In the Name of Allah, the Entirely Merciful, the Especially Merciful

"And whatever you give for interest to increase within the wealth of people will not increase with Allah. But what you give in Zakah, desiring the countenance of Allah - those are the multipliers"

(Ar-Rum 39)



ISLAMIC INTERNATIONAL ARAB BANK

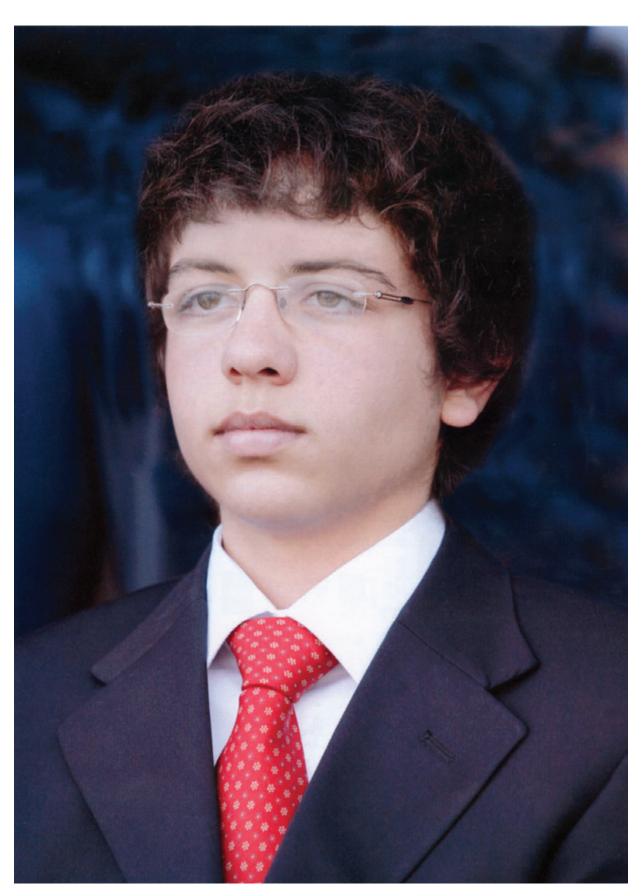
ISLAMIC INTERNATIONAL ARAB BANK
(PUBIC SHAREHOLDING LIMITED CO.)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN

THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED ON 31ST DEC. 2011 ALONG WITH THE EXTERNAL AUDITOR'S REPORT



His Majesty King Abdullah II ibn Al Hussein



His Royal Highness Prince Hussein ibn Abdullah



Our Vision

To be the leading Islamic financial institution in the Arab World.

Our Mission

To be leaders in our target markets by providing our clients with the best financial and banking services, in accordance with the merciful Islamic Shariah carried out by our qualified team of professionals, who observe the highest ethical standards, work in a stimulating business environment supported by advanced technology and distribution channels, to achieve superior financial results.



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Islamic International Arabic Bank (plc) (Public Shareholding Limited Co,)

Based on the conclusive verse differentiating between permitted and prohibited, «Allah has permitted trading and forbidden usury» & our belief in the prominent message of Islam in economy being founded on equity and participation, and having the essential banking, commercial, investment and finance efficiency supported by distinguished banking expertise, the Bank commenced its banking operations on Shawwal 12, 1418 AH, corresponding to 09/02/1998. Today, the Islamic International Arab Bank is one of the leading Islamic banking institutions in Jordan and the region.

The Bank was established as a public shareholding company in accordance with the Companies' Act of 1989; the Bank was registered in the Public Shareholding Companies' Register under No, 327 on 30/03/1997.



The Shariah Supervisory Committee

Allah Almighty says in the Holy Qur'an:
(... so ask the people of the message if you do not know)
(Surah Al-Anbya' Verse 7, Surah An-Nahl Verse 43)

The Shariah Supervisory Committee of the Islamic International Arab Bank comprised of a prominent Shariah scholars undertake a key role in ensuring adherence to the highest Shariah compliance standards where, it reviews and approves all contracts and agreements required by the Bank operations, the Shariah supervisory committee also conducts an independent Shariah audit to ensure such compliance in all the bank aspects, whether in customer dealing, finance, and accounting.

Moreover the Shariah supervisory Committee is always ready to advise the bank in stipulating the banking Shariah ruling for contemporary banking issues.

The Shariah Supervisory Committee compress of:



His Eminence Dr. Ahmad Hlayel
Committee Chairman



Dr. Ahmad AyadeCommittee Executive Member



His Eminence Shaykh Saed Hejawe
Committee Member





Chairman's Message

In the name of Allah, the Entirely Merciful, the Especially Merciful

All Praise be to Allah, lord of the worlds, And prayers and peace be upon Mohammed His servant and messenger, all his kin, companions and followers

Dear Shareholders,

Peace and Allah's blessings be upon you

It is a great pleasure to me to greet you as our Bank has finished its fourteenth year. I would like also to present you with the annual report of the Islamic International Arab Bank for the year ended 31st December, 2011, including the Shariah Supervisory Committee report and going through the bank results during the year, in addition to the External Auditors report concerning the results of their examination of those data.

The most recent data confirm that the national economy is still experiencing the negative repercussions of the global financial crisis whose severity intensified due to the regional instability. These led to sound negative impacts in the national economy. Nevertheless, IIAB managed, with Allah support, to overcome all the challenges and proceed in realizing its own successes and achievements since establishment to be able to achieve growth rates in various items of the balance sheet.

IIAB managed to achieve (52%) growth in net profits before tax compared to 2010 as the Bank's net profits before tax amounted to JD (15.2) million in 2011 compared to JD (10) million in 2010. The accounts payable and local financings portfolio reached JD (462) million at the end of 2010 and with a 25% increase over 2010, whereas deposits and cash margins (restricted and non-restricted accounts) reached JD (1,128) million at the end of 2011 with a (15%) increase over the balances of 2010.

IIAB will continue advancing in its endure in Islamic banking and expresses its emphasis on corporate governance. At the same time, IIAB expresses its commitment with the instructions of the monetary authority, and the Bank is fully committed in implementing the best practices of corporate governance and performing its activities according to the highest levels of transparency, disclosure and honesty while dealing with all the related parties dealing with the Bank, especially the local community, shareholders, customers and employees.

The bank is also keen to emphasize on the humanitarian dimension in financial dealings, which commanded by Allah Almighty as mentioned in the Holy Qura'an in Surah AL-Nisa



verse 29 (O ye who believe! Squander not your wealth among yourselves in vanity, except it be a trade by mutual consent, and kill not one another. Lo! Allah is ever Merciful unto you)

The Board of Directors' ambitions relentlessly elevate and accelerate in a constant dynamic movement aiming mainly at providing an outstanding service to the Bank's customers and achieving impressive growth rates to the shareholders and profits for its customers. Also, they reflect the Board of Directors' attentiveness and the keenness to develop the gains of this leading institution and investing in infrastructure projects in support of the bank task force efforts within the framework of the Bank's strategic plan.

To conclude, on behalf of the Bank's Board of Directors, I would like to seize this opportunity to provoke to Allah Al Mighty to keep this country safe under the command of His Majesty King Abdullah II Bin Al Hussein.

I would like also to thank the wise government and its official institutions, particularly the Central Bank of Jordan for its efforts exerted to supervise banks and its adopted rational monetary policy.

I am also glad to extend my thanks and gratitude to all current and previous members of the Board of Directors for the efforts that they have exerted over the previous year. At the same time, I am grateful to all the Bank's employees in their own different positions for their sincere efforts.

I should not forget to thank the esteemed members of the Shariah supervisory Committee for their good deeds and their noble and invaluable contributions to facilitate the Bank's business in compliance with the glorious Islamic Shariah. We extend due thanks to our respected customers who entrusted and supported us assuring them our keenness and commitment to provide them with the best Shariah -compliant banking services and products.

IIAB will remain a trustworthy place for depositors, a safe haven for investors and a halal investment for its shareholders.

Allah is the supporter

Peace and Allah's blessings be upon you

Fares Abdel Hamid Sharaf Chairman





General Manager's Message

In the Name of Allah, the Entirely Merciful, the Especially Merciful

All Praise be to Allah, lord of the worlds, and prayers and peace be upon Mohammed and all his kin, and companions

Peace and Allah's blessings be upon you; a good and blessed greeting I convey to you from the executive team and all cadres of Islamic International Arab Bank.

Allah has blessed us with Islam, and his Messenger Mohammad, peace and blessings be upon him, conveyed Allah considerate Shariah that gave everyone his/her right and did justice to all mankind through the Shariah set by the Lord of mankind. Following the Shariah law is not only a duty on all Muslims but also a source of prosperity in life. We, in the Islamic International Arab Bank, are implementing the fundamentals of that Shariah itself and this is one of Allah blessings on us.

The language of banks is figures, with our pride in the figures and accomplishments that have been achieved, amid difficult circumstances that we challenged, we are more proud of what is behind the numbers; the great efforts made by the staff of Islamic International Arab Bank who are dedicated to achieve the goals and objectives and attain the results in confident and firm steps.

The Bank's results, without a doubt, reflect the continuity of its steady growth, but our ambitions reach up to the sky, and we will continue to work relentlessly and diligently to achieve the Bank's long-term plans in addition to endure the innovation and development.

Reviewing the growth rates, we find that growth in the balance of local funds portfolio as of 31/12/2011 is (25%) with an increase of (93) million compared to last year. Customers' deposits increased at a rate of (15%) compared to last year and this indicates the ever-increasing customers' confidence in the Bank despite challenging economic conditions. Also, the total revenues increased by (30%) as the Bank's share of revenues increased by (31%). Banking services revenues increased at the rate of 53%. Moreover, the growth rate of assets revenues before tax increased by (1.3%) compared to (0.9%) in 2010 and the rate of return on shareholders' equities before tax achieved growth by (17%) compared to (11.5%) in 2010.

The Bank continued its efforts to increase growth in the funds available for investment, according to its investment needs, in addition to that, the Bank is keen to manage its assets and liabilities so as to ensure the best return possible within an acceptable risk level.

Furthermore, the Bank's strategic plan for the coming future includes the following key aspects:

- 1. Thoughtful expansion in the individuals and small and medium enterprises sectors.
- 2. Diversification of the products base offered to the market and enhancing its value proposition and competitiveness.
- 3. Enhancement of the Bank's brand equity in the Jordanian market.
- 4. Better improvement of customer satisfaction and service quality.
- 5. Increase and expansion of the customer base.



6. Improvement of the infrastructure and information systems to further enhance the Bank's efficiency and improve the level of banking services.

To conclude, I would like to extend our highest appreciation to His Majesty King Abdullah II Bin Al Hussein for his insightful guidance that served as the major motive for us to work towards further building this country of good land and people, I would also thank the Chairman and members of the Board of Directors for their dearest trust placed in me and my colleagues, as well, I would like also to thank each member of our staff in the Islamic International Arab Bank looking ahead for further contribution and success in achieving our future objectives, praying to Allah Almighty to guide us all for the advancement of Islam and Muslims.

The IIAB will remains a trustworthy place for depositors, a safe haven for investors and a halal investment for its shareholders.

Peace and Allah's blessings be upon you

Iyad G, Asali General Manager



Board of Directors Report

In the name of Allah, the Entirely Merciful, the Especially Merciful

The Fourteenth annual report of the Board of Directors For the year ended on 31st December 2011

Dear shareholders,

Peace and Allah's blessings be upon you

Allah Almighty says:

"Act! Allah will behold your actions, and (so will) His messenger and the believers" "Allah Most Great has spoken the truth"

The IIAB Board of Directors is pleased to provide you with the fourteenth annual report that includes the results of its achievements and activities along with the financial statements for the year ended on 31st December 2011.

The Financial Results

IIAB managed, thanks to Allah, to achieve a record growth ratio and operating level through increasing the volume of activity and investments in local and international assets. The results indicated profits amounting to JD 15.2 million, which is JD 5.6 million more than what was achieved in 2010 with a growth rate of 52%.



The General Economic Situation

The latest available indicators of 2011 show a variation in the performance of various economic sectors. Though national exports and the balance of credit facilities extended by licensed banks achieved significant growth, a number of other indicators showed a significant decline as in the case of travel receipts and remittances of Jordanians working abroad.

According to the initial estimates issued by the General Statistics Department, the Jordanian economy achieved positive results during the third quarter of 2011 where the GDP achieved a real growth with the percentage of (2.6%) in comparison with a growth ratio of (2.2%) achieved in the same quarter in 2010. However, during the first three quarters of 2011, the real growth rate amounted to (2.4%) compared to (2.0%) during the same period of 2010. The general level of prices raised as it is measured by the relative change in the price index for consumer(CPI) during the first eleven months of this year By 4.5% compared with a rise of 4.9% during the same period in 2010.As well as the general level of prices affected during the first eleven months of this year with the rise of the international prices in basic commodities and oil.

As for the developments in the external sector, the total exports (the national exports plus re-exports) increased during the first ten months of 2011 by (15.5%) to reach JD 4,736.5 million. Also, imports increased by 17.3% to reach JD 10,703.7 million. Accordingly, the trade deficit increased by 18.8% to reach JD 5,967.2 million compared to the corresponding period last year. Initial data of the first eleven months of 2011 show a decline in the item of travel receipts by 16.4% as well as a decline in its payments by 2.4% compared to the corresponding period of the previous year.

With respect to monetary policy, the Central Bank continued to apply its policies that aim at enhancing monetary stability, controlling inflation, enhancing the attractiveness of the local currency deposits through its wise management of the structuring of local interest rates and through reinforcing the attractiveness of the local currency which is reflected by the comfortable level of the net reserves of foreign currencies. The Central Bank of Jordan strengthened its control over the financial body, a thing that led to a noticeable improvement in the levels of financial creditworthiness, liquidity and profit-volume within a banking environment that is more open and freer.

Bank's activities

The Bank's management has been so keen since the early days of incorporation to provide a comprehensive range of Islamic banking products and services for individuals through its branches in all regions of the Kingdom, such as:

- Acceptance of deposits and accounts in Jordanian Dinars and foreign currencies through: deposit accounts of all kinds, savings accounts, joint investments accounts, and specified investment accounts.
- Direct financing to customers in the areas of: sales of Murabaha, Mossawamah, Istisna' and exchange, the two types of lease (Ijarah) which are operational lease and lease ending with ownership, Musharakah, Mudarabah, and investment agencies.
- Buying and selling foreign currencies, issue and receive money orders, trust funds



and local IPO's ...etc.

- meanwhile, the Bank did not overlook the provision of a range of Islamic investment products and tools that meet the Mudarabah and needs of corporate sector, including: sales of Murabaha, Mossawamah and Istisna', leasing ending with ownership, participation, Mudarabah, Musharakh and Murabaha letter of credits, remittances, investment agencies, Documentary Bills, letters of credit and guarantees of all types.

Capital Investment Volume

Authorized capital

JD 100,000,000

Subsidiaries & Nature of Work

The Bank has no subsidiaries.

Major Shareholders of IIAB

Shareholder's Name	No. of Shares
Arab Bank PLC	100,000,000 Share/JD

Competitive Position

The Bank works hard to get a market share well-fitting its capital and technical, administrative and financial capabilities and to position itself well among the other Islamic banks in both Arab and Islamic worlds. At the end of 2011, the Bank's share of customers' deposits reached 4.19% of total banking deposits in Jordan; the total direct facilities realized a percentage of 3.03% of total banking facilities in Jordan; and the Bank's assets realized a percentage of 3.48% of total banking sector assets in Jordan.

Key Customers

The Bank's portfolio is diversified, and the Bank does not rely on major customers (locally or internationally).

Governmental Concessions and Resolutions Issued by Government and/or International Organizations

The Bank does not enjoy any governmental concessions or resolutions issued by Government and/or international organizations, which may have any material effect on the Bank's operations or its competitiveness as stipulated by Article (6) of Disclosure Regulations and Accounting Standards issued by the Board of Commissioners of Jordan Securities Commission.

The banks risks

The bank was not exposed to any risks during this years or any possible risks foreseen next year that have a material effect on the bank.



Our Core Values

Honesty and decency with ourselves and with others, Pursuit of excellence and fulfillment of our promises,

Adherence to the principles and rules of the Islamic Shariah throughout all our operations, Belief that there is always a better means and the challenge lies in discovering it, Commitment to Corporate Governance,

Commitment to social responsibility wherever we exist.





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Board of Directors Members



Chairman Sharif Faris Abdul Hamid Sharaf

Chairman of the Islamic International Arab Bank (plc.) as of 9/10/2011. Born in 1970. MS in Economics, Banking and Monetary Sciences. Governor of Central Bank of Jordan, November 2010- September 2011. Chairman of the Investment Unit in the Social Security Corporation, December 2008-November 2010.

Vice-Chairman of the Board of Directors of Royal Jordanian, March 2009-till now.

Members



Mr. Mohammed Mousa Dawood "Mohammed Issa"

Vice Chairman of Islamic International Arab Bank (plc.).

Born in 1956. B.S in Mathematics/Business Administration/University of Jordan, 1978.

Executive Vice President and Director of Corporate Banking and Investment for the Arab Bank in Jordan and Palestine.

Worked at the Arab Bank (plc.) since 1978 in several positions till now. Vice President of the Board of Directors for the Arab National Leasing Company.

Board member of The Arab Bank / Syria.

Board member of The Tourism & Hotels Company of Jordan.



Dr. Ahmad A'awad Abd Al Haleem Al Hossein

Board Member of Islamic International Arab Bank (plc.).

Born in 1966. Ph.D. in Finance Management in 2005.

Director of the Department of Credit in the Arab Bank in Jordan & Palestine.

Member of the Board of Directors for the Arab National Leasing Company.



Mr. Dawod Moh'd Al-Ghoul

Board Member of the Islamic International Arab Bank (plc.) since 28/07/2011.

Born in 1971. MS in Financial and Tax Consultations- University of Colorado, Denver.

Experience in financial and tax consultations in KPMG Co., Dallas - Texas USA, 2000 - 2003.

Senior Vice Executive President in Arab Bank PLC, 2003 – till now.





Dr. Tariq Mohammed Hammouri

Member of the Board of Directors of Islamic International Arab Bank (plc.) since 11/10/2011.

Born in 1975. Got his PhD in law from Bristol University in 2002.

Associate Professor in the Faculty of Law / University of Jordan, 2002 - till now.

A legal expert in Legislation and Opinion Bureau, 2011 - till now.

A lawyer and legal adviser / partner in Hammouri & Associates Law Firm 2004 - till now.

Member of the Board of Directors of Fatehon Arab Company, 2007 - till now.

Member of the Board of Directors of Rka'ez Investment Company, 2007 - till now.

Mr. Salem Abdulmunim Burqan

Chairman of Islamic International Arab Bank (plc.) till 09/10/2011.

Mr. Montasir Izzat Abo Dawas

Board member of Islamic International Arab Bank (plc.) till 28/07/2011.

Mr. Ayman Yehya Odeh

Board member of Islamic International Arab Bank (plc.) till 19/07/2011.



Secretary of the Board Dr. Mohsen Abu Awad

Born in 1963. PhD in Commercial Banks.

Manager of Corporate sector in the Islamic International Arab Bank (plc.).

Auditors

Messers / Deloitte & Touché (Middle East)



Chairman, Board of Directors Members, and the General Manager



Executive Management

Islamic International Arab Bank is proud of having a senior management consisting of a number of elite bankers who enjoy diversified and extensive knowledge and experience besides having received a high standard of training, and who hold special expertise in banking and management.

The members of the executive management of the bank dedicate all their expertise and their efforts towards a common goal which is to achieve the Bank's vision and mission, by providing excellent banking services to our valued customers.

The executive management consists of the following members:

Mr. Iyad G. Asali	General Manager	Born in 1966. He holds MBA degree from the American University in Cairo in 1989. Enjoys 23 years of various banking and administrative experience in Jordan, Saudi Arabia and the United Arab Emirates in commercial and Islamic banks. He joined the Islamic International Arab Bank as of 1/3/2011. Board member of Association of banks in Jordan since 2011 till now. Board member of Institute of banking studies since 2011 till now.
Mr. Nihad Maraqa	Chief Support Officer	Born in 1955. He holds BA in Accounting from Ain Shams University in 1980. He enjoys 29 years of various banking experience in Jordan and Palestine in commercial and Islamic banks, including 18 years in the Arab Bank. He joined the Islamic International Arab Bank as of 18/2/1998.
Mr. Amjad Hijazi	Chief Business Officer	Born in 1969. He holds BA in Finance and Banking from the University of Yarmouk in 1991. He enjoys 21 years of various banking and administrative experience in Jordan, Saudi Arabia, United Arab Emirates and Qatar. He joined the Islamic International Arab Bank as of 11/5/2011.
Mr. Yousif Al Badri	Chief Credit Officer	Born in 1961. He holds BA in Economics from the University of Jordan in 1983. He enjoys 25 years of experience in banking where he worked at both Jordan Kuwait Bank and Arab Bank. He joined the Islamic International Arab Bank as of 3/6/2007.
Mr. Haitham Murrar	Head of Business Transformation	Born in 1974. He holds MBA degree from New York Institute of Technology in 2010. He enjoys 15 years of experience in consulting and project management. He joined the Islamic International Arab Bank as of 13/3/2011.

