approvals, reporting as well as documenting exceptions to the risk management policy.
- Providing the Board and the executive management with information about risk measurement and risk profile. (The Board will review the qualitative and quantitative risk statistics in the Bank at every meeting).
- Providing information about risks of the Bank for use in disclosure and publications to the public.
- C- The Bank's internal committees such as the credit committees, Assets and Liability Management , will perform their tasks, with the assistance of the Risk Management , in accordance with authorities defined thereto.
- D- The Bank's annual report should include information about the risk management regarding its structure and nature of its operations and developments occured.

5- Compliance:

A- An independent department shall be to be established in the Bank to observe compliance; and it will be supported with trained cadres, and sufficiently remunerated, in conformity with the instructions of the Central Bank of Jordan issued in this regard.

B- The Bank will support the compliance administration with any resources necessary to perform its work.

C- The compliance Department will prepare an effective methodology to guarantee the Bank's compliance with all effective laws and legislations and any relevant directives and guidelines. The Bank has to document the tasks, powers and responsibilities of the compliance Department and to be circulated in the Bank. The executive management will cooperate fully with the compliance Department and provide means of communication with all different parties.

D-The board will approve and monitor the compliance policy .The Compliance department will be responsible for preparation and development of this policy and application at the bank.

E- The compliance Department will report on the outcomes and monitoring to the Board or the Committee emanating there from. A copy of the report will be sent to Executive Management ,in accordance with the instructions of the Central Bank of Jordan issued in this regard.

F-The compliance Department will have the right of access to any documents or instruments or to call for any employee for matters related to its task ,and the executive management shall cooperate in this regard.

Sixth: Relationship with the Shareholders

A-The Bank will take steps to encourage the shareholders, especially minority shareholders, to attend the General Assembly Annual Meeting and vote either in person, or in their absence, by proxy.

B- The chairperson of the audit committee, the nomination and remuneration committee and any other committees emanating from the Board shall attend the General Assembly Annual Meeting.

C- A representative of the external auditors shall attend the General Assembly Annual Meeting to respond to any questions that may arise about audit and the auditor's report.

D- Individual voting shall be taken into consideration on issue raised during the General Assembly Annual Meeting .

E- The Board's members shall be elected or re-elected during the General Assembly Annual Meeting in accordance with the provisions of the Law of Companies and the external auditor is elected during the same meeting.

F- After the end of the General Assembly Annual Meeting, a report is to be prepared to acquaint shareholders with the notes taken during and the results, including results of voting and the questions raised by the shareholders and responses of the executive management thereon.

Seventh: Transparency and Disclosure

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

- B- The Bank is committed to provide meaningful information about its activities to the Central Bank of Jordan, shareholders, depositors, the regulatory authorities, other Bank's and the public in general, focusing on issues that maybe of a concern to shareholders. The Bank will disclose all of this information periodically and making it available for everyone.
- C- The Bank will confirm in its annual reports the responsibility towards the accuracy and sufficiency of the Bank's financial statement and the information stated in its annual report. D- The Bank is committed to maintain channels of communication with the regulatory authorities, shareholders, depositors, other Banks and public in general .These channels will be through the following:-
- Function of investor's relations, to be occupied by a qualified cadre to provide comprehensive, objective, and updated information about the Bank and its financial status, performance and activities
- The annual report issued after the end of the fiscal year.
- The quarterly reports containing quarterly financial information, in addition to the Board's report about the circulation of the Bank's shares and its financial status during the year.
- Periodical meetings between the Bank's executive management, investors and shareholders.
- Providing a periodical summary to the shareholders and analysts in the financial market and media reporters in the financial sector, by the executive management, and in particular the General Manager and the financial director (CFO).
- Providing the information contained in the Bank's annual report or its quarterly reports, or in lectures presented by the executive management, through the function of investor relations and on the Bank's website in an updated manner in both Arabic and English languages.

E- The Bank's annual and quarterly reports will include a "Management Discussion and Analysis" (MD&A) which will enable the investors to comprehend the results of present and future operations and the Bank's financial position including the potential influence of the well-known tendencies, events, and cases of uncertainty. The Bank will undertake to commit that all explanations mentioned in this disclosure are reliable, complete, fair, balanced, and understood, depending on the Bank's published financial statement.

F-The annual report should include, as a part of commitment to transparency and complete disclosure, and in particular the following:-

- The Bank's Corporate Governance Manual and the annual details of its commitment to its clauses with a report on non- compliance issues if any.
- Information about each member of the Board of Directors: qualifications, experiences, share in the Bank's capital, and whether same is independent ,executive or non-executive, membership in the Board's committee, date of appointment in the Board, any memberships of other boards of directors, remuneration/ salaries received from the Bank, loans granted by the Bank during the year.
- A summary of the Bank's organizational structure.
- A summary of the Board's committees' tasks and responsibilities, and any powers delegated by the Board to those committees.
- A resume of policy of remuneration, total salaries of the executive management.
- The boards' written statement of the adequacy of the Internal Control and Inspection systems.
- The Bank's main shareholders (such as shareholder or related parties that own or have control over more than (10%) of the Bank's Capital) and definition of the Ultimate Beneficial Owners (who are the main shareholders in the companies considered as main shareholder in the Bank) if that was necessary.

Branches

General Management

Jabal Amman - 2nd Circle - Al Koliyah Al Elmiyah Al Islamiyah Street P.O. Box 1982, Amman 11118, Jordan Tel: 064602200

Fax: 064647821

Main Branch-Jabal Amman:

Jabal Amman - 2nd Circle - Al Koliyah Al Elmiyah Al Islamiyah Street P.O. Box 1982, Amman 11118, Jordan Tel: 064602110

Fax: 064647821

Al Bayader:

23 Hosni Sober Street Mahmoud Bin Zakaria Abzagh Building

Tel: 065803131 Fax: 065803140

Shmeisani:

Al Thaqafeh Street Number 6 Wael Abu Hamdan Building Tel: 065630555

Fax: 065630550

Al Khalidi:

Ibn Khaldoun Street Plaza Al Khalidi in front of Al Khalidi Hospital, Building 38 Tel: 064630827

Fax: 064631463

Al Jubaiha:

Queen Rania Al Abdullah Street Beside Lubna's Furniture Store

Tel: 065301315 Fax: 065301316

Khilda:

Amer Bin Malek Street Building 49 Tel: 065512526 Fax: 065512657

Irbid:

Al Hashmi Street Number 6 Al Rawsan Building Tel: 027201800

Fax: 027201814

Al Madina:

Al Madina Al Monawara Street Number 121

Tel: 065507444 Fax: 065507440

Al Wehdat:

Madaba Street Number 313 Tel: 064791111 Fax: 064791112

Sweifieh:

Abdulrahman Haj Mohamad Street Wadi Al Seer Area Sweifieh District, Building 70

Tel: 065810241 Fax: 065824121

Abdoun:

Taj Mall Tel: 065931863 Fax: 065931451

Al Zarga:

Street no. 36 next to Safeway Al Kurdi Plaza Tel: 053758111 Fax: 053758102

Sahab:

King Abdullah II Bin Al Hussein Industrial City Tel: 064602110 Fax:064023409