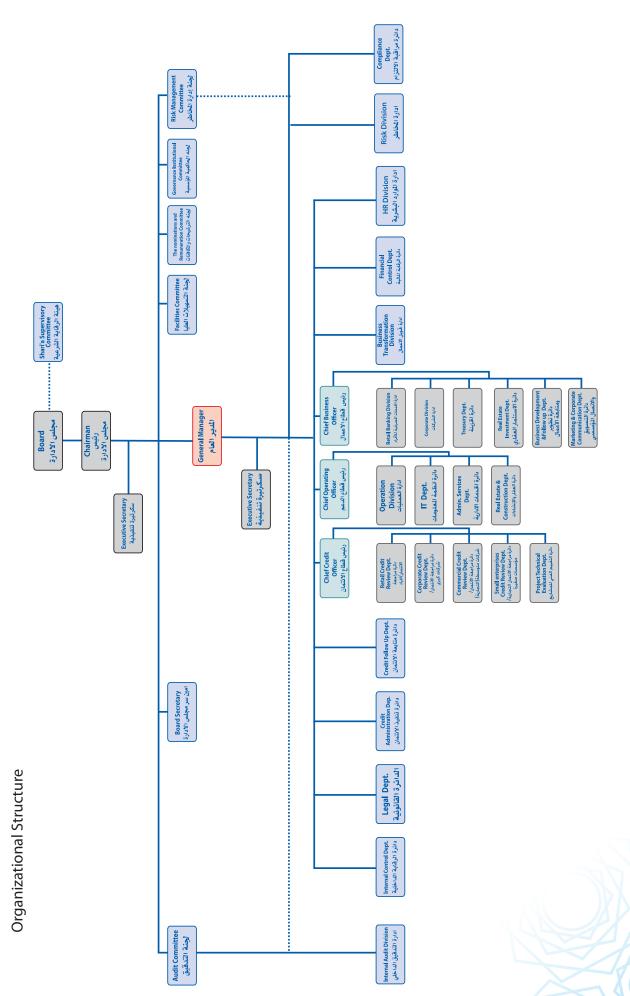
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Dr. Mohsen Abu Awad Dr. Mohsen Abu Awad Department Dr. Nayef Abu Dhaim Dr. Nayef Abu Dhaim Dr. Nayef Abu Dhaim Department Head of Retail Banking Department Head of Retail Banking Department Department Department Department Head of Retail Banking Department Mr. Tariq Awwad Mr. Tariq Awwad Mr. Abbas Mari Mr. Abbas Mari Mr. Akef Hamam Mr. Akef Hamam			
the University of Jordan in 1985, Master in Financing from the University of Jordan in 1994, and PhD degree in Financing from the University of Jordan in 1994, and PhD degree in Financing from Amman Arab University in 2008. He enjoys 24 years of various banking experience in banking facilities and branches management in Islamic banks, including 10 years working at Jordan Islamic Bank. He joined the Islamic International Arab Bank as of 1/12/1997. Mr. Tariq Awwad Mr. Tariq Awwad Mr. Abbas Mari Mr. Abbas Mari Mr. Akef Hamam Mr. Akef Hamam Head of Human Resources Department Department The University of Jordan in 1985, Master in Financing from the University of Jordan in 1990, He enjoys 24 years of various banking experience in Banking Operations. He enjoys 28 years of experience in Banking Operations Department and Internal Audit Department at Arab Bank where he held several managerial positions. He joined the Islamic International Arab Bank as of 8/4/2007. Born in 1975. He holds BA degree in Accounting from Al-Zaytoonah Private University of Jordan in 1997. He enjoys 14 years of experience in accounting and financial management in commercial banks. He joined the International Islamic Arab Bank as of 2/5/2006. Born in 1963. He holds BA degree from the University of Texas- USA in 1996. He joined the Arab Bank during 2/2/2005 until 5/8/2007. He enjoys various managerial experiences in the United States before 2005 and he		Corporate & Commercial	banks from the Arab Academy for Banking and Financial Sciences in 2006. He enjoys 26 years of various banking experience including 18 years in banking facilities in the Islamic banking sector in Jordan (Jordan Islamic Bank). He joined the Islamic International Arab Bank as of
Mr. Tariq Awwad Head of Internal Audit Department	· · · · · · · · · · · · · · · · · · ·	Banking	the University of Jordan in 1985, Master in Financing from the University of Jordan in 1994, and PhD degree in Financing from Amman Arab University in 2008. He enjoys 24 years of various banking experience in banking facilities and branches management in Islamic banks, including 10 years working at Jordan Islamic Bank. He joined the Islamic International Arab Bank as
Mr. Abbas Mari Financial Control Department Al-Zaytoonah Private University of Jordan in 1997. He enjoys 14 years of experience in accounting and financial management in commercial banks. He joined the International Islamic Arab Bank as of 2/5/2006. Mr. Akef Hamam Resources Department Al-Zaytoonah Private University of Jordan in 1997. He enjoys 14 years of experience in accounting and financial management in commercial banks. He joined the International Islamic Arab Bank as of 2/5/2006. Born in 1963. He holds BA degree from the University of Texas- USA in 1996. He joined the Arab Bank during 2/2/2005 until 5/8/2007. He enjoys various managerial experiences in the United States before 2005 and he	Mr. Tariq Awwad	Internal Audit	Administration from Beirut Arab University in 1988. He enjoys 28 years of experience in Banking Operations Department and Internal Audit Department at Arab Bank where he held several managerial positions. He joined
Mr. Akef Hamam Resources Department Department Department Department Department Department Department Resources Department of Texas- USA in 1996. He joined the Arab Bank during 2/2/2005 until 5/8/2007. He enjoys various managerial experiences in the United States before 2005 and he	Mr. Abbas Mari	Financial Control	Al-Zaytoonah Private University of Jordan in 1997. He enjoys 14 years of experience in accounting and financial management in commercial banks. He joined
	Mr. Akef Hamam	Resources	of Texas- USA in 1996. He joined the Arab Bank during 2/2/2005 until 5/8/2007. He enjoys various managerial experiences in the United States before 2005 and he



General Manager and Executive Management Members

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(Achievements During 2011)

1. Major Financial Indicators of 2011

During the course of the past years, the Islamic International Arab Bank achieved a significant success and its financial performance progressed steadily, here are a summary of indicators achieved during 2011 in comparison with previous years:

(JD)

Major Operations Results	2007	2008	2009	2010	2011
Revenues received in advance	19,821,772	15,674,766	14,647,744	18,885,673	23,254,602
Commissions payable	1,196,984	1,600,423	1,791,288	2,601,505	3,982,323
Net profit before tax	16,075,267	11,372,172	4,402,512	10,013,634	15,202,079
Net profit after tax	10,870,118	7,823,727	2,596,472	7,009,544	10,641,371
Major Balance Sheet Items					
Total Assets	593,987,017	907,628,014	1,003,869,784	1,096,162,778	1,127,482,501
Total Customers' Deposits*	595,670,007	666,067,639	855,293,660	961,612,291	1,103,785,911
Financing and Investment	354,498,159	581,696,988	931,181,019	1,038,302,961	1,056,576,031
Total Shareholders' Equity	37,174,542	56,616,185	80,691,775	87,409,237	90,134,821
Number of Shares	40,000,000	73,000,000	100,000,000	100,000,000	100,000,000
Some Financial Percentages					
Return before tax against assets	2.8%	1.3%	0.4%	0.9%	1.3%
Return before tax against Shareholders' Equity	43.2%	20.1%	3.7%	8%	17%
Operation Expenses/ Operation Revenues	32%	41.7%	71.7%	57.5%	50%
Shareholders' Equity/Total Assets	6.3%	6.2%	11.2%	11%	8%
Off Balance Sheet Items					
Letters of Credit	13,163,233	13,075,475	23,200,012	17,064,092	22,726,064
Guarantees	12,063,637	12,342,668	11,637,213	14,355,267	16,990,150
Acceptances	3,885,536	4,316,491	4,618,422	6,437,707	7,673,031

^{*} Including Specified Commodity Investments

2. Banking Services

Over the past years, IIAB has pursued an integrated vision and the inevitable result has been to continue building up and developing an integrated business model of its activities which include: Corporate Banking Department, Treasury Division, Retail Bnaking Department, Real Estate Investment Division, Business Development and follow-up Division and Marketing and Corporate Communications Division.

Corporate Banking Department

The Corporate Banking Department undertakes the provision of banking services relating to financing of large corporations, commercial entities and Small and Medium Enterprises (SMEs) by qualified and well-trained staff in the field of Islamic banking. During 2011, 10 new business centers were launched covering all the governorates of the Kingdom, including Amman where new business centers opened in Sweifieh, Khalda, City Center of Amman, Marka, Abu Alanda, Wehdat and Gardens. Also, new business centers opened in Zarqa, Irbid



and Aqaba , by launching these centers the Bank deliver its objectives in supporting and developing the commercial buisness sector by meeting the ever-growing demands for Islamic banking services.

In terms of corporate products, the Bank offers an innovative set of products that are consistent with the principles of Shariah financing methods such as leasing ending with ownership (Ijara), Mudaraba, Istisna', Musharaka and Mossawamah. These methodes of financing are used to acquire innovative solutions to finance the customers' needs which include:

- Working capital finance.
- Project finance.
- Expansion and development of infrastructure projects finance.

The Bank also provides services of trade finance through:

- Murabaha letter of credits.
- Self financed letter of credits.
- Collection bills.
- Internal and external guarantees.

Treasury Division

The Treasury Division provides outstanding services that are trusted by the Bank's customers in cash and liquidity management as well as corporate investments. The Treasury Division provides customers with the daily foreign currencies exchange rates to enable them to trade in all international financial markets such as the Middle East, London and New York Stock Exchanges.

The Division also maintains excellent relations with other local and regional banks where the bank maintains accounts of all major foreign currencies for carrying out incoming and outgoing transactions and transfers, these accounts are used to transfer all foreign currencies transactions such as check orders, money orders, commercial finance and treasury transactions. The Division manages these accounts in a manner that ensures the execution of customers' transactions in a timely manner, likewise, the Treasury Division manages the international Murabaha transactions which are part of the Bank's major products for liquidity management.

Retail Banking Department

The Bank went on with its strategic plan approach pertaining to expansion and spread out where its branches reached by the end of 2011 thirty two branches compared with twenty-seven branches opened by the end of 2010. New branches were opened in the areas of Marj Al Hamam, Medina Street, Commercial City Center (City Mall) in addition to branches in Irbid Governorate - Hashimi Street and Jerash Governorate. This was done with aim of reaching the largest targeted group of new customers and serving the current customers.

In addition, the Bank continued to develop and expand its ATM network where thirty-eight ATMs were added to all its branches and a number of off- sites locations such as the World Islamic Sciences & Education University in Tareq Area, the Professional Associations Complex and Leaders Stores Complex in Amman.

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The Bank spared no effort to sustain development and improvement processes to the electronic banking services, the Bank is constantly implementing the latest techniques and developments in information technology, in addition to providing the customers with a state of art e-services with the aim of facilitating their transactions and meeting their financial and banking needs.

In this regard, the Bank provides banking services via Internet Banking, Phone Banking and ATM, as well as SMS Banking.

The Bank provides credit cards in collaboration with Visa which is locally and globally accepted to assist customers who desire to finance their needs, besides providing credit cards for use on the World Wide Web. Moreover, the Bank, due to the expansion of the Bank's ATMs, joined the local network (JONET) to make it easier for customers to draw from all ATMs of any other bank in the Kingdom for a nominal fee.

The Direct Sales Unit also sets up selling points in business centers, ministries and busy locations to assist customers and answer their quires relating to any of the Bank's products and services.



Madina Monawarah Branch

والمال المالية

List of Branches Addresses and Contact Details

No.	Branch	No. of Employees	Date of Establishment	Phone No.	Address
	Head Office	379	Sep. 02, 1998	06/5694901	Wasfi AL-tall St. – Building No. 20
1	Gardens Branch	21	Feb. 09, 1998	06/5694623	Wasfi AL-tall St. – Building No. 20
2	Amman Branch	12	Feb. 09, 1998	06/4643270	Rashid Tuleia' St. – Petra Avenue
3	Al-Wehdat Branch	10	Feb. 09, 1998	06/4777801	Yarmouk St.
4	Irbid Branch	10	Feb. 09, 1998	02/7276587	Al-Hisn St. – Al-Nozha Avenue
5	Ma'daba Branch	7	May 02, 1998	05/3248970	Al-Hashemi St.
6	Al-Zarqa Branch	7	Jan. 04, 1999	05/3989094	26 Abdulmunim Riyadh St. – Al-Shuwam Avenue
7	North Marka Branch	9	Sep. 07, 2000	06/4886650	King Abdulla St. – Building no. 457 Opposite to Jabri
8	Wadi Al-Seir	10	Mar. 15, 2001	06/5813600	Wadi Al-Seir – Major St. – LG Campus – Building no. 47
9	Jabal Al-Hussein Branch	9	May 02, 2001	06/5657760	Haifa St. – Building no. 3 Ashnana Complex
10	Aqaba Branch	9	Oct. 31, 2002	03/2019495	Aqaba – Al-Tabari St. – 3 rd Zone/ North City Avenue.
11	Al-Jubeiha Branch	10	Apr. 28, 2003	06/5343569	Jubeiha – Queen Rania St.
12	Al-Swefeyeh Branch	9	Mar. 11, 2007	06/5826669	Al- Swefeyeh – Sufian Al-Thawri St. – Surat Building
13	Al-Shmeisani Branch	6	Mar. 18, 2007	06/5651110	Al-Shmeisani – Abdul -Hamid Shuman St. – Opposite to Canadian Embassy
14	Zarqa Private University Branch	4	May 01, 2007	05/3821022	Zarqa – Zarqa Private University
15	Al-Ruseifa Branch	6	Oct. 01, 2007	05/3748474	Al-Ruseifa King Hussein St. – Next to Arab Bank Building
16	Al-Zarqa El-Jadida Branch	8	Oct. 24, 2007	05/3854240	Al-Zarqa el-Jadida – 36 St. – Al-Batrawi Avenue – Next to Samih Mall
17	Dahyat Al-Yasmeen Hai Nazzal Branch	8	Apr. 15,.2008	06/4202126	Dahyat Al Yasmeen- Hai Nazzal- Jabal Arafat St. Next to Alkhareta Circle
18	Khalda Branch	8	May 13, 2008	06/5511446	Khalda- Amer Bin Malik St. – Abu Hdeib Building No. 71
19	Al-Sult Branch	7	Feb. 22, 2009	05/3532316	Al-Salt-Al-Salalem Area- Shahateet Center-in front of Al-Balqaa Building
20	Abu Alanda Branch	9	Jan. 22, 2009	06/4164426	Abu Alanda - Abdelkarim Al-Hadid StHussain Thawabteh Complex
21	Al-Hashmi Al Shamali Branch	7	July 19, 2009	06/5061993	Amman-Al-Hashmi-Al-Bathaa' St.
22	Al-Nozha Branch	7	July 26, 2009	06/5684341	Amman-Al-Nozha-Dahyat Prince Hasan- Al-Sultan Qlawoon St.
23	Al-Karak Branch	8	Sept. 1, 2009	03/2351728	Al-Karak- Hay Al-Baqaeen-AlOmari St.
24	Al-Mafraq Branch	6	Feb. 16, 2010	02/6231941	Al-Mafraq – King Hussien Bin Ali St. – Opposite to Old Vegetables Market
25	Ajloun Branch	8	Apr. 5, 2010	02/6422624	Ajloun – Amman St. – Salah Al-Deen Building 2
26	Tariq Branch	7	Aug. 4, 2010	06/5066918	Amman – Tabarbour – Tariq St.
27	Al-Tafilah Branch	6	Nov. 1, 2010	03/2241165	Al-Tafilah – King Hussien St.
28	Jerash Branch	7	Dec. 16, 2011	02/6342549	Jerash- King Abdullah St.
29	Marj Al Hamam Branch	7	Apr. 25, 2011	06/5715607	Amman, Marj Al Hamam- Princess Tagreed St Ammon Commercial Complex
30	Irbid- Al Hashemi Branch	9	Jul. 18, 2011	02/7252326	Irbid- Al Hashemi St.
31	City Mall Branch	10	Aug. 14, 2011	06/5852035	King Abdullah St. (Medical City St.)- City Mall
32	Al Madina Al Manawarah Branch	7	Oct. 03, 2011	06/5524978	Amman- Al Madina Al Manawarah St Azzamel Bldg.



Marketing and Business Development

In pursuit of its consistent efforts to develop its products and services, the Bank has recently introduced the "Education Finance" product as an innovative solution to facilitate financing university and school tuition fees, in the same context, the Bank added financing products of personal needs/benefits such as medical treatment and travel to be carried out within the framework of Shariah financing principles, such as Murabaha and Mossawamah. Additionally, the Bank is currently considering introducing the Ijara Forward product to lead the way in introducing such diversity of products aimed at keeping up with people's everincreasing needs in line with Shariah financing controls. The Bank continues its relentless efforts to develop its range of products and services in accordance with its future plans for the forthcoming years, on the basis of confidence in this religion holistic approach and being capable of providing authentic solutions in every time and place.

In support of promoting retail banking finance solutions, the Bank launched during the last year the "Own Your Dreams" Campaign to finance cars, construction materials, electrical appliances, furniture and furnishings, adopting Murabaha principles, and the "Own Your House" Campaign to finance apartments and real estate adopting leasing ending with ownership (Ijara) principles. Additionally, the Bank expanded the implementation of Istisna' and Murabaha contracts in home kitchen delivery, construction materials and home refurbishing.

In the fourth quarter of this year, the Bank upgraded its website in both Arabic and English in a manner that allows the site visitor to gain access to the most important activities and services provided to customers as well as a channel to information of customers' and dealers' interest. Also, the website content has been developed, including its design, so that it is consistent with the corporate identity of the Bank.

The Bank continues to explore its customers' needs and desires in order to develop services and new banking products in accordance with the provisions of Islamic Shariah to meet those needs.





The focus in this area will be to find investment opportunities with great returns and quality.

3. Human Resources

The Human Resources Department undertakes to support and facilitate the implementation of the strategic trends of human resources, systems and services, and maintains a dynamic and innovative work environment for the employees.

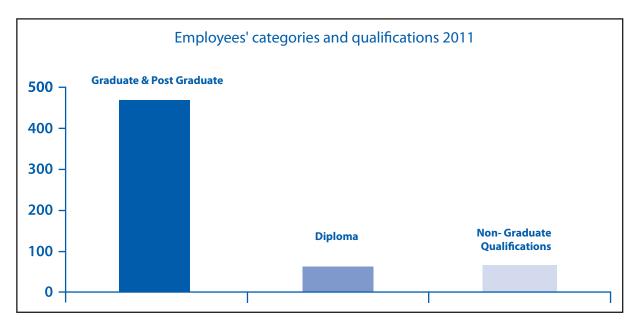
By the end of 2011, the total Bank's staff reached (647), where 71% of which are university graduates. Due to the expansion of the volume of work in the currently existing branches and those Planned to be opened in the near future, the staff number is expected to increase. The Bank did finance certain scholarships for some of its ambitious employees seeking to build their future careers by earning various degrees (Diploma, BA, MA, and PhD) in fields of finance, management, and Islamic banking.

The following table shows the employees' categories and qualifications of:

	2010	2011
As per Category		
Classified	473	572
Un-classified	67	75
Total	540	647
As per education		
PhD	4	4
MA	40	47
Higher Diploma	3	6
BA	352	402
Diploma	73	85
Other	68	103
Total	540	647
Turnover		
Resignations	47	43
Retirement	-	-
Total	47	43
Percentage to total number of employees	8.7%	6.6%

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HR Department held a total of (255) training programs in different fields of banking and management attended by (3120) employees including (169) in-house training programs attended by (2987) employees and (86) external ones attended by (133).



Career development plans of 2012 have been set in accordance to the training needs of existing staff as well as the plans of future expansion and opening branches. The Bank's management will continue to hold seminars on Shariah Contracts, Islamic Economics, computer applications and advanced programs in finance, investment and performance excellence.

4. Information Technology

Based on 2011 plan, Information Systems Department accomplished a range of major technical projects linked to the development and improvement of technical work environment in addition to a range of service projects pertaining to various business sectors. These projects have had significant impact on users of automated systems by enabling them while being in their workplace to provide their services for all their customers year-around and to provide the decision-makers with all required information and data to take decisions that will promote and improve the Bank's business performance in general. Information Systems Department, with the sustainability of electronic service and its accessibility by a rate of 99.99%, provided the optimal technical capability to provide banking services to customers, which contributed to rising of services level and increasing customers' satisfaction with regard to the service quality and excellence.

The projects of 2010 focused on continuing to develop infrastructure, enhance controls, improve tangible the security level of tangible assets and information in addition to enhancing and supporting the banking applications in an attempt to improve the working environment and automating the manual procedures and further control and quicken the services offered to the clients.

In order to keep pace with global technical development and the implementation of the best technical solutions, the infrastructure was developed and supported by protection

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and safety systems during 2011 to protect the work environment and its components to further enhance the optimal regulatory controls to implement the principles of protecting the confidentiality and privacy of data. Additionally, the Bank continued in developing the banking system to cope with the business requirements and development in a manner that serves the Bank's staff and customers in its departments and branches a long with the provision of the best services within the highest levels.

In line with the Bank's strategic plan of thoughtful expansion and proliferation, Information Systems Department contributed directly to the achievement of the Bank's strategic objectives in terms of expanding its branch network and the ATM network. Additionally, it took part in improving and integrating the work environment at the Emergency Center and Alternate Center to deal with various crises and emergencies, besides enhancing and supporting banking applications to improve the work environment and conditions and the automation of manual procedures to control and speed up customer service as well as developing information systems policies and procedures.

Our aspirations of the forthcoming year, God willing, correspond to our ambitions and objectives in achieving the strategic objectives set by the senior management that aim at maintaining the same advanced financial position and ranking among local and regional banks through a number of new service projects to serve the customer. Also, having joint communication whenever and wherever under the support of the senior management and their focus on exploiting the modern technologies and implementing them to provide excellent service and to meet the market needs of advanced electronic services which add a new advantage to keep our existing customers and attract new ones.

5. Islamic Banking Awareness

The Bank was very keen to positively and effectively participate in several local conferences and meetings where the bank executives had presented and discussed several papers. The Bank is actively involved with a number of Jordanian Universities during 2011, giving lectures about the principles of Islamic banking, the experience of IIAB and the role of Islamic banks in investment, development and other aspects. Moreover, the Bank supported events and activities aiming at developing and enhancing the educational aspects of Islamic economics and Islamic banking, and as an example lectures presented by Dr. Ahmed Al Ayyadi, member of the Bank's Shariah Supervisory Board, during the holy month of Ramadan. These lectures addressed topics about Shariah principles of banking products, the concept of usury in Islam and shed light on the inaccurate practices in applying Shariah contracts.



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Due to the Bank's keenness in supporting meaningful activities in community and concerning of Islamic banking awareness, the Bank has supported and sponsored the activities of "the Global Forum for Islamic Moderation" and "Islamic Perspective on the Global Financial Crisis" Conference, Furthermore, the Bank sponsored several conferences and events including: "Investment in Islamic Countries Conference" organized by Jordan Chamber of Commerce; "Innovative Forms of Islamic Banking Financing Conference" held at the University of Al al-Bayt and organized by the Higher Institute of Islamic Studies; "The Ninth International Scientific Professional Conference" entitled "Development of Financial Reporting Structure in the Wake of the Global Financial Crisis" organized by the Jordan Association of Certified Public Accountants; and "Retail Lending Forum - Pricing Strategies and Collection Mechanisms" organized by Jordan Today Center for Development.

6. Social Responsibility and Local Community Service & Environmental Protection

As part of its faith in the meaningful media and its moral and committed mission, the Bank signed several joint media cooperation agreements with Hayat FM Radio, the Holy Qur'an Radio and a number of committed websites to cover the Bank's events, activities and media campaigns to communicate with the local community. Moreover, based on the bank commitment to its social responsibilities, its belief in reinforcing the principles of social synergy, and as part of its attempt to establish the principles of its message to interact with the local community through supporting and sharing with its institutions, the Bank supported a number of charitable societies and institutions, as well as the Ministry of Social Development and orphanages, It contributed to a number of "Bir and Ihsan" charitable campaigns, and distributing sacrifices within "For Every Hair, You Will Be Rewarded" Campaign launched by Tkiyet Um Ali. The Bank also offered many charitable initiatives such as: distribution of charitable food packages during the Holy month of Ramadan in most of the Kingdom governorates; the "March Forth" Campaign to collect donations in cooperation



Honoring the Islamic International Arab Bank for supporting the conservation of the Holy Qur'an Society



with Hayat Radio which is launched annually; and sponsoring "Happiness Day" to honor the orphans participating in the creative competition and those who academically excelled. Also, the Bank sponsored "The Arab Orphan Day" in cooperation with Society for the Welfare of Physically Disabled Children and supported establishing the School Bags Workshop of Qwaismeh Orphans Center, aimed at creating job opportunities for the orphans and widowed families.

Furthermore, the Bank paid special attention to children and youth through carrying out a range of sponsored and supported programs of various social, educational and creative activities, including the sponsorship of both "The annual Drawing Competition" activities of private education schools organized by the Schools of Islamic Educational College, and "The Fifth Environment Conference" entitled "Clean Environment, Brighter Tomorrow" organized by Kamaliyah Basic School for Girls of the Directorate of Education of Second Area of Amman.

In realization of the Bank's mission in supporting the memorizers of the Holy Quran through projects organized in all regions of the Kingdom, the Bank contributed in sponsoring and supporting the "Taj Al Waqar Project" for memorizing the Book of Allah Almighty for the youth held by the Islamic Schools of Dar Al Arqam and Amman International, as well as the Holy Quran competitions organized by the World Islamic Sciences and Education University, Shariah Faculty at Jordan University, the Islamic Charity Center Society and the Holy Quran memorization centers located in the Kingdom. Additionally, the Bank sponsored the graduation ceremony of First Hafiz, students of Imam Shafi'i Center classes and the Awards Ceremony of the Fifth Competition of Islamic Centers students held annually by the Council of Islamic Organizations.

Based on the Bank's mission in supporting and sponsoring science and scholars and in continuation of acting out its vital role in the development of the local community via supporting events and activities that develop and enhance research skills among the students of Jordanian public and private universities of all scientific disciplines, the Bank supported the Research Competition of Jordanian universities students through motivating students by offering them cash prizes. The Bank intends to go on further with the scientific research, to keep pace with scientific and technological developments and to discover the creative energies to be employed or invested in for the interest of our beloved country and our Islamic nation.

The Bank also sponsored the educational bulletins prepared by the Directorate of Public Security Drivers and Vehicles Licensing Department.





In addition, the Bank sponsored the "Forum of Harmony Between Religions - Maximize The Similarities And Respect Differences" organized by the Deanship of Student Affairs at the Hashemite University, and supported "Forum of Violence in Jordanian Society" organized by Jordan Relief Organization. Also, based on its interest in supporting and sponsoring meaningful activities of people with special needs, the Bank supported and sponsored the ceremony of distributing the electronic interpretation of the Holy Quran in sign language for the deaf held by The Conservation of the Holy Quran Society, in addition to the sponsorship of the celebrations of The Conservation of the Holy Quran Society over the 20 years since its founding.

IIAB will remain a trustworthy place for depositors, a safe haven for investors and a halal investment for its shareholders.



Financial Indicators and its Analysis

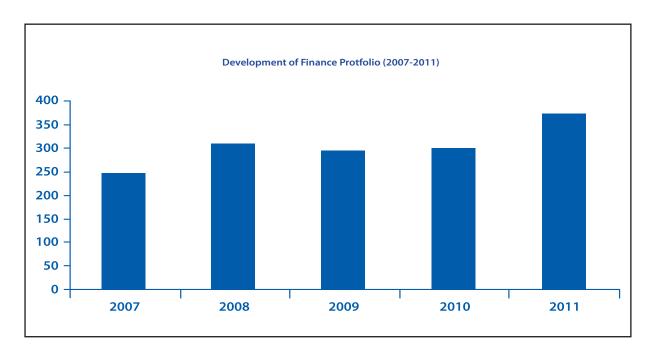
Investment Portfolio (Direct Credit Facilities):

The balance of the local financing portfolio reached JD (462) million as of 31/12/2011, with an increase of JD (93) million at a rate of 25% compared to the previous year.

The following table shows the items of the customers' financing portfolio for the period (2007–2011) which witnessed steady growth:

(JD)

Item/ Year	2007	2008	2009	2010	2011
Murabaha Financing	230,282,173	215,760,540	209,069,266	235,090,632	260,665,931
Mudaraba	11,509,376	4,494,906	3,511,178	7,416,717	3,853,146
Istisna	4,999,636	7,041,469	5,561,435	6,726,972	7,184,531
Musharaka	357,240	308,080	42,239	31,999	22,292
ljara (Lease)	58,334,434	63,769,812	78,942,297	120,106,427	190,611,473
Investments for Customers	16,286,309	131,154,600	255,911,983	247,937,680	213,687,620
Self-investment (for the Bank)	32,659,657	159,167,581	378,142,621	421,464,542	380,551,038
Specified Investments	222,157,139	205,809,884	179,001,566	163,719,548	147,669,673
Customers Liabilities against Letters of Credit	13,163,233	13,075,475	23,200,012	17,064,092	22,726,064
Customers Liabilities Against Guarantees	12,063,637	12,342,668	12,812,069	14,355,267	16,990,150
Acceptances	3,885,536	4,316,491	3,443,567	6,437,707	7,673,031



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The financing and investment portfolio is diversified over the following sectors:

(JD)

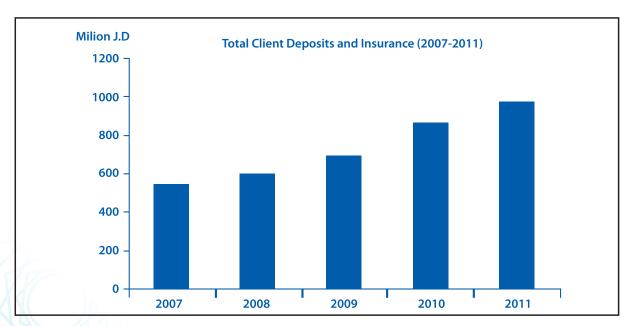
Item/ Year	2007	2008	2009	2010	2011
Industry and Mining	16,908,006	13,033,742	28,755,394	34,735,070	55,568,050
Agriculture	1,445,678	943,808	807,436	11,199,527	15,855,336
Constructions	22,946,704	14,413,203	19,030,751	1,500,118	124,610,280
General Trade	91,028,868	70,425,219	70,042,675	73,153,277	73,370,870
Transportation	892,421	1,642,681	2,189,857	7,677,779	6,077,354
Real Estate Financing	51,627,499	44,618,834	41,498,142	41,899,986	54,144,494
Vehicles Financing	25,130,385	23,916,852	19,028,613	34,785,069	40,959,981
Financing commodities	26,601,777	25,251,404	19,250,646	13,387,153	82,260,240
Other	10,567,087	33,359,252	17,580,604	30,928,341	9,490,768

Customers' Deposits

Customers' deposits are deemed as one of the most important sources of fund in the Bank. Customers' deposits portfolio in its various types current and joint and specified investment accounts reached JD (1,104) million, representing a growth at a rate of 15% compared to the previous year, reflecting customers' growing trust in the Bank.

The Bank's external resources of fund as on 31/12/2011 are as follows:

	DΩ
Customers' Deposits	1,103,785,911
Banks' Deposits	30,538,167
Cash collaterals	24,629,318
Total	1,158,953,396

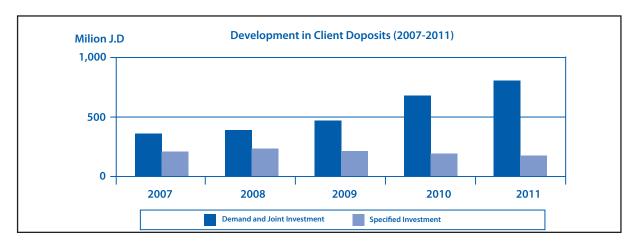


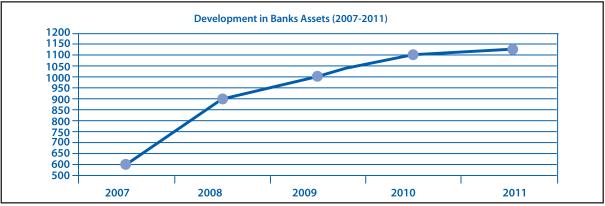
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The following table shows the positive development in customers' deposits (Demand deposits and joint investment) and (specified investment) during the years 2007-2011:

(JD)

	2007	2008	2009	2010	2011
Customers' Deposits (Demand and Joint Investment)	372,512,868	460,257,755	676,292,094	797,892,743	956,116,238
Customers' Deposits (Specified Investments)	222,157,139	205,809,884	179,001,566	163,719,548	147,669,673
Total	595,670,007	666,067,639	855,293,660	961,535,060	1,103,785,911





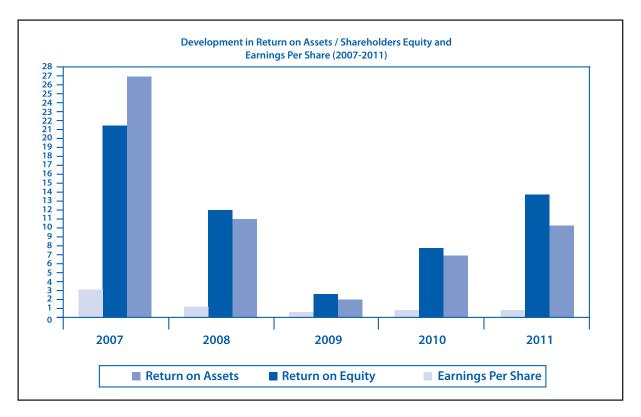
Financial Effect from Extraordinary Activities

No financial impact of any extraordinary activities occurred during fiscal year. The below table shows the Bank's profits growth and the net shareholders' equity from 2007 to 2011:

(JD)

Item/Year	2007	2008	2009	2010	2011
Operational Profits	23,687,556	19,528,582	15,597,967	23,554,658	30,412,632
Net profit before tax	16,075,267	11,372,172	4,402,512	10,013,634	15,202,079
Net profit before tax	37,174,542	56,616,185	80,691,775	87,409,237	90,134,821
Earnings per share (after tax)	0.275	0.11	0.03	0.07	0.11
Unearned Revenues	19,821,772	15,674,766	14,647,744	18.885.673	23,254,602

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- The Bank's shares are not traded in Amman Stock Market.
- The Bank does not issue any securities.

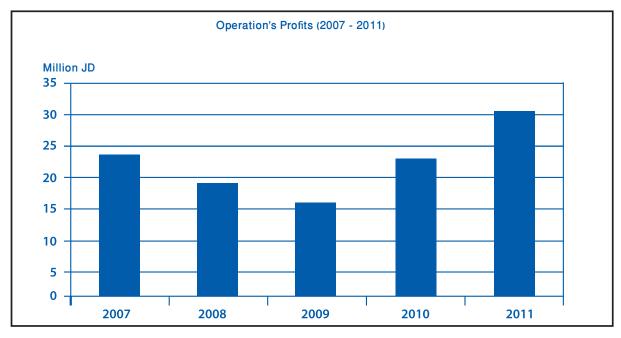
Additional Notes

This part of the annual report includes some notes to the financial statements in addition to those mentioned in the Board of Directors' report. It is an integral part of the report in accordance with the instructions of "The Instructions and Auditing Standards and the Conditions to be fulfilled in Auditors of the Entities Subject to Securities Commission's supervision No. (1) for the year 1998" issued by the Board of Commissioners of Securities Commission based upon Articles no. (9) and (53) of Securities' Act No. (23) of 1997.

Financial Analysis of Bank's Position and Results of Operations

The Bank is committed with the widely applicable international accounting standards, and with the accounting and auditing principles of the Islamic financial institutions issued by The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

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Investment Revenues

Joint Investment revenues amounted to JD (26,779,421) as of 31/12/2011. These revenues were distributed as per the Bank's Articles of Association and according to the Board of Directors' resolutions, as follows:

Joint Investment Risks Fund: JD (4,016,919)

Customers' Joint investment accounts share: JD (13,103,327) Bank's share of joint investments profits: JD (9,659,175)

Joint investment accounts contribute to the profitable results of investment according to the ratios specified for Current Year, as follows:

Term accountsSaving accounts50%

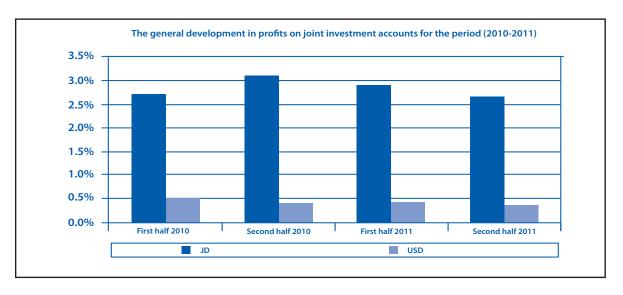
The general ratio of profits on joint investment accounts for the first half of 2011 were (2.89%), and (2.64%) for the second half in Jordanian Dinar, and in US Dollar (0.34%) for the first half and (0.31%) for the second half.

The following table shows the general development in profits on joint investment accounts for the period (2010-2011):

2011				2010			
First H	lalf	Secon	d Half	First	Half	Secon	d Half
USD	JD	USD	JD	USD	JD	USD	JD
0.34	2.89	0,31	2.64	0.39	2.72	0.40	3.01

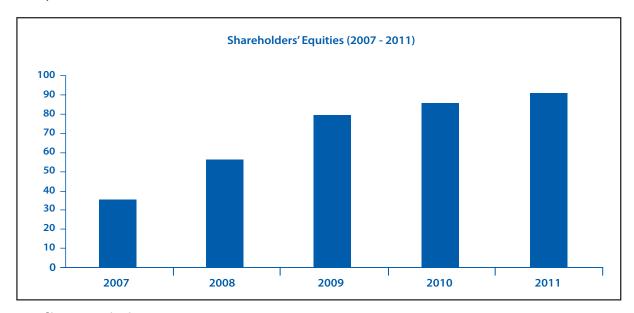
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Shareholders' Equities Management

The Bank's Senior Management is mainly responsible for the Shareholders' equity management, which in turn works constantly on maximizing these equities in a manner assuring realization of a feasible return for shareholders. In 2011, shareholders' equity reached JD (90, 1) million with an increase of JD (2,7) million recording a growth of (3%) compared to the previous year. This resulted in strengthening the capital base and enhancing the Bank's financial position. The ratio of total shareholders' equities to total assets reached (8%) compared with (7.9%) in 2010.



Credit Commissions

Total revenues on credit commissions for the year ending on 31/12/2011 amounted to JD (3,982,323). Net credit commissions represented (13%) of the Bank's total net revenues. Basically, this item covers credit commissions on all banking products and services.



Foreign Exchange Revenues

The foreign exchange trading revenues for the year ending on 31/12/2011 reached JD (1,466,087).

This amount was mainly generated from the Bank customers' activities.

Revenues on other Banking Services

The revenues of banking services for the year ending on 31/12/2011 amounted to JD (438,169). This amount was mainly generated out of various charges collected against servicing

Capital Adequacy

The Bank's Management takes into account the Central Bank's requirements, which entail the availability of adequate capital to cover certain ratios of risk weighted assets that correspond to the nature of the granted finance and direct investment.

The Bank's capital adequacy ratio, according to the measuring standards set by the Islamic Financial Services Board, based on the risk weighted assets, stood at 22,84% by the end of 2011 whereas the minimum capital adequacy requirements set by the Central Bank of Jordan is 12%.

Strategic Plan

The Bank will continue its diligent pursuit to develop its products and services to keep pace with advancements in the banking industry with high professionalism that exceeds customers' expectations by building on the Bank's achievements during the past years.

The Bank aims at providing innovative Islamic banking products and services that meet the needs of all types of customers, both individual and corporate. It is also planning an organized expansion by increasing the number of branches as well as the development of other modern banking channels, such as internet banking, phone banking and mobile phone banking. The bank will also keep enhancing its ATM network outside branches to enable customers to communicate with the bank around the clock.

Our clients are the center of our work. Therefore, we seek to provide them with the highest quality service by concentrating on elevating the quality level to accommodate the requirements and aspirations of various clients.

Based on the Bank's firm belief of monitoring and controlling its activities in line with instructions and regulations of supervisory bodies, the executive team will continue to develop internal control tools to achieve the highest degrees of banking safety and security to keep our customers safe and secure.

The three- year strategic plan of the bank focuses on the following main points:

- 1- Planned expansion in retail banking and small and medium size enterprises
- 2- Diversification of the products base and enhancement of their value and competitive edge.
- 3- Enhancing the name and image of the Bank in the Jordanian market.
- 4- Increasing customer satisfaction and service quality.



- 5- Increasing and expanding the customer base
- 6- Improving the infrastructure and IT systems to enhance the Bank's efficiency and improve the standard of banking services.

Auditing and Consultations Fees

The total fees paid by the Bank to all external auditors and consultants amounted to JD (99,601).

The following table shows these expenses in details:

Item	2011
Quarterly and Annual Auditing Fees	21,818
Legal Fees	13,866
Shariah Consultation Fees	48,000
Other Consultation Fees	15,917
Total	99,601

The following table shows the benefits and remunerations paid to the Chairman and members of the Board of Directors for the year 2011:

(JD)

Name	Salaries & Benefits	Supreme Credit Committee Membership	Transport Expenses in Jordan in 2011	Net Membership Allowances Fees
H. E. Fares Abdel Hamid Sharaf	-	500	2,942	1,140
Mr. Salim Abdulmunim Burqan	141,142	-	9,258	3,860
Mr. Mohammad Mousa Dawoud "Mohammed Issa"	-	300	12,200	5,000
Dr. Ahmed Awad Abdulhalim	-	300	12,200	5,000
Mr. Dawoud Mohammed Al-Ghoul	-	-	5,700	2,348
H.E. Dr. Ayman Yahya. Odeh	-	-	7,000	2,734
Mr. Montassir Izzat Abu Dawwas	-	-	6,500	2,651
Mr. Tariq Al Hammouri	-	-	2,878	1,113



The following tables represents a summary of the (salaries and remunerations) paid to the executive senior management of the Bank:

Name	2011
MR. Iyad G. Al Asali	151,826
Mr. Salim Abdulmunim Burqan	141,142
Mr. Nihad Yaqoub Maraqa	72,036
Dr. Muhsin Fayez Abdul Salam Abu Awad	58,294
Mr. Abbas Jamal Mohammed Mar'ie	41,494
Mr. Tariq Mousa Shehadah Awwad	62,069
Mr. Yousif Ali Mahmoud Al-Badri	69,774
Dr. Nayef Mousa Hasan Abu Dheim	60,038
Mr. Amjad Awni Hijazi	62,697
Mr. Haitham Tawfiq Murrar	62,917
Mr. Akef Hussein Hamam	63,418

Donations

As an integral part of its general objectives, the Bank carried out some charitable, scientific, cultural and vocational activities, and offered financial donations to a number of charitable associations and public interest organizations amounting to JD (100,664). The following table shows the bodies which the Bank has donated for:

Organization	Amount
The Jordanian Hashemite Fund for Human Development	57,699
Jordan Relief Organization	19,405
Al-Aman Fund for The Future of Orphans	12,550
Support the construction of the Mosque of the Custodian of the Two Holy Mosques	3,000
Support of scientific institutions and research councils	3,000
The Schools of Dar Al Arqam	3,000
Other	2,010
Total	100,664

Contracts and Affiliations with Members of Board of Directors and Executive Management

The Bank did not sign any contracts or affiliations with members of the Board of Directors. The contracts concluded by the Bank with the executive staff and their relatives fall under the Bank's normal scope of business. There are no exceptional or extraordinary contracts that require disclosure as per Article (6) of Disclosure and Accounting Standards Regulations issued by the Securities Commission's Board of Commissioners.

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Board of Directors' Declaration

As per Clause (e) of Article (6) of Regulations of Disclosure and Accounting Standards issued by Securities Commission's Board of Commissioners, the Board of Directors of the Islamic International Arab Bank P.L.C declares it is responsible for preparing the financial statements and providing an effective internal auditing system, and affirms as well there are no vital issues which may affect the sustainability of the Bank's operations in the next fiscal year.

H. E. Mr. Fares Abdel Hamid Sharaf Chairman

-21.

Mr. Mohammed Mousa Dawoud
Deputy Chairman

Declaration of Chairman, CEO and Financial Manager

According to Clause (e) of Article (6) of Regulations of Disclosure and Accounting Standards issued by Securities Commission's Board of Commissioners, we declare the financial information and statements provided in the report are correct, accurate and comprehensive.

H. E. Mr. Fares Abdel Hamid Sharaf Chairman MR. Iyad G. Al AsaliDeputy Chairman General Manager

Abbas Mar'ieChairman Financial Manager

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Jeil



In Name of Allah, Most Merciful, Most Gracious

Shariah Advisory Committee's Annual Report for the Fiscal Year Ending on 31/12/2011

Praise Be to Allah, and Allah's Peace and Blessings be upon Prophet Mohammad

Dear Shareholders,

The Shariah Advisory Committee would like to present its annual report for the fiscal year ending on 31/12/2011 according to the Bank's Articles of Association:

- 1. The Shariah Advisory Committee, in cooperation with the Bank's Executive Management and technical and legal specialists working for the Bank, have examined all topics brought to the Committee, answered all related inquiries, and ensured that all Islamic rules and regulations were observed.
- 2. The Committee, through its meeting, continued to address all the necessary provisions and regulations to deal with all aspects of the banking businesses in light of the developments that occurred during practical implementation, in accordance with the Islamic rules and regulations. In addition, the Committee clarified some new banking issues, and provided the Islamic rules pertaining to them.
- 3. The Committee reviewed the Bank's balance sheet, statement of income, and notes to the financial statements of the year ended on 31/12/2011 which reflect comprehensive representation of the Bank's operations and the information required to be submitted to any concerned party in the Bank. The committee did not notice any Shariah violations in this regard.
- 4. The Shariah Advisory Committee is responsible for providing an independent opinion in accordance with Shariah controls and principles. The management of the Bank is responsible for ensuring that the Bank operations are compliant with Shariah principles. Accordingly, in our point of view:
 - The contracts and transactions performed by the Bank during the year ending on 31/12/2011, reviewed and examined by us, are in compliance with the Islamic rules and regulations. The management has cooperated with the Shariah Advisory Committee by the implementation of remarks provided by the Committee pertaining to certain practical applications.
 - Percentages of profits distribution to the owners of Joint Investment Accounts and Investment Risk Fund were amended to be as follows:
 - 1- The percentage deducted for the Investment Risk Fund was amended since the beginning of 2011 to be 15% instead of 10% as per the instructions issued by Jordan Central Bank.



- 2- Profits percentage distributed to the owners of joint investment was amended since the beginning of the 2nd half of 2011 to be 40% instead of 50%.
- The bases of profit allocation and distribution to the owners of joint investment accounts and to the Investment Risk Fund are in compliance with the Bank's Articles of Association as well as with the Islamic rules and regulations.
 - 3- The Committee reviewed the reports prepared by the Shariah auditor of the branches' operations, and the auditors' observations and recommendations along with the measures taken by the executive management in this regard.
 - 4- Except for the action taken with regard to the debt of Arab Company for Projects and the impact of such action to write off the bad debt of the amount of JOD 517,043 dinars from the Investment Risk Fund, the Committee verified that all the Bank's investment accounts are sound and achieved profits as of 31/12/2011. Indeed, there was no need to use Investment Risk Fund to act against the outstanding amounts.

We pray for Allah the Almighty to bless those in charge with this Bank for more effort and achievement as per the Islamic rules and regulations.

Report made on Wednesday Safar 29, 1432 AH, corresponding to 23/01/2012 AD.

Sheikh Saeed Al-Hijjawi Member Dr. Ahmad Al-Ayyadi Executive Member Dr. Ahmad Helayyel Chairman of Committee





IIAB's Guide of Corporate Governance

The Islamic International Arab Bank has a major concern to proper practices of corporate governance. Its Board of Directors is as well committed with implementation of highest professional standards of performance in all of the Bank's activities. In this course, the Bank follows both the Central Bank of Jordan's instructions based upon Basel II Committee's recommendations on corporate governance and Islamic Financial Service Board's recommendations.

The Bank was one of the institutions having firstly complied with concepts of corporate governance in the Middle East. The Auditing Committee was composed in early 1998 since the Bank's establishment. The Board of Directors as well holds regular and irregular full-house meetings to discuss the Bank's strategic direction and change in key indicators of general strategy.

This Guide has been prepared as based upon Guide of Corporate Governance of Jordanian banks as issued by the Central Bank of Jordan after matching provisions of both Banks' and Companies Acts applicable in Jordan, and the Bank's both Contract of Establishment and Articles of Association.

The Bank will revise, develop and amend this Guide from time to time when necessary so as to meet any changes in needs and expectations of banking industry.

Guide's Basic Principles

First: Compliance with the Corporate Governance

The Islamic International Arab Bank (the «Company») has a systematic set of relationships with members of Board of Directors and shareholders as well as all other related parties. These relationships tackle the Bank's general framework of strategy and means required to implement it. The general framework of corporate governance assures the fair equation based upon dealing equally with all shareholders, and as well recognizes all shareholders equity stated by Law and affirms providing them with all important information about the Company's activities and Board of Directors compliance with responsibility toward the Company and shareholders.

The Bank prepared this Guide as per requirements of Guide of Corporate Governance issued by the Central Bank of Jordan in a manner going with the Bank's needs and policies. Board of Directors approved this Guide in its thirteenth meeting of 2009 held on 17/12/2009 and publicized with an updated copy of it in the Bank's website and for people at request.

Within the annual report, the Bank includes a report for people regarding the Bank's compliance with the Guide's items, along with mentioning reasons behind incompliance of any of these items when not implemented.



Second: Board of Directors

1. General Principles

- A. The main duty handled by Board of Directors is to protect and increase shareholders equity on long terms. For such a duty, the Board is completely responsible for corporate governance, and this includes implementing the Bank's strategic direction, defining Executive Management's general goals and supervising the achievement of these goals.
- B. The Board is wholly responsible for the Bank's operations and financial safety, making sure that requirements of the Central Bank and interests of shareholders, depositors, debtors, employees, and other related bodies have been fulfilled, and that the Bank is managed prudently and within the framework of laws and regulations applicable and the Bank's internal policies.
- C. The Board is concerned with strengthening the principle of compliance of each member of the Board with the Bank and all of its shareholders, not only a certain one.
- D. The Board assumes designing the Bank's strategic goals in addition to monitoring its Executive Management concerned in turn with daily operations. The Board as well assumes approving all regulatory and internal control systems making sure of their efficiency and assuring the Bank's compliance with the strategic plan and the policies and procedures approved or required as per the laws and by-laws regarding them, besides making sure that all the Bank's risks have been managed properly.

Chairman / General Manger

- A. Positions of Chairman of the Board (the «Chairman») and CEO shall be segregated, and there shall be no any kinship between Chairman and CEO below third degree. Separation shall be as well in responsibilities as per written instructions approved by the Board and revised when necessary.
- B. In case that the Chairman is executive, the Bank shall appoint an independent member as a deputy chairman in sake of having an independent source to be a spokesperson of shareholders. The chairman of the Board can be executive (if he is unemployed and occupies a certain position in the Bank).
- C. Chairman's status as whether executive or non-executive shall be disclosed.

Chairman's Role

The Chairman assumes the following:

- A. Having a constructive relationship between Board of Directors and Executive Management, and between executive and non-executive members.
- B. Creating a culture during the Board's meetings encouraging constructive criticism regarding any controversial issues among members of the Board.



- C. Making sure that there is sufficient information conveyed to both members of the Board and shareholders on time.
- D. Making sure that there are high standards of corporate governance in the Bank.

Composition of the Board

- A. The Board of Directors in the Islamic International Arab Bank is composed of five members. The members of the Board are elected by the General Assembly for a period of four years. The Chairman of the Board is elected by the members of the Board themselves as well.
- B. Diversification of professional experiences and technical skills shall be considered in composing the Board. These are which qualify each member of the Board to give his opinion in the Board's discussions in an independent manner. The Board includes the CEO and non-executive members (members who do not occupy any positions in the Bank).
- C. There shall be three independent members at least among the members of the Board.
- D. An independent member is defined as the member (whether in his personal capacity or as a representative of a legal body) who hasn't any connection with the Bank other than his being a member in the Board of Directors where his judgments on any affairs are not anyhow affected by any external considerations. The following is the minimal limit required to be fulfilled by the independent member:
- 1. He has not worked as an employee in the Bank during the latest three years for his being selected to be a member of the Board.
- 2. He shall not have any kinship with any administrator in the Bank below second degree.
- 3. He shall not earn any salaries or amounts from the Bank except for what he earns for his being a member of the Board.
- 4. He shall not be a member of the board, or owner, of a company having relationships with the Bank except for those relationships arising from the ordinary services/ operations offered by the Bank to its customers provided that they are governed by the same conditions regulating any similar transactions with any other party with no any deliberate conditions.
- 5. He shall not be a partner of, or employee for, the external auditor during the latest three years for his being selected a member of the Board.
- 6. His equity shall not largely affect the Bank's capital, and he shall not be an ally of another shareholder.

Organization of the Board's Agenda

A. Meetings of the Board shall not be less than (6) a year, for assuring that all topics presented in agenda are covered well.



- B. Executive Management shall propose any topics it deems vital to be presented in each meeting's agenda.
- C. The topics presented in the board's meetings shall be discussed in a comprehensive manner.
- D. There shall be, as per the Bank's policy, independent members in the Board so as to assure that the Board's resolutions are objective and there is a level of control assuring balanced effects on all parties including Executive Management and major shareholders. The resolutions made shall be directed toward the Bank's interest.
- E. The Bank shall provide the members of the Board with all information with a proper period of time before their certain meeting so that they can make proper resolutions.
- F. The Board's secretary shall assume documenting all discussions conducted during meetings of the Board.
- G. Responsibilities of the Board are specific and obvious in a manner going with any related legislations, and the bank shall provide each member of the Board with a letter explaining his rights and duties.
- H. All banking operations requiring the Board's consent shall be prepared in writing. Among them are:
- The Board's authority in providing banking facilities exceeding a certain amount.
- The Board's authority in regard with any transactions with any related parties.
- A. The members of the Board shall examine in a permanent manner all developments inside both the Bank and any local and international banking sectors. The Bank shall provide the members with a proper summary about the Bank's operations.
- B. All contacts between members of the Board and committees, and Executive Management are permitted.
- C. The Bank shall set an organizational structure showing the administrative structure of the Bank (including the Board's committees and Executive Management). The public have the right to see part of structure showing the higher administrative levels of the Bank.
- D. The Board's secretary shall make sure that the members of the Board follow the procedures specified by the Board, and that information is well tackled among the Board's member and committees, and Executive Management. The secretary shall as well define when the Board is to assemble along with writing minutes of the meetings. The Board shall specify the jobs and duties of the secretary in a formal manner in writing in a manner going with levels of responsibility referred to above. The Board as well is in charge with making any resolutions regarding appointment or resignation of the secretary.



Activities of the Board: Designations, Succession and Development

- A. A General Manager is to be appointed, as per the Board's policy, enjoying technical integrity and efficiency, and banking experience.
- B. The Board's consent shall be obtained at appointing some executive directors such Director of Internal Auditing and Financial Inspector, and the Board shall make sure of their proper experiences.
- C. The Board shall approve succession plans of executive directors of the Bank, and these plans shall include all qualifications and requirements having to be fulfilled by occupiers of these positions.

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

- A. The Board shall assess its own performance as a whole at least once a year through following specific procedures duly approved in performance assessment in an objective manner including a comparison with other similar banks and financial institutions, and covering as well standards of integrity and accuracy of financial statements and compliance with control requirements.
- B. The Board of Directors shall assess the General Manager's performance annually.

Activities of the Board: Planning, Regulatory and Control Systems, Code of Ethics and Conflict of Interests

- A. The Board shall define the Bank's goals and objectives, and set and approve the strategies concerned with attaining these goals. Executive Management shall in turn set the work plans going with these strategies throughout a planning process including all of the Bank's divisions. The Board shall approve the strategy and work plan and make sure that Executive Management revises performance and achievement as per the work plan and that there are proper corrective procedures whenever necessary. The budget preparation process shall be an integral short-term part of the planning and performance assessment processes.
- B. The Board shall always make sure that the Bank enjoys high integrity in all of its operations. That is through providing policies and ethics charter including definitions of conflict of interests and deals conducted by the Bank's personnel for their personal interests as based upon internal information about the Bank obtained / examined as per their authorities. These policies and ethics charter shall be publicized to, and approved by, all of the Bank's personnel and members of the Board, and as well publicized to the public in general. These policies shall include the following:
- 1. Rules and procedures regulating all operations with related parties whether between the Bank and its personnel, members of the Board or their [partners, or any related parties. This includes all joint financing and trading operations with the Bank. This includes as well what can assure that credit are provided to the members of the Board and their partners as per the prevailing rates in the market and not as per

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any deliberate conditions. The member shall not participate in any meeting of the Board where any transactions or contracts are conducted or voted. Operations with related parties shall be disclosed in the Bank's annual report, and the Bank's divisions concerned with internal regulatory and control systems shall make sure that the related parties' operations have been conducted as per this policy.

- 2. Clear-cut regulatory systems preventing the members of the Board and personnel from utilizing any internal information regarding the Bank for their personal interest.
- 3. There shall written policies approved by the Bank covering all of its banking activities. These shall be publicized to all administrative levels, and shall be as well revised in a regular manner to make sure that they cover all amendments or changes occurring to the laws and regulations in effect, and the economic conditions as well as any other affairs related to the Bank.
- 4. The Bank shall, as part of approval of credit provisions, assess quality of corporate governance of corporate customers particularly public-shareholding companies in a manner including risk assessment of customers by strengths and weaknesses in their practices in field of governance.

Activities of the Board: Planning, Regulatory and Control Systems, Code of Ethics and Conflict of Interests

- A. The Board shall define the Bank's goals and objectives, and set and approve the strategies concerned with attaining these goals. Executive Management shall in turn set the work plans going with these strategies throughout a planning process including all of the Bank's divisions. The Board shall approve the strategy and work plan and make sure that Executive Management revises performance and achievement as per the work plan and that there are proper corrective procedures whenever necessary. The budget preparation process shall be an integral short-term part of the planning and performance assessment processes.
- B. The Board shall always make sure that the Bank enjoys high integrity in all of its operations. That is through providing policies and ethics charter including definitions of conflict of interests and deals conducted by the Bank's personnel for their personal interests as based upon internal information about the Bank obtained / examined as per their authorities. These policies and ethics charter shall be publicized to, and approved by, all of the Bank's personnel and members of the Board, and as well publicized to the public in general. These policies shall include the following:
- 1. Rules and procedures regulating all operations with related parties whether between the Bank and its personnel, members of the Board or their [partners, or any related parties. This includes all joint financing and trading operations with the Bank. This includes as well what can assure that credit are provided to the members of the Board and their partners as per the prevailing rates in the market and not as per any deliberate conditions. The member shall not participate in any meeting of the Board where any transactions or contracts are conducted or voted. Operations with related parties shall be disclosed in the Bank's annual report, and the Bank's divisions concerned with internal regulatory and control systems shall make sure that the related parties' operations have been conducted as per this policy.



- 2. Clear-cut regulatory systems preventing the members of the Board and personnel from utilizing any internal information regarding the Bank for their personal interest.
- C. There shall written policies approved by the Bank covering all of its banking activities. These shall be publicized to all administrative levels, and shall be as well revised in a regular manner to make sure that they cover all amendments or changes occurring to the laws and regulations in effect, and the economic conditions as well as any other affairs related to the Bank.
- D. The Bank shall, as part of approval of credit provisions, assess quality of corporate governance of corporate customers particularly public-shareholding companies in a manner including risk assessment of customers by strengths and weaknesses in their practices in field of governance.

Third: Board's Committees

General Provisions:

- A. The Board, in order to enhance its efficiency, composes a number of committees out of it with specific goals. The Board gives these committees certain authorities and responsibilities for a certain period of time. The committees report on a regular basis to the Board as a whole, knowing that these committees do not exempt the Board from being in charge directly with all affairs related to the Bank.
- B. Transparency shall be a principle taken into account in appointing members of the Board's committees. These members' names shall be disclosed along with a summary about their duties and responsibilities within the Bank's annual report.
- C. The Board of Directors may merge the duties of a number of committees if appropriate or adequate from the administrative perspective.
- D. Corporate Governance Committee
- E. The Corporate Governance Committee is composed of the Chairman of the Board and two non-executive members, directs the process of preparation, updating and implementation of the Guide of Corporate Governance.
- F. This Committee is charged with supervising the practice of corporate governance in the Bank and assuring that all elements required for corporate governance are available.

Auditing Committee

- A. The Auditing Committee in the Bank is composed at least of three non-executive members. Names of these members shall be disclosed in the Bank's annual report.
- B. As per the Bank's policy, there shall be at least two members of the Auditing Committee having academic qualifications or practical experiences in field of financial administration, and there shall be at least two independent members in the Committee.



- C. The Auditing Committee assumes its authorities and responsibilities as per the Bank's Act and any other related regulations. This includes the following points:
- 1. Scope, results and extent of adequacy of internal and external auditing in the Bank.
- 2. Accounting issues having an essential impact on financial statements.
- 3. Internal regulatory and control systems of the Bank.
- D. The Committee reports its recommendations to the Board in regard with appointment, resignation, remuneration of the external auditor, and any other related contractual conditions. This is beside assessment of how objective the external auditor is, taking into account any other works outside the auditing system in sake of assuring that extent of objectivity.
- E. The Auditing Committee is authorized to obtain any information from the Executive Management in addition to its right to call up any executive employee or member of the Board to attend its meetings.
- F. The Committee meets the external auditor, internal auditor, and compliance officer at least once a year in absence of the Executive Management.
- G. The responsibility of the Auditing Committee does not exempt the Board or the Executive Management in regard with monitoring the adequacy of the Bank's internal regulatory and control systems.
- H. The Committee as well approves the annual audit plan and monitors its implementation, besides its duty to revise audit notes. The Committee is deemed the direct body responsible for supervising the Internal Auditing Division's work and operations.

Selection and Remuneration Committee

- A. The Selection and Remuneration Committee is composed of at least three non-executive members, provided that most of them (including the Committee's Chairman) are independent members.
- B. This Committee is charged with defining whether a member is independent or not, taking into account the minimal limit of requirements having to be fulfilled by him as stated in this Guide.
- C. This Committee assumes the responsibility of providing any information and summaries regarding some certain vital topics about the Bank to members of the Board upon request. It shall ensure that they are constantly informed of any latest topics associated with banking. The Bank encourages the members of this Committee to attend any sessions or events which expose them to the opportunity to meet local and international companies and institutions.
- D. This Committee reports the remunerations (including monthly salaries and other benefits) to the CEO, and revises the remunerations (including the salaries) given to



the members of the Executive Management.

- E. This Committee is charged with ensuring that there is a proper remuneration policy in the Bank. It ensures that these remunerations / salaries are suitable and adequate for attracting and retaining qualified personnel for the Bank, and that the remunerations / salaries are on par with similar banks in the market.
- F. A summary of the remuneration policy in the Bank shall be disclosed in the Bank's annual report, particularly the remunerations given to the members of the Board individually along with the highest salaries paid during the year to the executive managers.
- G. This Committee is in no way hindered to nominate certain members of the Board to be reelected, as per the provisions of the Companies' Act, taking into account the number of times they attend and the quality and efficiency of their participation in the Board's meetings. Knowing that the Companies' Act states that the Board's validity ends four years after the date of its being elected, each member of the Board shall propose himself to election during the annual meeting of the General Assembly in order for his membership to be renewed.

Risk Management Committee

- A. The Risk Management Committee is composed of members of the Board and Executive Management.
- B. This Committee assumes the responsibility of revising the risk management policies and strategies before they are being approved by the Board. The Bank's Executive Management bears the responsibility of implementing these strategies in addition to developing the policies and procedures through which all sorts of risks shall be managed.
- C. The Bank's Executive Management shall propose the corporate hierarchy of the Risks Management Division and the process through which it is to be developed. These proposals shall also be reviewed by the Risk Management Committee and approved by the Board of Directors.
- D. This Committee shall follow up on any rapid developments and increasing complexities occurring in risk management within the Bank; it shall report regularly to the Board of Directors on these developments and complexities.
- E. The Board of Directors is concerned with ensuring that there is an effective internal control system and making sure of its effective operation. The Board as well defines, and sets the framework of, the risk management policies in the Bank.



Fourth: Internal Controls Environment

Internal Control Systems

- A. The structure of internal regulatory and control systems is reviewed by both internal and external auditors at least once a year.
- B. The Board is concerned with enriching the Bank's annual report with a report about the adequacy of the internal regulatory and control systems in field of financial reporting. This report shall include the following:
- 1. A paragraph explaining the responsibility of the Executive Management for setting and maintaining the internal regulatory and control systems in field of financial reporting in the Bank.
- 2. A paragraph about the scope of work done by the Executive Management to assess the efficiency of the internal regulatory and control systems.
- 3. An assessment by the Executive Management of the efficiency of the internal regulatory and control systems at the date of the financial statements included in the Bank's annual report.
- 4. The disclosure of any significant weaknesses in the internal regulatory and control systems (one or more significant weaknesses resulting in the potential incapability for preventing or detecting any incorrect statements).
- 5. A report by the external auditor showing his opinion of the assessment conducted by the Executive Management of efficiency of the internal regulatory and control systems.
- 6. A report by the Shariah Advisory Committee showing their opinion of the Executive Management's implementation of the Islamic rules and regulations in the Bank's operations.
- C. The Bank sets the necessary procedures to enable employees to report, timely and confidentially, any fears regarding potential violations, in a manner allowing the independent investigation and following up of these fears. The Auditing Committee shall monitor the implementation of these procedures.

Internal Auditing

- A. The Bank provides the Internal Auditing Division with a sufficient number of qualified personnel who are trained and rewarded properly. The Internal Auditing Division may obtain any information and contact any employee inside the Bank and has been granted all authorities to be capable for performing its duties properly. The Bank documents the Internal Auditing Division's duties, authorities and responsibilities within Internal Audit Charter approved by the Board and publicized within the Bank.
- B. The Internal Auditing Division reports to the Chairman of the Auditing Committee.
- C. The Internal Auditing employees are not assigned any executive responsibilities, and



the Internal Auditing Division shall be responsible for proposing both the hierarchy and scope of work of internal auditing in the Bank, and as well for informing the Auditing Committee of any potential conflict of interests.

- D. The Internal Auditing Division practices its duties and prepares its reports completely without external interference, and it may discuss its reports with the division audited.
- E. The basic responsibilities of the Internal Auditing Division include:
- F. The financial reporting operations in the Bank (to make sure that the main information about the financial and administrative affairs and operations is accurate, reliable and punctual).
- G. Compliance with the Bank's internal policies and the international standards and procedures, as well as any related instructions.
- H. The basic responsibility of the Internal Auditing Division also includes examining the implementation of the banking operations in accordance with the Islamic rules and regulations, and with what the Shariah Advisory Committee sets and states.

Shariah Advisory Committee

- A. Board of Directors appoints the Shariah Advisory Committee, of which at least three members are to be Islamic scholars.
- B. This Committee's duties are to:
- 1. Examine all financing topics, inquiries and formulas adopted by the Bank to make sure that they are in compliance with the Islamic rules and regulations.
- 2. Ensure that there is a jurisprudence statement supporting any loss arisen in the joint investment operations.
- 3. Ensure that the Islamic rules have been followed for all contracts, instructions and any other sort of operations and procedural requirements and to correct any non-compliance with Islamic rule.
- 4. Issue the Shariah Advisory Committee's annual report at the end of each fiscal year, in which the Bank's balance sheet is reviewed and all profits and losses are stated with all required explanations and no violations committed.

External Audit

- A. The Bank regularly rotates external auditing among auditing bureaus and requires a regular rotation of the major partner in charge of the external auditing in the Bank in case of difficult implementation of former rule.
- B. The external auditor provides the Auditing Committee with a copy of his report; and he shall meet with the Auditing Committee in absence of the Executive Management at least once a year.

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Risk Management

- A. Risk Management Division reports to Risk Management Committee; however, it reports to CEO with regard to daily operations.
- B. The responsibilities of the Risk Management Division in the Bank include the following:
- 1. Analyzing all risks including credit risks, market risks, liquidity risks, and operational risks.
- 2. Developing proper methodologies of measurement and regulation of all sorts of risks.
- 3. Giving recommendations to the Risk Management Committee about certain proof of risks, and reporting and recording any exceptions in the risk management policy.
- 4. Providing both the Board and higher Executive Management with proper information about measurement of risks and risk profile in the Bank (the Board, in turn, revises risk statistics in the Bank whether in quality or quantity in a regular manner at each meeting).
- 5. Providing information about the risks in the Bank to be used for purposes of disclosure and publication.
- C. The Bank's committees, such as the Credit Committee, as well as the Assets and Liabilities Division, Treasury Division, and Operational Risk Division assist the Risk Management Division in fulfilling its duties as per the authorities stated for them.
- D. The Bank's annual report shall include information about the Risk Management Division, with regard to its hierarchy, operations, and developments.

Compliance

- A. The Bank includes a unit concerned with compliance, and it provides this unit with well-trained and sufficiently rewarded personnel.
- B. The Compliance Unit is concerned with preparing an effective methodology to assure the Bank's compliance with all laws and regulations in effect and any related instructions and guides; and the Bank shall record and publicize this Unit's duties and responsibilities.
- C. The Board approves and monitors the Bank's policy of compliance. However preparing and developing it, and making sure that this policy is implemented in the Bank is the Bank's Compliance division authority.
- D. The Compliance Unit reports to the Board the results of its operations and regulations of compliance, with a copy given to the Executive Management in accordance with the Central Bank's instructions issued in this regard.



Fifth: Relationship with Shareholders

- The Bank undertakes certain steps to encourage shareholders to attend the General Assembly's annual meetings and to vote, whether in person or via a proxy in case of absence.
- 2. The chairmen of both Audit and Remuneration Committees, as well as any other related committees composed out of the Board, shall attend the annual meeting of the General Assembly.
- 3. Representatives for the external auditors shall attend the annual meeting of the General Assembly in order to answer any questions posed about the auditing and auditor's report.
- 4. Each issue shall be voted on individually, as arisen during the annual meeting of the General Assembly.
- 5. Members of the Board, as per the Companies' Act, shall be elected or re-elected during the annual meeting of the General Assembly in accordance with the Bank's Articles of Association. The external auditor is elected during the same meeting.
- 6. Following the completion of the annual meeting of the General Assembly, a report shall be prepared for the shareholders. It shall contain the notes of the discussions during the meeting, including the results of voting, and questions the shareholders have posed along with the Executive Management's answers to them.

Sixth: Relationships with Investment Accounts' Holders

- 1. The Bank declares that investment accounts' holders may follow up on the performance of their investments and related risks faced, as well as setting any sufficient means to assure that their rights are well-preserved and practiced.
- 2. The Bank is concerned with approving a proper strategy, for all risks and returns expected, for investment accounts' holders (taking into account distinction between restricted and unrestricted investment accounts' holders) along with approving transparency in supporting any returns.

Seventh: Transparency and Disclosure

1. The Bank makes disclosures, as per Islamic accounting standards issued by Accounting and Auditing Organization of Islamic Financial Institutions (AAOIFI). In case that there are no certain Islamic accounting standards, the Bank implements the International Financial Report Standards (IFRS) in a manner complying with both the Islamic rules and regulations and the Central Bank of Jordan's instructions issued as per Banks' Act applicable and related legislations. Moreover, the Bank shall be informed of any changes occurring to the international practices regarding financial reporting and scope of transparency required by the certain financial institution. The Bank is also charged with making sure that any amendments to the international financial reporting standards are well implemented and performed. The Executive

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Management shall report to the Board of these changes, in addition to submitting recommendations regarding the means of enhancement of the Bank's practices in field of disclosure in a manner exceeding the Central Bank's requirements in this regard.

- 2. The Bank shall provide essential and significant information about the investment accounts managed by it for investment accounts' holders and the public in a sufficient and timely manner.
- 3. The Bank undertakes to provide significant information about its activities to the Central Bank, shareholders, depositors of other banks and the public in general, concentrating upon the issues about which shareholders are concerned, and the Bank discloses this information regularly and conveniently to all.
- 4. The Bank explains in its annual report its responsibility for providing accurate and adequate financial statements and information stated in its annual report.
- 5. The Bank undertakes to preserve all lines of contact with control authorities, shareholders, depositors of other banks and the public in general, and these lines shall be via:
- A. A position for investor relationships, which is occupied by a well-qualified staff being capable of providing comprehensive, objective and updated information about the Bank along with its financial position, performance and activities.
- B. The annual report, which is issued at the end of each fiscal year.
- C. The regular meetings between the Executive Management of the Bank and both investors and shareholders.
- D. A regular summary which is provided to shareholders, investment accounts' holders, financial analysts and journalists concerned with financial issues by the higher Executive Management, and in particular by both the general manager and Financial manager
- E. Information provided, as stated in the Bank's annual report or in the lectures conducted by the Executive Management, through the position of investors' relationships and at the Bank's official website in an updated manner in both Arabic and English.
- 6. The annual report of the Bank includes the Executive Management's disclosure, called as Management Discussion and Analysis (or "MD&A"), which allows the investors to understand the results of both current and future operations, and the Bank's financial position including as well any potential effect of known directions and events as well as uncertainties. The Bank undertakes to ensure that the explanations stated in this disclosure are approved, complete, fair, balanced, understandable and based upon the financial statements officially publicized.
- 7. The annual report includes, as part of commitment to transparency and complete disclosure, the following specific points:
- A. Guide of Corporate Governance approved by the Bank and the annual details of the



Bank's commitment to its items.

- B. Information about each member of the Board: qualifications, experiences, amount of share in capital, whether independent or not, whether executive or not, membership in the Board's committees, date of being elected in the Board, any memberships in any other boards, rewards / salaries obtained from the Bank, loans granted by the Bank and any other operations between the Bank and this member or any of his partners or related parties.
- C. A summary of the Bank's corporate hierarchy.
- D. A summary of duties and responsibilities of the Board's committees and any other authorities given by the Board to these committees.
- E. Number of meetings of the Board and the Board's committees.
- F. A summary for the remuneration policy in the Bank, and the highest salary paid to the Executive Management.
- G. The Board's certification that the internal regulatory and control systems are adequate.
- H. A description of the Risk Management Division's hierarchy and activities.
- I. Key shareholders of the Bank.
- 8. The Bank shall provide essential and significant information about the investment accounts managed by it for investment accounts' holders and the public in a sufficient and timely manner.



In accordance with the Corporate Governance's instructions and the Central Bank of Jordan's requirements, the following committees were formed:

Governance Committee

Sharif Faris Abdul Hamid Sharaf	Chairman
Mr. Dawod Moh'd Al-Ghoul/ Member of the Board	Member
Dr. Tariq Al Hammouri/ Member of the Board	Member

Selection and Remuneration Committee

Sharif Faris Abdul Hamid Sharaf	Chairman
Mr. Mohammed Mousa Dawoud/ Member of the Board	Member
Dr. Tariq Al Hammouri/ Member of the Board	Member

Risks Management Committee

Sharif Faris Abdul Hamid Sharaf	Chairman
Mr. Ahmad Awad Abdul Halim/ Member of the Board	Member
General Manager/ Islamic International Arab Bank	Member
Manager of Risk Management/ Islamic International Arab Bank	Member
Manager of Internal Audit/ Islamic International Arab Bank	Member

Auditing Committee

Mr. Dawod Moh'd Al-Ghoul/ Member of the Board	Chairman
Mr. Mohammad Mousa Dawoud/ Deputy Chairman of the Board	Member
Dr. Tariq Al Hammouri/ Member of the Board	Member

Credit Facilities and Investments Committee

Sharif Faris Abdul Hamid Sharaf	Chairman
Mr. Mohammad Mousa Dawoud/ Deputy Chairman of the Board	Member
Mr. Ahmad Awad Abdul Halim/ Member of the Board	Member



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In Name of Allah, The Most Merciful, The Most Gracious External Auditors' Report

Dear Shareholders,

Amman – Jordan

We have audited the attached financial statements of the Islamic International Arab Bank (a public-shareholding limited company). These statements include the balance sheet as at 31/12/2011, and statement of income, statement of comprehensive income, changes in shareholders' equity, and cash flows for the year then ending, along with a summary of the vital accounting policies and other necessary notes.

Responsibility of Management for Financial Statements

The Bank's Management is totally responsible for preparing and fairly presenting the financial statements according to the Islamic accounting standards issued by the Accounting and Auditing Organization of Islamic Financial Institutions, as adequate for the Bank's Articles of Association and the Islamic rules and regulations defined by the Bank's Shariah Advisory Committee. This responsibility includes maintaining the adequate internal control for the purposes of preparing fair financial statements free of any significant misstatements, whether arising from mistakes or frauds.

Responsibility of Auditors

Our responsibility is to express opinion regarding these financial statements as based on our audit. Our audit was conducted in accordance with international auditing standards, which require that we comply with the rules of professional conduct, plan and perform the audit to obtain a reasonable assurance as to whether these financial statements are free of any material misstatements.

The audit includes that we take certain procedures to obtain audit evidences supporting the amounts and disclosures in the financial statements concerned. These procedures selected depend on the auditor's discretion, including assessment of risks of material misstatements, whether arising from mistakes or frauds. When assessing these risks; the auditor takes into account the Bank's internal auditing procedures that are related to preparation and presentation, in a fair manner, of the financial statements, in order to design appropriate auditing procedures according to prevailing circumstances, and not to give opinion about the efficiency of the Bank's internal auditing system. Moreover, the audit includes assessment of suitability of the accounting policies followed and reasonability of the accounting estimates prepared by Management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidences we have obtained are adequate and suitable to provide a reasonable ground for our opinion on auditing.



Our opinion

In our opinion, the financial statements fairly reflect, from all material aspects, the financial position of the Islamic International Arab Bank as at 31 December 2011, its financial performance, and cash flows for the year then ending according to the Islamic accounting standards by the Accounting and Auditing Organization of Islamic Financial Institutions, which are consistent with the Bank's Articles of Association and the Islamic rules and regulations.

Report on Legal Requirements

The Bank duly maintains organized accounting records and registers which are consistent with the financial statements attached and with the financial statements stated in the Board of Directors' report.

Amman – Jordan Safar 20, 1432 AH Cor. January 25, 2012 AD Deloitte & Touché (Middle East) – Jordan

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Balance sheet as on 31-12-2010 and 2011

Statement (A)

				Statement (A
		Dec	. 31st	Jan. 1st
Assets	Note	2011 JD	2010 (Amended) JD	2010 (Amended) JD
Cash and Balances with the Central Bank	4	56,883,960	58,257,159	46,324,466
Balances at Banks and other Financial Institutions	5	20,276,772	46,105,196	67,085,126
Deferred Sales Receivables and other Receivables- Net	6	779,955,526	810,800,108	760,658,566
Deferred Sales Receivables through Income Statement	7	6,513,267	6,513,267	6,513,267
Net Ijara Assets	8	190,611,472	120,106,427	78,942,297
Financing	9	3,875,438	7,448,716	3,553,416
Financial Assets Available for Sale	10	-	6,349,167	12,857,577
Financial Assets at Fair Value through Shareholders' Equities	11	5,511,261	-	-
Financial Assets at amortized cost (Net)	12	13,047,844	-	-
Financial Assets Held to Maturity	13	-	3,567,156	5,605,531
Investments in Real-Estate	14	22,603,915	16,534,257	3,485,296
Net Qurd Hassan	Statement (A)	518,531	479,409	584,796
Equipment and tools – Net	15	13,865,462	12,506,580	11,872,584
ntangible Assets	16	1,370,589	1,628,976	1,779,632
Deferred Taxes Assets	(22/C)	1,826,067	1,750,790	2,696,591
Other Assets	17	10,622,397	4,115,570	1,910,639
Total Assets		1,127,482,501	1,096,162,778	1,003,869,784
.iabilities				
Banks and Financial Institutions Accounts	18	30,538,167	173,134,203	209,690,141
Customers' Current Accounts	19	321,608,902	220,500,949	168,607,606
Cash Margin	20	24,629,318	21,430,751	17,761,723
Other Provisions	21	1,485,130	1,234,207	1,105,654
Income Tax Provision	(22/A)	4,665,330	2,279,433	3,049,663
Deferred Taxes Liabilities	(22/ C)	58,219	64,988	-
Other Liabilities	23	15,415,111	10,952,365	12,547,248
Total Liabilities		398,400,177	429,596,896	412,762,035
Unrestricted Investment Accounts Holders Equities				
Unrestricted Investment Accounts	24	634,507,336	577,391,794	507,684,488
nvestment Risks Fund				
nvestment Risks Fund	25	3,571,693	1,173,000	2,185,485
ncome Tax on Investment Risks Fund Provision	25	868,474	591,851	546,001
Shareholders Equities		440,167	1,764,851	2,731,486
Paid-up Capital	26	100,000,000	100,000,000	100,000,000
Statutory Reserve	27	9,613,353	8,090,760	7,076,782
Voluntary Reserves	27	5,537,312	5,537,312	3,509,356
General Banking Risks Reserves	27	882,000	882,000	882,000
Fair Value Reserve- Net	28	135,851	151,638	443,720
(Accumulated Losses)	29	(26,033,695)	(27,252,473)	(31,220,083)
Total Shareholders Equities		90,134,821	87,409,237	80,691,775
Total Liabilities, Unrestricted Investment Account Holders		1,127,482,501	1,096,162,778	1,003,869,784
equities, and Shareholders' Equity				
Restricted Investments – Customers		147,669,673	163,719,548	179,001,566

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Income statement for fiscal years ending on 31-12-2010 and 2011

Statement (B)

	For th	e Year Ended on De	c. 31st
	Note	2011 JD	2010 JD
Deferred Sales Revenues	30	16,676,184	13,466,549
Financing Revenues	31	381,127	305,219
Revenues from Ijara Assets	36	9,138,192	6,688,242
Unrestricted Investment Accounts Total Revenues	34	583,918	-
Unrestricted Investment Accounts holders' Share		26,779,421	20,460,010
Unrestricted Investment Accounts Holders' Share	37	(13,103,327)	(11,610,164)
Investment Risks Fund Share	25	(4,016,919)	(2,046,001)
Bank's Share of Unrestricted Investment Accounts Revenues as Mudarib	38	9,659,175	6,803,845
Bank Self-Owned Revenues	39	14,699,165	11,764,918
Bank's Share of restricted Investment Accounts Revenues as Mudarib	40	147,537	183,701
Foreign Currency Profits	41	1,466,087	1,698,679
Banking Services Revenues	42	3,982,323	2,601,505
Other Revenues	43	458,345	502,010
Total Income		30,412,632	23,554,658
Expenses			
Staff Expenses	44	8,451,697	6,440,279
Depreciations and Amortizations	15,16	1,752,837	1,603,708
Other Expenses	45	4,468,132	4,348,679
ljara Assets Depreciation	8	281,943	314,896
Self-Owned financings Impairment	6	-	675,000
End of Service Indemnity Provision	21	255,944	158,462
Total Expenses		15,210,553	13,541,024
Pre-Tax Profit		15,202,079	10,013,634
Income Tax	(22/B)	(4,560,708)	(3,004,090)
Year's Profit		10,641,371	7,009,544
Earnings Per Share for the year – basic/diluted	46	0,11	0,07



Statement of comprehensive income

Statement (C)

	Dec.	31st
	2011 JD	2010 JD
Profit for Year- Statement (B)	10,641,371	7,009,544
Comprehensive Income Items:		
Net Change in Fair Value Reserve- Statement (D)	(15,787)	(263,950)
Total Comprehensive Income - Statement (D) of Bank's Shareholders	10,625,584	6,745,594

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Statement of changes in shareholders equity for fiscal years ending on 31-12-2011 and 2010

Statement (D)

				General				
		Subscribed	Reserves	rves	Banking Risk	Fair Value	(Losses)	F Control
	Note	capital (paid) JD	Regulatory JD	Voluntary JD	Reserve JD	Reserve-Net JD	Accumulated* JD	JD
For Year Ending on Dec. 31, 2011								
Balance at Beginning of Year		100,000,000	8,090,760	5,537,312	882,000	151,638	(27,252,473)	87,409,237
Profit for Year – Statement (B)							10,641,371	10,641,371
Net Change in Fair Value (note28)		-	-	-	-	(15,787)		(15,787)
Total comprehensive income -5tm. (C)		-	-	•	1	(15,787)	10,641,371	10,625,584
Transferred to Reserves		-	1,522,593	-	-	-	(1,522,593)	
Distributed Dividends		ı	ı	-	-	-	(2,900,000)	(000'006'2)
Balance at End of Year		100,000,000	9,613,353	5,537,312	882,000	135,851	(26,033,695)	90,134,821
For Year Ending on Dec. 31, 2010								
Balance at Beginning of Year		100,000,000	7,076,782	3,509,356	882,000	443,720	5,688,430	117,600,288
Impact of implementing IFAS (25)	57	•	-	-	-	(28,132)	(36,908,513)	(36,936,645)
Amended balance in the beginning of year		100,000,000	7,076,782	3,509,356	882,000	415,588	(31,220,083)	80,663,643
Profit for Year – Statement (B)		1	ı	-	-	-	7,009,544	7,009,544
Net Change in Fair Value (note 28)		1	1	-		(263,950)	ı	(263,950)
Total comprehensive income -Stm. (C)		1	ı	-	-	(263,950)	7,009,544	6,745,594
Transferred to Reserves		1	1,013,978	2,027,956		1	(3,041,934)	
Balance at End of Year		100,000,000	8,090,760	5,537,312	882,000	151,638	(27,252,473)	87,409,237

^{*} Accumulated losses include the amount of 1,826,067 as of December 31st, 2011 and it is not permitted to use it as per instructions of the Central Bank of Jordan, representing the deferred tax assets value

⁻ It is not permitted to use General Banking Risks Reserve balance amounting to JD (882,000) as on December 31, 2011 without a prior approval from the Central Bank of Jordan



Statement of cash flows for the years ending on 31-12-2011 and 2010 $\,$

Statement (E)

Adjustments of Non-Cash Items: Depreciations and Amortizations jara Assets Depreciation Allocation of Deferred Sales Receivables and Financing Impairment — Investment Risks Fund Deter provisions Determine provisions De	R THE YEAR I	ENDED ON 31ST DEC
Profit Before Tax Adjustments of Non-Cash Items: Depreciations and Amortizations Jara Assets Depreciation Allocation of Deferred Sales Receivables and Financing Impairment — Investment Risks Fund Deter provisions Impairment losses from financial assets available for sale Effect of Exchange Rate Changes on Cash and Equivalents Profit before Change in Assets and Liabilities: Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Financing Increase in Jara Assets Increase (Decrease) in Other Assets Increase (Decrease) in Cash Margin Deposits Increase (Decrease) in Other Liabilities Increase (Decrease) in Oth	2011 JD	2010 JD
Adjustments of Non-Cash Items: Depreciations and Amortizations Jara Assets Depreciation Allocation of Deferred Sales Receivables and Financing Impairment — Investment Risks Fund Deter provisions Impairment losses from financial assets available for sale Effect of Exchange Rate Changes on Cash and Equivalents Profit before Change in Assets and Liabilities: Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Other Assets Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities Paid Tax Vet (uses) of cash flows from operational Activities Bedemption of Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intending Lassets Purchasing) intending Assets Purchasing) investments in real estate Vet (uses) of cash flows from Investment Activities Cash Flows from Financial Operations Increase in unrestricted Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment Activities Cash Flows from Financing Operations Seffect of Exchange Rate Changes on Cash and Equivalents Vet (uses) of cash flows from Financing Operations Cash Flows fr		
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Jara Assets Depreciation Allocation of Deferred Sales Receivables and Financing Impairment – Investment Risks Fund Deter provisions Impairment losses from financial assets available for sale Effect of Exchange Rate Changes on Cash and Equivalents Profit before Change in Assets and Liabilities: Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Other Assets Increase (Decrease) in Other Assets Increase (Decrease) in Other Assets Increase (Decrease) in Other Liabilities Decrease (Increase) in Other Liabilities Decrease (Increase) in Other Liabilities Decrease (Decrease) in Other Liabilities Decrease (Decrease) in Other Liabilities Decrease (Decrease) in Other Liabilities Deald Tax Determinent of Cash Flows from Operational Activities before Tax Determinent of Cash Flows from Operational Activities Decrease (Decrease) in Other Liabilities Decrease (Decrease) in Other Sale Increase (Decrease) in Increase in Decrease in		
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Anyestment Risks Fund Other provisions Impairment losses from financial assets available for sale Effect of Exchange Rate Changes on Cash and Equivalents Profit before Change in Assets and Liabilities Change in Assets and Liabilities: Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Financing Increase in Ijara Assets (8) Increase (Decrease) in Other Assets Increase (Decrease) in Other Assets Increase (Decrease) in Current and Demand Accounts Increase (Decrease) in Cash Margin Deposits Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Increase (Decrease) in Cash Margin Deposits Increase (Decrease) in Cash Assets Available For Sale Increase (Decrease) in Cash Assets held to maturity Increase (Decrease) in Cash Increase (Decrease) of Cash Increase (Decrease) in Cash Increase (Decrease) of Cash Increase (Decreas	18,429,592	12,532,699
Other provisions Impairment losses from financial assets available for sale Effect of Exchange Rate Changes on Cash and Equivalents Profit before Change in Assets and Liabilities Change in Assets and Liabilities: Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Financing Increase in Ijara Assets (Increase) Decrease in Other Assets Increase (Decrease) in Other Assets Increase (Decrease) in Other Assets Increase (Decrease) in Cash Margin Deposits Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Paid Tax Net (uses) of cash flows from operational Activities Redemption of Financial Assets held to maturity Increase in Increases in Increases and projects in progress - Net Collections of selling fixed assets Purchasing) intangible Assets Purchasing) intangible Assets Purchasing) intangible Assets Purchasing) intangible Assets Purchasing investments in real estate Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Other Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents	-	675,000
mpairment losses from financial assets available for sale Effect of Exchange Rate Changes on Cash and Equivalents Profit before Change in Assets and Liabilities: Change in Assets and Liabilities: Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Financing Increase (Increase) in Other Assets (Increase) Decrease in Qurd Hassan Increase (Decrease) in Other Assets Increase (Decrease) in Cash Margin Deposits Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Evaluation Redemption of Financial Assets held to maturity Selding (Purchasing) Financial Assets Available For Sale Selling (Purchasing) Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intangible Assets Purchasing) investments in real estate Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Ciffect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Increase (Decrease) of Cash and E	4,016,919	2,046,001
Effect of Exchange Rate Changes on Cash and Equivalents Profit before Change in Assets and Liabilities: Change in Assets and Liabilities: Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Financing Increase in Ijara Assets (Receivables in Jiara Assets Increase (Decrease) in Other Liabilities (Receivables of Cash Flows from Operational Activities before Tax (Receivable) of Cash Flows from Operational Activities (Receivable) of Cash flows from Operational Activities (Receivable) of Cash flows from Investment Activities (Receivable) of Financial Assets held to maturity (Receivable) of Financial Assets Available For Sale (Receivable) in fixed assets (Receivable)	255,944	158,462
Profit before Change in Assets and Liabilities Change in Assets and Liabilities: Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Financing Increase in Ijara Assets Increase (Decrease) in Other Assets Increase (Decrease) in Other Assets Increase in Current and Demand Accounts Increase in Current and Demand Accounts Increase (Decrease) in Cash Margin Deposits Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Paid Tax Increase (Decrease) in Other Liabilities Paid Tax Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Increase (Decrease) in Other Liabilities Redemption of Financial Assets held to maturity Increase (Decrease) in Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Increase (Decrease) in fixed assets Increase) in fixed assets and projects in progress - Net Increase (Decrease) in Increase in unrestricted Investment Activities Increase in unrestricted Investment Activities Increase in unrestricted Investment Activities Increase in unrestricted Investment accounts Increase in unrestricted Investment accounts Increase in unrestricted Investment accounts Increase (Decrease) of Cash and Equivalents Increase (Decrease) of Cash and Equivalent	-	70,250
Change in Assets and Liabilities: Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Financing Increase in Ijara Assets Increase (Decrease) in Other Assets Increase (Decrease) in Other Assets Increase (Decrease) in Other Assets Increase in Current and Demand Accounts Increase (Decrease) in Cash Margin Deposits Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Paid Tax Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Increase (Decrease) in Other Liabilities Paid Tax Increase (Increase) In Other Liabilities Redemption of Financial Assets Available For Sale Selling (Purchasing) Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Increase (Increase) in fixed assets and projects in progress - Net Increase (Increase) in Instancial Assets Available For Sale Increase) in intendible Assets Purchasing) intangible Assets Purchasing) investments in real estate Increase in unrestricted Investment Activities Increase in unrestricted Investment Activities Increase in unrestricted Investment accounts Increase (Increase) of Cash and Equivalents	(220,688)	(643,376)
Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Financing Increase in Ijara Assets Increase (Decrease) in Other Assets Increase (Decrease) in Other Assets Increase (Decrease) in Ourd Hassan Increase in Current and Demand Accounts Increase (Decrease) in Cash Margin Deposits Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Increase (Decrease) in Other Liabilities Paid Tax Increase (Decrease) in Other Liabilities Paid Tax Increase (Decrease) in Other Liabilities Paid Tax Increase (Decrease) in Other Liabilities Recembly of Cash Flows from Operational Activities before Tax Increase (Decrease) of Cash Flows from Operational Activities Recembly of Cash flows from Operational Activities Recembly of Financial Assets Available For Sale Selling (Purchasing) Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intengible Assets Purchasing) investments in real estate Increase in unrestricted Investment Activities Increase in unrestricted Investment Activities Increase in unrestricted Investment Activities Increase in unrestricted Investment accounts Increase (Decrease) of Cash and Equivalents Increase (Decrease) of Cash and Eq	39,436,683	26,456,378
Decrease (Increase) in Deferred Sales Receivables and Other Receivables Decrease (Increase) in Financing Increase in Ijara Assets Increase (Decrease) in Other Assets Increase (Decrease) in Other Assets Increase (Decrease) in Ourd Hassan Increase in Current and Demand Accounts Increase (Decrease) in Cash Margin Deposits Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Increase (Decrease) in Other Liabilities Paid Tax Increase (Decrease) in Other Liabilities Paid Tax Increase (Decrease) in Other Liabilities Paid Tax Increase (Decrease) in Other Liabilities Recembly of Cash Flows from Operational Activities before Tax Increase (Decrease) of Cash Flows from Operational Activities Recembly of Cash flows from Operational Activities Recembly of Financial Assets Available For Sale Selling (Purchasing) Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intengible Assets Purchasing) investments in real estate Increase in unrestricted Investment Activities Increase in unrestricted Investment Activities Increase in unrestricted Investment Activities Increase in unrestricted Investment accounts Increase (Decrease) of Cash and Equivalents Increase (Decrease) of Cash and Eq		
Increase in Ijara Assets Increase (Decrease) in Other Assets Increase) Decrease in Qurd Hassan Increase in Current and Demand Accounts Increase (Decrease) in Cash Margin Deposits Increase (Decrease) in Cash Margin Deposits Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Paid Tax Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities Redemption of Financial Assets Held to maturity Increase (Decrease) Increase (Decrease) Increase Available For Sale Increase) In fixed assets Available For Sale Increase) In fixed assets and projects in progress - Net Increase) In fixed assets and projects in progress - Net Increase) In fixed assets Increase) In fixed assets Increase (Decrease) of Cash flows from Investment Activities Increase in unrestricted Investment Activities Increase in unrestricted Investment accounts Increase in unrestricted Investment accounts Increase (Decrease) of Cash and Equivalents Increase (30,276,123	(53,262,082)
Increase (Decrease) in Other Assets Increase (Decrease) Decrease in Qurd Hassan Increase in Current and Demand Accounts Increase (Decrease) in Cash Margin Deposits Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Paid Tax Interest (Uses) of cash flows from operational Activities Redemption of Financial Assets held to maturity Interest (Uses) of Cash Flows from Investment Activities Redemption of Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Increase) in fixed assets and projects in progress - Net Increase) in fixed assets and projects in progress - Net Increase) in fixed assets Purchasing) investments in real estate Increase in unrestricted Investment Activities Increase in unrestricted Investment Activities Increase in unrestricted Investment accounts Increase in unrestricted Investment accounts Increase (Decrease) of Cash and Equivalents	3,573,278	(3,895,300)
Increase) Decrease in Qurd Hassan ncrease in Current and Demand Accounts ncrease (Decrease) in Cash Margin Deposits ncrease (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Paid Tax (Interpretation of Florancial Assets flows from operational Activities Redemption of Financial Assets held to maturity Selling (Purchasing) Financial Assets Available For Sale Selling Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intengible Assets Purchasing) investments in real estate Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Oet Cash flows from Financing Operations Increase (Decrease) of Cash and Equivalents Det Increase (Decrease) of Cash and Equivalents Increase (De	(88,934,637)	(53,696,829)
Increase in Current and Demand Accounts Increase (Decrease) in Cash Margin Deposits Increase (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Paid Tax Increase (Decrease) in Other Liabilities Paid Tax Increase (Decrease) in Other Liabilities Paid Tax Increase (Decrease) of Cash flows from Operational Activities Increase (Decrease) of Cash flows from Operational Activities Redemption of Financial Assets Available For Sale Redemption of Financial Assets Available	(6,978,834)	(2,204,931)
ncrease (Decrease) in Cash Margin Deposits ncrease (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Paid Tax (Net (uses) of cash flows from operational Activities Redemption of Financial Assets held to maturity Selling (Purchasing) Financial Assets Available For Sale Selling Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) investments in real estate Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Selfect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year (60)	(39,122)	105,387
ncrease (Decrease) in Other Liabilities Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Paid Tax (Net (uses) of cash flows from operational Activities Redemption of Financial Assets held to maturity Gelling (Purchasing) Financial Assets Available For Sale Selling Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intangible Assets Purchasing) investments in real estate Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Oet Cash flows from Financing Operations Fifect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year	01,107,953	51,893,343
Paid Staff Indemnity compensation Net (Uses) of Cash Flows from Operational Activities before Tax Paid Tax Net (uses) of cash flows from operational Activities Redemption of Financial Assets held to maturity Selling (Purchasing) Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intangible Assets Purchasing) investments in real estate Net (uses) of cash flows from Investment Activities (1) Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Piet Cash flows from Financing Operations Selfect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents	3,198,567	3,669,028
Net (Uses) of Cash Flows from Operational Activities before Tax Paid Tax Net (uses) of cash flows from operational Activities Cash Flows from Investment Activities Redemption of Financial Assets held to maturity (gelling (Purchasing) Financial Assets Available For Sale Selling Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intangible Assets Purchasing) investments in real estate Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Effect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year	4,462,746	(1,594,883)
Paid Tax Net (uses) of cash flows from operational Activities Cash Flows from Investment Activities Redemption of Financial Assets held to maturity Selling (Purchasing) Financial Assets Available For Sale Selling Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intangible Assets Purchasing) investments in real estate Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Effect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year	(5,021)	(29,909)
Paid Tax Net (uses) of cash flows from operational Activities Cash Flows from Investment Activities Redemption of Financial Assets held to maturity Selling (Purchasing) Financial Assets Available For Sale Selling Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intangible Assets Purchasing) investments in real estate Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Effect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year	86,097,736	(32,559,798)
Redemption of Financial Assets held to maturity Gelling (Purchasing) Financial Assets Available For Sale Selling Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intangible Assets Purchasing) investments in real estate Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Oistributed Dividends Net Cash flows from Financing Operations Seffect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Scash and Equivalents at the beginning of year	(3,023,232)	(3,395,614)
Redemption of Financial Assets held to maturity Gelling (Purchasing) Financial Assets Available For Sale Selling Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intangible Assets Purchasing) investments in real estate Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Seffect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year	83,074,504	(35,955,412)
Selling (Purchasing) Financial Assets Available For Sale Selling Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intangible Assets Purchasing) investments in real estate Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Seffect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year		
Selling Financial Assets Available For Sale Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intangible Assets Purchasing) investments in real estate Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Seffect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year	(8,665,338)	-
Increase) in fixed assets and projects in progress - Net Collections of selling fixed assets Purchasing) intangible Assets Purchasing) investments in real estate Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Effect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year	-	2,038,375
Collections of selling fixed assets Purchasing) intangible Assets Purchasing) investments in real estate (Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends (Net Cash flows from Financing Operations Effect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents 11 Cash and Equivalents at the beginning of year		6,211,066
Purchasing) intangible Assets Purchasing) investments in real estate (Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends (Net Cash flows from Financing Operations Effect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year (6)	(2,763,414)	(2,477,450)
Purchasing) investments in real estate (Interpretation of cash flows from Investment Activities (Interpretation of cash flows from Investment Activities (Interpretation of cash flows from Financing Operations Increase in unrestricted Investment accounts (Interpretation of Cash flows from Financing Operations Interpretation of Exchange Rate Changes on Cash and Equivalents Interpretation of Cash and Equivalents Increase (Decrease) of Cash and Equivalents	550	24,423
Net (uses) of cash flows from Investment Activities Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Effect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year	(90,468)	(210,124)
Cash Flows from Financing Operations Increase in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Effect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year (6)	(5,597,651)	(12,472,859)
ncrease in unrestricted Investment accounts Distributed Dividends Net Cash flows from Financing Operations Effect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year	(17,116,321)	(6,886,569)
Distributed Dividends (Net Cash flows from Financing Operations Effect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year		
Net Cash flows from Financing Operations Effect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year	57,115,542	69,707,306
Net Cash flows from Financing Operations Effect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year	(7,900,000)	-
Effect of Exchange Rate Changes on Cash and Equivalents Net Increase (Decrease) of Cash and Equivalents Cash and Equivalents at the beginning of year (6)	49,215,542	69,707,306
Cash and Equivalents at the beginning of year (6	220,688	643,376
Cash and Equivalents at the beginning of year (6	15,394,413	27,508,701
	(68,771,848)	(96,280,549)
Cash and Equivalents at the End of Year 47	46,622,565	(68,771,848)



List of sources and uses of qurd Hassan fund

List A

	For the Year End	ded on Dec. 31st	Jan. 1st
	2011 JD	2010 JD	2010 JD
Balance at the Beginning of Year	175,264	119,930	71,052
Fund's Cash Sources:			
Shareholders' Equity	279,037	133,570	85,259
Total Cash Sources of Fund during Year	279,037	133,570	85,259
Uses of Fund's Cash:			
Personal Advances	370,697	188,904	134,137
Total Uses during Year	370,697	188,904	134,137
Total Balance	266,924	175,264	119,930
Current and overdrawn Accounts	325,641	360,162	784,568
Less: Impairment Provision	(74,034)	(56,017)	(319,702)
Net Balance at the End of Year	518,531	479,409	584,796

List of changes in restricted investment (customers deposits)

												List B
	Intern	International Murabaha	baha		ljara		Local M	Local Murabaha (real-estate financing)	l-estate		Total	
	For the Year Ended on Dec. 31st	r Ended on 31st	Jan 1st	For the Year Ended on Dec. 31st	Year Ended on Dec. 31st	Jan 1st	For the Year Ended on Dec. 31st	Year Ended on Dec. 31st	Jan 1st	For the Year Ended on Dec. 31st	e Year Ended on Dec. 31st	Jan 1st
	2011	2010	2010	2011	2010	2010	2011	2010	2010	2011	2010	2010
	۵r	Oľ	۵r	Qſ	Qſ	۵r	Oľ	Oľ	Or	Oľ	Oľ	Oľ
Investments at Beginning	159,509,446	173,138,417	201,278,477	862,250	1,080,000	1,080,000	3,347,852	4,783,149	3,451,407	163,719,548	179,001,566	205,809,884
Add: Deposits	95,044,718	114,513,952	144,624,790	,	,	1	1,052,010	1,186,917	3,039,268	96,096,728	115,700,869	147,664,058
Less : Withdrawals	109,704,356	128,593,639	173,615,385	117,500	217,750	ı	2,924,440	2,882,513	1,918,288	112,746,296	131,693,902	175,533,673
Bank's Share As a	78,594	76,120	144,624	,	,	1	68,943	107,581	84,898	147,537	183,701	229,522
Mudarib	502,416	526,836	995,159	1	1	ı	244,814	367,880	295,660	747,230	894,716	1,290,819
Investments at End of the year	145,273,630 159,509,446	159,509,446	173,138,417	744,750	862,250	1,080,000	1,651,293	3,347,852	4,783,149	147,669,673	163,719,548	179,001,566
Unearned revenues	1	ı	ı		1	ı	271,733	476,028	788,896	271,733	476,028	788,896
Ijara Depreciation Provision	1	1	•	327,869	285,405	388,989	1		-	327,869	285,405	388,989
Investment Risk Provision	1	1	•		1	1	202,687	178,214	142,292	202,687	178,214	142,292
Revenues for distribution	1	1		1	1	1	77,973	102,162	104,397	77,973	102,162	104,397
Outstanding Revenues	1		•			•	1		46,013	-	1	46,013
Total	,	,	1	327,869	285,405	388,989	552,393	756,404	1,081,598	880,262	1,041,809	1,470,587



1. General Information

- The Islamic International Arab Bank is a Jordanian Public-Shareholding Company with its head office registered on March 30th, 1997 in Amman Jordan as per the Companies Registration Act No. 22 of 1997.
- The Bank conducts its organized banking, financial and investment operations in accordance with the Islamic rules and regulations via its network that includes 32 branches in Jordan. The Bank operates in compliance with the applicable Banks' Act.
- The Islamic International Arab Bank is wholly owned by the Arab Bank
- The financial statements were endorsed by the Bank's Board of Directors in the Meeting no. (1) –held on January 25th, 2012. The statements are subject to the Central Bank of Jordan and Shareholders General Assembly's approval.
- The financial statements were examined and revised by the Shariah Advisory Committee in the Meeting No. (1) held on January 23rd, 2012, and the Committee issued its own report regarding these statements.

2. Significant Accounting Policies

Basics of Financial Statements Preparation

- The Bank's financial statements were prepared in accordance with the standards issued by the Accounting and Auditing Organization of Islamic Financial Institutions, in accordance with the national laws in effect, and the regulations of the Central Bank of Jordan. In case of absence of standards issued by the Accounting and Auditing Organization of Islamic Financial Institutions related to the financial statements items, the international standards on financial statements and their interpretations will be applied until related Islamic standards are issued.
- The financial statements were prepared according to the historical cost basis, except for financial assets at fair value through the shareholders' equities and investments in real estate which are expected to appear in fair value on the date of the financial statements
- The Jordanian Dinar is the currency through which the financial statements are presented, which is the main currency used by the Bank.
- Shareholders' equity and unrestricted investment accounts' share will be dealt with independently.
- It should be taken into consideration that certain amounts will be deducted from Investment Risk Fund to offset the decline in collecting debts and funds financed by unrestricted investment accounts.
- The General Banking Risk Reserve is not allowed to be used without the Central Bank of Jordan prior consent.
- The accounting policies adopted this year are the same as those adopted in the year ending December 31st, 2010 except the implementation of the following:

The Islamic Financial Accounting Standard (FAS) No (25): Investment in sukuk, Shares and similar instruments.

The Bank implemented FAS (25) issued by (the Accounting and Auditing Organization for Islamic Financial Institutions), which includes the recognition, measurement, presentation

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and disclosure of investment in sukuk, shares and similar investments that exhibits the characteristics of debt and equity instruments made by Islamic financial institutions effective starting in January 2011.

The implementation of the above standard had an impact on the classification and measurement of the Bank's financial assets. The classification of the financial assets and similar instruments portfolio was examined upon modifying the beginning balance of the retained profits of 2010 to be JD 36,908,513 as shown in Note (57) to the Financial Statements.

FAS (25) has created new requirements for the classification and measurement of the fair value of investment in sukuk, shares and similar instruments. Below are the new prominent accounting policies being amended and put into practice during the year ended on December 31st, 2011:

A. Financial assets carried at amortized cost:

Financial assets are those which the Bank's management intends, according to its business model, to keep for the purpose of collecting the contractual cash flows, which represent fixed or determinable payments of the capital of these assets and its profits.

These assets are stated when purchasing at cost plus the costs of acquisition and they are re-evaluated at the end of the current period using the effective rate of return. Any profits or losses resulting from the amortization are shown in the income statement where any decline in value is recorded in the income statement.

the amount of decline in the value of these assets represents the difference between the value of assets registered in the records and the current value of the expected cash flows discounted at the original effective profit where any provisions resulting from the decline of the value of these assets amount should be deducted. Reclassification of any financial assets from/ to this item is not permissible.

In case of selling any of these assets financed by the Bank's self-funds prior the due date, then the result of sale shall be registered within the comprehensive income statement in a separate item and to be disclosed.

B. Financial assets at fair value through shareholders' equity – self

- These assets represent investments in equity instruments financed through the Bank's self-funds to be retained in the long term.
- These assets are recognized at fair value upon purchase plus expenses of acquisition, and they are to re-evaluated later at fair value. The change in fair value at the fair value within the item of the fair value reserve in shareholders' equity accounts.
- In case of selling these assets or part of them, then the resulting gains or losses are to be recorded in the retained profit (losses) item.
- In case of the decline in the value of these assets, the resulting profits or losses are to be record in the income statement.
- Impairments previously recorded in the income statement can be retrieved if it is



objectively found that the increase in fair value occurred in a subsequent period to the recording of impairment through the fair value reserve shown withing the shareholders' equities accounts.

- Profits derived from these financial assets at the date of announcement of its distribution are to be recorded in the income statement.
- Profits and losses resulting from the differences of foreign currency exchange of these assets within the item of the fair value reserve.
- financial assets whose fair value can not be reliably determined are to be shown at cost. The impairment test of these assets should be carried out at the end of each financial period, and any impairment in its value is to be recorded in the income statement. Such impairment of these assets can not be retrived in subsequent periods.

C. Sales receivables through the income statement-self

- They are sales receivables (international Murabaha) resulting from purchasing goods by the Bank with the intention to sell them in the very near future.
- These receivables are recognized at fair value at sale and to be re-evaluated later at fair value through market indicators of these receivables. The change in fair value is to be recognized in the income statement.
- The bank can discard these receivables via a debt transfer to another person and in its nominal or net book value so that the difference is recorded in the income statement.

Sectors Information

- The business sector represents a set of assets and operations, which offer together products and Services subject to risks and revenues different from those associated with other business sectors, which are evaluated according the reports that are used by the executive manager and key decision maker in the Bank.
- The geographical sector is connected with provision of products and services in a specific economic environment which is subject in turn to risks and revenues different from those associated with sectors operating in other economic environments.

Basics of Profits Distribution among Shareholders and Unrestricted Investment Accounts'

The distribution of joint investment revenues among the owners of shareholders' equities and joint investment accounts for the year 2011 to be as follows:

Perce	entage	
1 st Half	2 nd Half	
50%	40%	That is 2/89% and 2/64% by Jordanian Dinar for the first and second halves of 2011 respectively (against 2/72% and 3.01% for the first and second halves of 2010), and 0/34% & and 0/31% by US Dollar for the first and second halves of 2011 respectively (against 0/39% and 0/40% for 2010)
35%	45%	
15%	15%	A COLUMN
	1st Half 50% 35%	50% 40% 35% 45%



- The Bank denotes a maximum of 5% of the shareholders' equity according to the segments announced in the branches for the profit sharing deposit accounts.
- Since the beginning of 2011, 15% is deducted from the net profits of joint investments realized through various operations in accordance with the instructions issued by Jordab Central Bank. This amount is to be transferred into Investment Risks Fund. It should be highlighted that this percentage was 10% in 2010.
- The Bank gives priority in investment to unrestricted investment accounts' holders. Advertising expenses related to the new products offered by the Bank, invested from the profit sharing deposit accounts, are charged on these accounts.
- The annual rate of profits distributed on restricted investment accounts holders during 2011 ranged between 0/19% and 0/28% (compared to 0/41% and 0/36% during 2010).

Revenues, Earnings, and Losses Discrepant to Islamic Shariah rules

The revenues, earnings, and losses discrepant to Islamic rules (if any) will be recognized by being recorded in a special account in the balance sheet within other credit accounts, and will not be recorded in the income statement .Theses shall be distributed among charities in accordance with the decisions of the Shariah Advisory Committee.

Zakat

Zakat is the obligation of depositors and shareholders, separately.



Deferred Sales Receivables

Murabaha Contracts

A Murabaha contract is one in which a commodity is sold at the former price paid by the seller (i.e. the Bank) plus a known and agreed profit. This sale might be an ordinary Murabaha contract (simple Murabaha, in which the Bank is concerned with trade) if the Bank buys a commodity without relying upon a prior promise from the customer to buy the commodity. The Bank then offers it for sale in a Murabaha manner with a price and profit agreed. The sale is known as a Murabaha contract for the purchase orderer if there is a prior promise on the customer's part to buy the commodity, i.e. the Bank shall not buy the commodity unless the customer has shown his desire and promised to buy it (it is called Murabaha for the Purchase Orderer).

- The Bank applies the principle of commitment to obligations in Murabaha contracts for the purchase orderer. However, in case of default, the Bank will sell the related items and the orderer shall compensate the Bank for the actual losses.
- Murabaha receivables are recognized upon their occurrence at their nominal value, and they shall be calculated at the end of the fiscal year on basis of net estimated cash value.
- Profits are recognized in cash upon concluding Murabaha contracts, or until a term that does not exceed the current fiscal year.
- The revenues of deferred sales are recognized in terms that may exceed the current fiscal year. The revenues of deferred sales are recognized in terms that may exceed the current fiscal year, by distributing them on future fiscal years for the term period, whereby the revenues will be allocated for each fiscal year regardless if delivery will be in cash or not.

Istisna

Istisna is a sale contract between a buyer (Mustasni'a) and seller (Sani'a). Upon the request of the buyer, the seller manufactures a specified commodity (Masnou'a), or obtains it at the time of delivery, provided that its materials and cost are the seller's responsibility. Delivery would be at an agreed price whereby the payment approach shall be specified: either at time of delivery, by installments, or in whole at a certain period of time.

- Istisna expenses include direct and indirect expenses related to Istisna contracts. Those expenses do not include administrative, general and marketing expenses, or research and development costs.
- The costs of Istisna operations and pre-contracting are recognized in the fiscal year under In Progress Istisna Item with the expenses incurred by the Bank. The invoices sent by the Bank to the buyer are charged on Istisna receivables and shall be deducted from the In-Progress Istisna account in the balance sheet.
- Istisna revenues are recognized at the completion of contract execution, and that is by the end of its execution, or at the expiry of the contract, whichever is closer.

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 - In case the buyer fails to pay the total agreed upon price, and the two parties agree to settle the payments during contract execution or after execution; the deferred profits shall be recognized and deducted from Istisna receivables accounts' in the balance sheet of the Bank, whether the method applicable in recognizing Istisna revenues is the completion rate method or the complete contract method, The deferred profits shall be allotted over the future fiscal years, where each year's share shall be decided regardless if payments are received in cash or not.
 - In case the Bank retains the commodity (Masnou'a') for any reason, these assets shall be measured in monetary value expected to be realized or in its cost, whichever is less, and the difference (if any) shall be recognized as a loss in the income statement in the fiscal year in which they are realized.

Financial Assets Available for Sale

- Financial assets available for sale are the ones owned for purpose of being retained available for Deferred sale (by installments), and this kind is called "Musawamah by installments" so it is different from Murabaha for the Purchase Orderer.
- Assets available for deferred sale are recorded at cost when signing the contract and shall be measured at cost basis (the purchase value plus any direct expenses related to the asset acquisition).
- Profits realized from financial assets available for deferred sale, shall be recorded according the accrual basis distributed to the financial periods of the contract term while the profits of the next years shall be recorded in the deferred sales revenues.
- Deferred sales receivables are recorded at the date of the contract by the nominal value (contracted value).

Financing

Mudaraba Financing

Mudaraba is a partnership in profit between funds and effort. It is held between investment accounts holders (investor) and the Bank (Mudarib), who declares a general acceptance for these funds to invest them and share the profits of this investment as agreed. The investor shall bear any loss except when the Bank fails or violates any of the conditions agreed, and then The Bank shall bear the loss arising from that failure or violation. A Mudaraba is also held between the Bank as a fund-provider, in person or on behalf of investment accounts' holders, and between craftsmen and any other laborer, such as farmer, trader or manufacturer. This Mudaraba is different from any traditional form of Mudaraba (referred to as speculation); which mainly means a venture or hazard in sale and purchase operations.

- Mudaraba financing shall be recorded upon delivering the principal to the Mudarib or putting it at his disposal. The delivered principal shall be valued at the paid amount or at the fair value if it was in-kind. If the in-kind assessment resulted in a difference between the fair value and the book value; then it shall be recognized as a profit (or

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loss) in the income statement and what the Bank recovered from Mudaraba principal shall be deducted at the end of the fiscal year.

- The Bank's share in profits (or losses) arising during a fiscal year is recorded after settling the Mudaraba. However In cases when Mudaraba continues for more than one fiscal year, the Bank's share of profits is recorded after their total or partial calculation in the fiscal year in which they occurred according to profit distribution ratios. Any losses for that year shall be recognized within limits of the losses by which the Mudarib principal is decreased accordingly.
- The Mudarib is held responsible for any losses that occur as a result of his/her negligence or inefficiency and shall be debited to him.

Musharaka Financing

Musharaka is a form of partnership financing, where both the Bank and the customers provide equal or unequal amounts of funds for the sake of founding a new enterprise or contributing in an existing one, so that each of them owns a share in the principal paid in a constant or changing capacity and deserves a ratio of profit accordingly. Any loss shall be borne by both, according to how much each of them owns in the main principal, and nothing different than that shall be conditioned.

-The Bank's share in Musharaka principal shall be recorded upon delivering the capital to the managing partner or when depositing it in the Musharaka account. It shall be measured in the amount paid in cash or in the fair value if it was an in-kind. If the in-kind assessment at the contract time resulted in a difference between the fair value and the book value; it shall be recognized as profit (or loss) in the income statement.

- The capital of decreasing Musharaka shall be measured at the end of the fiscal year, at the historical cost, while deducting the historical cost of the share sold in fair value which was agreed upon. The difference between the two values shall be recognized as profit (or loss) in the income statement.
- The Bank's share in profits (or losses) of Musharaka financing transactions, arising and ending during the fiscal year, is registered after settling the Musharaka. In cases when Musharaka continues for more than one fiscal year; the Bank's share of profits is recorded after the total or partial calculation between the Bank and the Musharik, in the fiscal year in which they occurred according to profit distribution ratios. Any losses for the bank's part recognized for that year shall be recorded in the Bank's books in that year, and shall be limited to the losses by which the Bank's share in Musharaka principal is decreased accordingly.
- An impairment provision shall be made for the deferred sales' receivables and other receivables, if there is a sign that the Bank's due amounts are not to be collected and when there is an objective evidence that an event occurred, which negatively affected the future cash flows of deferred sales' receivables and other receivables. When this impairment is estimated; it shall be recorded in the income statement.

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 - Financing assets, at the end of the fiscal year, shall be recorded at cost or at cash value expected to be realized, whichever is less. The difference shall be recognized as financing impairment provision.
 - The revenues of non-operating finances granted to customers and deferred sales receivables, shall be pended according to the Central Bank of Jordan regulations.
 - The deferred sales' receivables and financings from unrestricted investment accounts, shall be canceled in case of infeasibility of followed procedures to collect them for investment risks fund (except for what is granted/financed then cancelled from deferred sales' receivables and financings in the same year, where they shall be recorded in the income statement/investment revenues). The collected receivables/ financings that were previously cancelled shall be added to investment risks fund, except for what is recorded in the income statement/ investment revenues. With regard to deferred sales' receivables and financings that are financed by the Bank's self owned funds, for which an impairment provision is allocated; they shall be cancelled in case of infeasibility of followed procedures to collect them, by deducting it from the impairment provision. Any surplus in the total impairment provision shall be transferred to the income statement, and the collected bad receivables and financings shall be added to revenues.

Financial Assets Available for Sale

Financial assets available for sale are the ones owned for purpose of being available for sale and not for trade or held to maturity

- Assets available for sale are recorded in fair value while adding the acquisition expenses upon purchase. They shall be re-evaluated later in fair value. The Change in fair value shall be registered within the fair value reserve item, either in the unrestricted investment accounts holder's share if financed from it or in the shareholders equity share if these assets are financed by the banks self-owned funds.
- In case of selling this asset or part of it or occurrence of impairment in its value, the profits (losses) resulting from that are registered in the income statement including the previously credited amounts to the unrestricted investment accounts holders or to the shareholder's accounts which relate to this asset.
- Any impairment loss previously recorded in the income statement can be recovered if it objectively appears that the increase in the fair value has occurred in a later period to the recording of the impairment losses through the fair value reserve.
- Profits realized from financial assets available for sale, shall be recorded in the income statement as of the date of announcing their distribution.
- Profits (losses) resulting from foreign currency exchange differences shall be registered in the shareholder's equity side within the fair value reserve item.
- Financial assets which fair value cannot be determined shall appear based on cost.

 Any impairment in their value shall be recorded in the income statement.



Financial Assets held to maturity

Financial assets held to maturity are the ones having fixed installments or specified by due date, and the Bank intends and is able to retain them until due date.

- Financial assets held to maturity are recorded at cost while adding any direct costs related to acquisitions. In case there is an indicator that the Bank's principal or any portion of it, will not be collected by the end of the fiscal year; such impairment loss shall be recorded in the income statement.

Leasing ended with ownership (Ijara)

Ijara is a utility-ownership contract ending with the lessee owning the leased asset.

- Assets possessed for Ijara purposes are recorded at historical cost including direct expenses to make the asset usable. Leased assets shall be depreciated according to the (straight-line depreciation method throughout the liara contract term.
- When the collectable amount from assets possessed for Ijara purposes is less than their net book value, their value shall be depreciated to the expected recoverable value and impairment value shall be recorded in the income statement.
- Ijara revenues are distributed in proportion to the fiscal years included in the Ijara contract.
- Maintenance expenses of leased assets are recorded in the income statement in the fiscal year in which they occur.

Real Estate Investments

Real estate investments are the acquisition of land or properties or part of them in order to generate periodic revenue or to maintaining them for expecting an increase in their value in the future, or for both purposes.

- Real estate investments are recorded in order to expect the increase in their value at cost, in addition to any expenses related to their acquisition. Real estate investments are re-evaluated later on at fair value. The change in fair value shall be recorded within the fair value reserve under the unrestricted investment accounts holders equities; however, they shall be within the shareholders' equities accounts in case these assets are financed by the Bank.
- Unrealized losses resulted from evaluating these investments acquired for the purpose of increasing their value shall be recorded in the fair value reserve to the extent that such reserve allows to. In case such losses exceeded the balance of this reserve, the exceeding amount shall be recorded in income statement within "unrealized profits (losses) resulted from evaluating investment in real estate hold for increasing in value.
- In case of any unrealized losses that belong to previous financial period, and there are unrealized profits in later financial period, then such profits shall be recorded in

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the income statement to the extent of being equal to the unrealized losses that were recorded in the previous periods in the income statement. Any exceeding amounts in these profits shall be added to the fair value reserve.

- Profits (losses) resulting from selling any of these investments that are held for increase of their value shall be recorded on the basis of the difference between the book value and the net collected amount. The difference added to the investment's share in the fair value reserve (if any) shall be stated in the income statement of the current financial period.
- Investments in real estate held for the purpose of generating periodic revenue shall be recorded at cost added to any related expenses. Such Real Estate shall be depreciated according to the depreciation method adopted by the Bank. When the collectable amount from these assets is less than their net book value, their value shall be depreciated to the expected recoverable value and impairment value shall be recorded in the income statement.

Provisions

Provisions shall be recognized, when the Bank has liabilities at the date of the balance sheet, resulting from previous events, and it is possible to pay these liabilities and their value can be reliably measured.

Investment Risks Fund

- The Bank deducts no less than 10% from the net realized profits in joint accounts resulting from various current transactions during the year with accordance to the laws of banks. Such percentage may be increased based on the instructions of the Central Bank of Jordan. The amended percentage shall be effective in the fiscal year following the year of amendment. This percentage has been raised to be (15%) as per the Central Bank of Jordan approval effective 1st January 2011.
- The balance of investment risks fund shall be transferred to Zakat fund after covering and amortizing all losses or expenses for which the fund was established. The investors in the Islamic International Arab Bank plc. have no right to the deducted amounts according to the determined rate accumulated in the investment risks fund, as they are allocated to cover the losses resulting from the joint investment operations.
- If any losses occurred in some investment operations that started and ended in a specified year; those losses shall be covered from the profits realized by other joint investment operations that started and ended at the same year. If losses exceeded profits in the same year; the losses shall covered from the investment risks fund.
- If a joint investment operation was started and continued in previous years; and it was concluded in a certain year that these investment operations were of loss; then the losses shall be covered from the investment risks fund.

Financial Assets Fair Value

- Closing rates (purchase/sale) on the date of financial statements in active markets



shall represent The fair value of financial instruments that have quoted market prices. When no actual quoted market rates are available, or when no active trade of some financial assets is available, or when the market is not active; a reasonable estimate of the fair value shall be determined through comparing it to the current market value of a similar financial instrument.

 Evaluation methods aim at obtaining a fair value that reflects market expectations and takes into account market factors and any expected risks or profits when estimating the value of financial assets. In case the fair value of financial assets cannot be reliably measured; it is then represented at cost after deducting any impairment in their value.

Impairment in Financial Assets Value

- The Bank reviews the amounts fixed in the financial assets records on date of Balance Sheet to identify whether there is an indication of impairment in the value, individually or collectively. In case there are any such indicators, the retrievable value shall be estimated so as to specify the impairment loss and record it in the income statement.

Fixed Assets

Fixed assets shall be presented at cost after deducting accumulated depreciation and any impairment in its value. Fixed assets (except for lands) shall be depreciated when they are ready to be used, using the straight-line depreciation method over their expected useful life, using the following annual rates:

	%
Buildings	2%
Equipment, Machines and Furniture	15%- 2/5%
Transportation Means	15%
Computers	25%
Improvements and Decorations	10%

- The useful lives of fixed assets shall be reviewed at the end of each year. If their expectations are different from the previously set estimations, the change in estimations of subsequent years shall be recorded as a change in estimations.
- If the retrievable amount of fixed assets is less than their net book value, its value shall be reduced to the retrievable value, and the impairment loss shall be recorded in the income statement.

Intangible Assets

- Intangible assets obtained by means other than merger, shall be recorded at cost.
- Intangible assets shall be classified according to their useful life for a specified or

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unspecified period of time. Intangible assets whose useful life is limited shall be amortized during that period, and amortization shall be recorded in the income statement. As for intangible assets which useful life is unlimited; their impairment in value shall be reviewed at the date of financial statements and any impairment in their value shall be recorded in the income statement.

- Intangible assets arising from the Bank's operations shall not be capitalized and shall be recorded in the income statement of the same year.
- Any indicators of impairment of intangible assets shall be reviewed at the date of financial statements, in addition to reviewing the useful life of those assets and performing any amendments on subsequent years.
- Software and computer systems are represented at cost after deducting accumulated depreciation. These items are depreciated when they are ready for use based on the straightline depreciation method throughout their useful life and using rates that range between 10- 25%.

End of Service Indemnity

The annual provision for staff indemnity for the employees who quit shall be recorded on the indemnity provision when they are paid. The increase in paid indemnity shall be taken from their provision in the income statement when they are paid. The provision of Bank's liabilities resulting from staff indemnity shall be recorded in income statement according to the Bank's by-laws and the regulations of the Labor Law.

Income Tax

- Tax expenses represent the due and deferred taxes.
- Expenses of accrued taxes shall be accounted for, on basis of taxable profits. Taxable profits are different from those stated in the financial statements, since the stated profits include non-taxable revenues or non-impaired expenses in the fiscal year, and shall be impaired in subsequent fiscal years, or accumulated taxable losses or items that are not subject to taxes or accepted for impairment, for tax purposes.
- Taxes shall be accounted for, in accordance with the taxing ratios applicable by the laws and regulations of the Hashemite Kingdom of Jordan.
- Deferred taxes are those expected to be recovered or paid as a result of temporary time differences between the value of assets and liabilities in the financial statements, and the value upon which tax profits are calculated. Deferred taxes shall be calculated using the method of commitment to the balance sheet, and shall be accounted for according to tax rates expected to be applicable when settling tax liabilities or when realizing deferred tax assets.
- The balance of deferred tax assets shall be reviewed in the date of financial statements and shall be impaired in case of infeasibility of these tax assets, fully or partially.



Accounts Managed for Customers

These accounts are managed by the Bank on behalf of customers, and are not part of the Bank's assets. The commissions and fees to manage those accounts are registered in the income statement.

Revenue Realization and Expense Recognition

- Revenues and expenses are recognized on an accrual basis, except for the revenues of deferred sales and non-operating financings, which are not recognized as revenues, and shall be recorded in the outstanding revenues' account.
- The commissions shall be recognized as revenues when related services are rendered. Companies' dividends shall be recognized when they are realized (when approved by General Assembly).

Financial Assets Recognition Date

Sale and purchase of financial assets shall be recognized on the date of trading (the date of Bank's commitment to sell or purchase the financial assets).

Foreign Currencies

- Transactions in foreign currencies during the year shall be recorded at the prevailing exchange rates at the time of executing such transactions.
- Financial assets and liabilities' balances denominated in foreign currencies are transferred at the Average exchange rate at the date of the balance sheet as announced by the Central Bank of Jordan.
- Non-financial assets and liabilities denominated in foreign currencies stated at fair value are transferred at date of determining their fair value.
- Profits and losses resulting from foreign currency transfers shall be recorded in the income statement.

Cash and Cash Equivalents

It is the cash and monetary balances that are due within three months. They include: cash in hand, balances at the Central Bank, cash at banks and other financial institutions. Deposits of banks and other financial institutions that are due within three months in addition to withdrawal-restricted balances shall be deducted.

3. Accounting Estimates

Preparing the financial statements and applying the accounting policies require the bank to perform estimates that affect the amounts of the financial assets and liabilities and the accumulated change in the fair value in addition to the disclosure of the contingent accounts. Such estimates affect the revenues, expenses, the provisions and the changes in the fair value that are recorded in the income statement. In particular, the Bank should make significant decisions to estimate the future cash flows and their timing. The said estimates shall be based on several assumptions and factors that have different levels of estimation



and uncertainty. The actual results may vary from the estimates due to the changes that are resulted from the conditions of such estimate in the future.

A provision shall be made for lawsuits filed against the Bank (if necessary) depending on a legal study prepared by the Bank's consultants, according to which the potential future risks are determined. Those studies shall be periodically reconsidered.

A provision shall be made for impairment on self-financed facilities based on the foundations and assumptions adopted by the Bank's management for estimating the provision to be made and comparing the result with the provision to be made as per the regulations of the Central Bank. The strictest results that comply with the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions shall be adopted.

The Management shall periodically re-estimate the useful lives of tangible and intangible assets for purposes of calculating annual amortizations and depreciations based on the general condition of those assets and the estimates of future productive operations. Impairment loss (if any) shall be recorded in the income statement.

The financial year shall be accounted for its income tax expenses according to the accounting rules and standards. The necessary tax provision shall be calculated.

The Management shall periodically review the financial assets represented at cost in order to estimate any impairment in their value, and shall record any impairment (if any) in the income statement.

Fair Value levels: fair value levels shall be disclosed and identified that include all the fair value standards and the fair value measurements according to the levels of the IFRS. The difference between levels 2 and 3 for measuring the fair value indicates whether the information or the inputs can be observed or not in addition to the information significance that cannot be noted, which, in this case, requires making judgments and accurate analysis for the inputs used to measure the fair value including taking into consideration all the factors related to the asset or the liability.



4. Cash and Balances at the Central Bank

This item is detailed as follows:

	31 st	Dec.	1 st Jan.
	2011 JD	2010 JD	2010 JD
Cash in Treasury	10.492.321	7.473.819	6.436.837
Balances at the Central Bank			
Current and Demand Accounts	40.254.388	46.964.379	37.107.689
Regulatory Cash Reserves	6.137.251	3.818.961	2.779.940
Total	56.883.960	58.257.159	46.324.466

- Except for cash reserve, there are no restricted cash balances as on December 31, 2011 and 2010.

5. Balances with Banks and Financial Institutions

This item is detailed as follows:

		anks and Fi Institutions			ational Ban ncial Institu			Total	
	31st	Dec.	1st Jan.	31st	Dec.	1st Jan.	31st	Dec.	1st Jan.
	2011 JD	2010 JD	2010 JD	2011 JD	2010 JD	2010 JD	2011 JD	2010 JD	2010 JD
Current and on Demand Accounts	5.004.939	42.451.369	64.043.606	15.271.833	3.653.827	3.041.520	20.276.772	46.105.196	67.085.126
Total	5.004.939	42.451.369	64.043.606	15.271.833	3.653.827	3.041.520	20.276.772	46.105.196	67.085.126

There are no restricted cash balances as on December 31st, 2011 and 2010.

6. Net Deferred Sales Receivables and Other Receivables. This item is detailed as follows:

		Joint			Self-Owned			Total	
	31st Dec.	Dec.	1st Jan.	31st	31st Dec.	1st Jan.	31st	31st Dec.	1st Jan.
	2011 JD	2010 (Amended) JD	2010 (Amended) JD	2011 JD	2010 (Amended) JD	2010 (Amended) JD	2011 JD	2010 (Amended) JD	2010 (Amended) JD
Retail									
Murabaha for the Purchase Orderer	37.829.198	34.129.279	13.200.612				37.829.198	34.129.279	13.200.612
Deferred Sale	288.365	454.542	,		,	,	288.365	454.542	ı
Receivables – Ijara	949.715	895.844	463.378				949.715	895.844	463.378
Real-Estate Financing	53.979.474	40.664.954	39.370.910	142.728	1.235.032	2.127.232	54.122.202	41.899.986	41.498.142
Large Corporates									
International Murabaha	202.843.574	247.937.680	255.911.983	343.718.797	351.079.986	312.772.437	546.562.371	599.017.666	568.684.420
Murabaha for the Purchase Orderer	113.956.936	109.782.084	122.965.692	26.079.107	32.411.428	28.598.766	140.036.043	142.193.512	151.564.458
Receivables – Ijara	1	1	1	905.59		73.191	65.506		73.191
Small & Medium Enterprises									
Murabaha for the Purchase Orderer	32.368.292	21.684.633	2.402.292	1.287.155		4.524.129	33.655.447	21.684.633	6.926.421
Deferred Sale	311.420	24.381	1	1			311.420	24.381	ı
Total	442.526.974	455.573.397	434.314.867	371.293.293	384.726.446	348.095.755	813.820.267	840.299.843	782.410.622
Less: Deferred Revenues	22.514.348	18.040.495	13.636.786	740.254	845.178	1.010.958	23.254.602	18.885.673	14.647.744
Impairment Provision	7.799.695	7.748.931	5.306.242	2.092.529	2.110.456	1.221.788	9.892.224	9.859.387	6.528.030
Outstanding Revenues	700.803	719.128	559.142	17.112	35.547	17.140	717.915	754.675	576.282
Net Deferred Sales Receivables and Other Receivables	411.512.128	429.064.843	414.812.697	368.443.398	381.735.265	345.845.869	779.955.526	810.800.108	760.658.566

Changes in Net Deferred Sales Receivables were as follows:



	Deferred Sales Receivables JD	Deferred Revenues JD	Impairment Provision JD
Balance, Beginning of Year	478.923	70.780	-
Adds	547.752	115.180	1.974
Deducts	426.890	49.210	-
Balance, End of Year	599.785	136.750	1.974

Deferred Sales, Financings, Ijara, Qard Hasan Impairment Provision / Self Transactions on impairment provision are detailed as follows:

Dec. 31 st , 2011	Large Corporate JD	Total JD
Balance, Beginning of year	2.166.473	2.166.473
Previous bad debts being collected	90	90
Deducted from profits	-	-
Utilized during the year (written off receivables and financings)	-	-
Balance, end of year	2.166.563	2.166.563

Dec. 31st , 2011	Large Corporate	Total
2000, 7200	D	JD
Balance, Beginning of year	1.541.490	1.541.490
Deducted from profits	675.000	675.000
Utilized during the year (written off receivables and financings)	(50.017)	(50.017)
Balance, end of year	2.166.473	2.166.473

Jan. 1 st , 2010	Large Corporate	Total
	D	JD
Balance, Beginning of year	916.490	916.490
Deducted from profits	625.000	625.000
Balance, end of year	1.541.490	1.541.490

- The total general banking risks reserve against receivables and self-financing amounted to JD 882.000 as of December 31st, 2011 (compared to JD 882.000 as of December 31st, 2010 and JD 882.000 as of January 1st, 2010).
- Provisions that were not utilized as a result of settlements or debt payments and transferred against other receivables and financings amounted to JD 3,085,641 (compared to JD 1,840,151 as of December 31, 2010 and JD 2,805,923 as of January 1st, 2010).

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Outstanding Revenues

Changes in the outstanding revenues are detailed as follows:

					Self-Owned				
		Large Corporates	es	Real	Real estates Financings	cings		Total	
	31st	31st Dec.	1st Jan.	31st	31st Dec.	1st Jan.	31st	31st Dec.	1st Jan.
	2011 JD	2010 JD	2010 JD	2011 JD	2010 JD	2010 JD	2011 JD	2010 JD	2010 JD
Balance, Beginning of year	17.240	17.140	-	18.307	-	-	35.547	17.140	-
Add: Outstanding Revenues During Year		28.100	17.140	16.232	18.307	-	16.232	46.407	17.140
Less: outstanding Revenues Transferred into Revenues	7.050	28.000		27.617	1		34.667	28.000	-
Balance, end of year	10.190	17.240	17.140	6.922	18.307		17.112	35.547	17.140

			Joint		
Decemeber 31st, 2011	li c t d	Real	Corpo	Corporates	4
	JD	Estate JD	Large JD	Small & Medium JD	JD
Balance, Beginning of year	57.365	164.946	249.508	247.309	719.128
Add: Outstanding Revenues During Year	16.240	17.401	4.882	184.974	223.497
Less: outstanding Revenues Transferred into Revenues	13.531	15.050	213.241	1	241.822
Balance, end of year	60.074	167.297	41.149	432.283	700.803
Decemeber 31 st , 2010					
Balance, Beginning of year	87.347	97.460	212.095	162.240	559.142
Add: Outstanding Revenues During Year	12.064	177.277	174.564	210.329	574.234
Less: outstanding Revenues Transferred into Revenues	42.046	109.791	137.151	125.260	414.248
Balance, end of year	57.365	164.946	249.508	247.309	719.128

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			Joint		
laminary 1st 2010	:	Real	Corp	Corporates	
	Ketail	Estate	Large	Small & Medium	Total
	Qſ	۵r	Qſ	۵r	ar
Balance, Beginning of year	137.290	168.479	320.450	132.241	758.460
Add: Outstanding Revenues During Year	13.635	122.939	379.057	153.919	669.550
Less: outstanding Revenues Transferred into Revenues	63.578	193.958	487.412	123.920	868.868
Balance, end of year	87.347	97.460	212.095	162.240	559.142

7- Deferred sales receivables through the income statement

was amortized in retained earnings account (accumulated losses) for the years before the year 2010 as shown in Note (57) to the Financial As a result of implementing the Islamic Accounting Standard No. (25), deferred sales receivables were reclassified with the amount of JD of re-valuation of these receivables retroactively as per the requirements of the above standard. Therefore, an amount of JD 36,908,513 43,421,780 JD to be sales receivables through the income statement where the fair value of these receivables was used as an indicator Statements.

8- Net Ijara Assets

This item is detailed, as follows:

		Joint			Self- Owned			Total	
Decemeber 31st, 2011	Cost JD	Accumulated depreciation JD	Net Valu JD	Cost JD	Accumulated depreciation JD	Net Valu JD	Cost JD	Accumulated depreciation JD	Net Valu JD
Ijara Assets – Real Estate	218.894.125	(36.113.848)	182.780.277	1.338.000	(681.137)	656.863	220.232.125	(36.794.985)	183.437.140
Ijara Assets – Machines	10.553.423	(3.830.557)	6.722.866	1.150.000	(885.624)	264.376	11.703.423	(4.716.181)	6.987.242
Ijara Assets – Vehicles	203.690	(16.600)	187.090		-	1	203.690	(16.600)	187.090
Total	229.651.238	(39.961.005)	189.690.233	2.488.000	(1.566.761)	921.239	232.139.238	(41.527.766)	190.611.472
Decemeber 31st, 2010									
Ijara Assets – Real Estate	139.322.729	(27.103.057)	112.219.672	1.338.000	(612.745)	725.255	140.660.729	(27.715.802)	112.944.927
Ijara Assets - Machines	10.349.091	(3.682.573)	6.666.518	1.150.000	(672.072)	477.928	11.499.091	(4.354.645)	7.144.446
Ijara Assets – Vehicles	17.800	(746)	17.054	•	-	1	17.800	(746)	17.054
Total	149.689.620	(30.786.376)	118.903.244	2.488.000	(1.284.817)	1.203.183	152.177.620	(32.071.193)	120.106.427
Total as of Jan. 1st, 2010	99.612.287	(22.188.069)	77.424.218	2.488.000	(969.921)	1.518.079	102.100.287	(23.157.990)	78.942.297



- The total due Ijara installments amounted to JD 1,015,221 as of Decemeber 31st, 2011(compared to JD 536,569 as of Decemeber 31st, 2010). The due Ijara balances were presented within sales receivables and other receivables (Note 6).
- Non-performing Ijara amounted to JD 1,830,117 i.e .: 1% of the Ijara balances as of December 31st, 2011(compared to JD 1,445,621 i.e .:1,8% as of December 2010).
- Non-performing Ijara after deducting profits in suspense amounted to JD 1,754,617, i.e.: 1/6% of Ijara balances as of December 31st, 2010 (compared to JD 1,974,676 i.e.: 1/6% as of December 31st, 2010 and JD 1,349,891, i.e. 1/7% as of January 1st, 2010.

9- Financings

This item is detailed as follows:

		Joint	
	31 ^s	Dec.	1 st Jan.
	2011 JD	2010 JD	2010 JD
Real-Estate Financings	22.292	31.999	42.238
Large Corporates			
Mudaraba	3.853.146	7.416.717	3.511.178
Net Financings	3.875.438	7.448.716	3.553.416

The non-operating deferred sales receivables, other receivables, financings, Ijara and Al Qard Hasan financings amounted to JD16,701,535 i.e.: at a rate of 1.6% of total deferred sales receivables, other receivables and financings as of December 31st, 2011 (compared to JD 20,762,942 at a rate of 2.1% of the available balance as of the end of the previous year and JD 19,012,083 at a rate of 2.1% by the end of 2009).

The non-operating deferred sales receivables, other receivables, financings, Ijara and Al Qard Hasan financings amounted, after deducting revenues in suspense, to JD 15,983,620 i.e.: at a rate of 1.6% of total deferred sales receivables, other receivables, financings, Ijara and Al Qard Hasan after deducting revenues in suspense (compared to JD 20,008,267 i.e.: at a rate of 2% of the balance available by the end of the previous year and JD 18,435,801, i.e. 2.1% by the end of 2009).



10- Financial Assets Available For Sale

This item is detailed as follows:

		Self- Owned	
	Dec. :	31 st	Jan. 1 st
	2011 JD	2010 JD	2010 JD
Total Financial Assets With Market Rates			
Companies Shares	-	438.250	537.750
Islamic Sukuk	-	815.350	815.350
Investment Portfolio Managed by Third Party	-	5.095.567	11.504.477
Total Financial Assets Available For Sale	-	6.349.167	12.857.577

11- Financial Assets at Fair Value via Shareholders' Equities

This item is detailed as follows:

		Self- Owned	
	Dec.	31 st	Jan. 1st
	2011 JD	2010 JD	2010 JD
Total Financial Assets With Market Rates			
Companies Shares	421,000	-	-
Investment Portfolio Managed by Third Party*	5,090,261	-	-
Total Financial Assets at Fair Value via Shareholders' Equities	5,511,261	-	-

^{*} This item represents the investment portfolio managed by the Al-Arabi Investment Group including foreign shares, Islamic Sukuk international Murabaha.

12- Financial Assets at Amortized Cost- Net

This item is detailed as follows:

		Joint			Self-Owned			Total	
	Dec.	.31 st	Jan. 1st	Dec	. 31 st	Jan. 1st	Dec	. 31 st	Jan. 1st
	2011 JD	2010 JD	2010 JD	2011 JD	2010 JD	2010 JD	2011 JD	2010 JD	2010 JD
Islamic Sukuk	9.285.714	-	-	3.762.130	-	-	13.047.844	-	-
Total	9.285.714	-	-	3.762.130	-	-		-	-

These assets are goint to be matured during the period 20142018-



13- Financial Assets Held to Maturity

This item is detailed as follows:

		Self-Owned	
	Dec	. 31 st	Jan. 1 st
	2011 JD	2010 JD	2010 JD
Total Financial Assets With Market Rates			
Islamic Sukuk	-	3.567.156	5.605.531
Total	-	3.567.156	5.605.531

14. Real Estate Investments

Real estate investments are investments acquired for the expected increase in their value.

The details of this item are as follows:

		Joint			Self-Owned			Total	
	Dec.	31 st	Jan. 1 st	Dec	. 31 st	Jan. 1 st	Dec	. 31 st	Jan. 1 st
	2011 JD	2010 JD	2010 JD	2011 JD	2010 JD	2010 JD	2011 JD	2010 JD	2010 JD
Real estate investments	1.558.332	-	-	21.045.583	16.534.257	3.485.296	22.603.915	16.534.257	3.485.296
Total	1.558.332	-	-	21.045.583	16.534.257	3.485.296	22.603.915	16.534.257	3.485.296

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15- Net Fixed AssetsThis item is detailed as follows:

2011	Lands JD	Buildings JD	Equipment, Devices and Furniture JD	Transportation means JD	Computers JD	Decorations	Total JD
Cost:							
Balance, Beginning of year	2,104,607	4,364,789	3,647,896	175,571	3,508,535	5,522,078	19,323,476
Additions		ı	751,355	32,000	315,648	1,394,406	2,493,409
Disposals		1			(550)	1	(550)
Balance, end of year	2,104,607	4,364,789	4,399,251	207,571	3,823,633	6,916,484	21,816,335
Accumulated Depreciation:							
Accumulated Depreciation, beginning of year		866,910	1,900,072	61,154	2,267,567	2,723,919	7,819,622
During the year		86,318	361,669	29,261	460,113	466,621	1,403,982
Disposals		,	,	,	(406)	,	(406)
Accumulated Depreciation, end of year	-	953,228	2,261,741	90,415	2,727,274	3,190,540	9,223,198
Net Book Value of Fixed Assets	2,104,607	3,411,561	2,137,510	117,156	1,096,359	3,725,944	12,593,137
Projects in Progress		1,272,325	1	ı	1		1,272,325
Net Fixed Assets at the End of the Year	2,104,607	4,683,886	2,137,510	117,156	1,096,359	3,725,944	13,865,462
2010							
Cost:							
Balance, Beginning of year	2,680,709	4,307,346	3,158,937	176,292	2,651,109	4,544,321	17,518,714
Additions	-	57,443	550,052	46,001	860,276	757,779	2,491,529
Disposals	(576,102)	ı	(61,093)	(46,722)	(2,850)		(686,767)
Balance, end of year	2,104,607	4,364,789	3,647,896	175,571	3,508,535	5,522,078	19,323,476
Accumulated Depreciation:							
Accumulated Depreciation, beginning of year	-	776,274	1,643,791	62,699	1,793,175	2,381,996	6,662,935
During the year		969'06	305,385	28,695	476,289	341,923	1,242,928
Disposals		ı	(49,104)	(35,240)	(1,897)	1	(86,241)
Accumulated Depreciation, end of year	-	866,910	1,900,072	61,154	2,267,567	2,723,919	7,819,622
Net Book Value of Fixed Assets	2,104,607	3,497,879	1,747,824	114,417	1,240,968	2,798,159	11,503,854
Projects in Progress	-	1,002,726	-	-	-	-	1,002,726
Net Fixed Assets at the End of the Year	2,104,607	4,500,605	1,747,824	114,417	1,240,968	2,798,159	12,506,580
Net Fixed Assets as of January 1st, 2010	2,680,709	4,547,877	1,515,146	108,593	857,934	2,162,325	11,872,584
Percentage of annual depreciation %	1	2	2.5 - 15	15	25	10	

The cost of total depreciated fixed assets amounted to JD 2,997,766 as on December 31, 2011 – (compared to JD 2,800,909 as on December 31, 2010 and JD 2,020,395 as of January 1, 2010)



16- Intangible Assets

The details of this item are as follows:

	Com	puter Systems and So	ftware
	Dec.3	31st	Jan. 1st
	2011 JD	2010 JD	2010 JD
Balance, beginning of year	1.628.976	1.779.632	1.917.915
Additions	90.468	210.124	171.192
Amortizations of the Year	(348.855)	(360.780)	(309.475)
Balance, End of year	1.370.589	1.628.976	1.779.632
Annual Amortization Percentages %	10 - 25	10 - 25	10 - 25

17. Other Assets

This item is detailed, as follows:

	Dec	:.31st	Jan. 1 st
	2011 JD	2010 JD	2010 JD
Clearance Checks	9.002.309	2.587.795	2.100
Prepaid Expenses	579.209	558.469	308.921
Accrued Due Earnings	621.373	199.402	534.176
Real-estate Assets	-	472.007	472.007
Others	419.506	297.897	593.435
Total	10.622.397	4.115.570	1.910.639

18. Balances of Banks and Financial Institutions

This item is detailed as follows:

		Outside Jordan	
	Dec	.31st	Jan. 1 st
	2011 JD	2010 JD	2010 JD
Current and demand Accounts	30.538.167	173.134.203	209.690.141
Total	30.538.167	173.134.203	209.690.141

19. Customers' Current Accounts

This item is detailed, as follows:

			Dec.31st, 2011		
	Retail JD	Large Corporate JD	SME's JD	Gov. & Public Sector JD	Total JD
Current Accounts	223.371.768	23.724.296	71.476.213	3.036.625	321.608.902
Total	223.371.768	23.724.296	71.476.213	3.036.625	321.608.902



			Dec. 31st, 2010		
	Retail JD	Large Corporate JD	SME's JD	Gov. & Public Sector JD	Total JD
Current Accounts	157.912.607	34.517.519	25.746.875	2.323.948	220.500.949
Total	157.912.607	34.517.519	25.746.875	2.323.948	220.500.949

			Jan. 1st, 2010		
	Retail JD	Large Corporate JD	SME's JD	Gov. & Public Sector JD	Total JD
Current Accounts	114.889.625	27.128.616	18.246.648	8.342.717	168.607.606
Total	114.889.625	27.128.616	18.246.648	8.342.717	168.607.606

- Deposits of the public sector inside Jordan amounted to JD 3,036,625 as of December 31st, 2011 at a rate of 0/9% of total customers' current accounts (compared tp JD 2,323,948 as of December 31st, 2010 at a rate of 1% and JD 8,342,717 as of January 1st, 2010 at a rate of 4/9%).
- Blocked accounts amounted in total to JD 2,370,779 as of December 31st, 2011 at a rate of 0/7% of total customers' current accounts (compared to JD 1,896,65 as of December 31st, 2010 at a rate of 0/9% and JD 1,131,834 as of January 1st 2010 at rate of 0/6%).
- Dormant accounts amounted to JD 1,900,699 as of December 31st, 2011 (compared to JD 1,913,683 as of December 31st, 2010 and JD 13,663,654 as of January 1st, 2010).

20. Cash Margins

This item is detailed, as follows:

	Dec. 3	31st	Jan. 1 st
	2011 JD	2010 JD	2010 JD
Cash Margin Against Sales' Receivables and Financings	18.686.108	14.695.086	13.657.106
Cash Margin Against Indirect Facilities	5.197.681	6.109.925	3.618.612
Other Cash Margins	745.529	625.740	486.005
Total	24.629.318	21.430.751	17.761.723



21. Other Provisions

Transactions occurring to other provisions are detailed as follows:

2011	Balance at the Beginning of the Year JD	Accumulated During the Year JD	Paid During the Year JD	Balance at the End of the Year JD
End of Service Indemnity	1.234.207	255.944	5.021	1.485.130
Total	1.234.207	255.944	5.021	1.485.130
2010				
End of Service Indemnity	1.093.254	158.462	17.509	1.234.207
Suits against Bank Provision	12.400	-	12.400	-
Total	1.105.654	158.462	29.909	1.234.207
January 1st, 2010	937.275	192.481	24.102	1.105.654

22. Income Tax Provision

A. Income Tax Provision

Transactions occurring to income tax provision are detailed as follows:

	Dec	:. 31st	Jan. 1st
	2011 JD	2010 JD	2010 JD
Balance, Beginning of year	2.279.433	3.049.663	5.373.724
Paid income tax	(2.250.088)	(2.828.519)	(5.046.107)
Income Tax due on Year's Profit	4.635.985	2.058.289	2.722.046
Balance, End of year	4.665.330	2.279.433	3.049.663

B. Income tax balance stated in income statement consists of the following:

	2011 JD	2010 JD
Income Tax due on Year's Profit	4.635.985	2.058.289
Tax Deferred Assets for the Year	(76.783)	(68.614)
Amortization of Deferred Tax Assets	1.506	1.014.415
Total	4.560.708	3.004.090

- Income tax due for the year ended 31 December 2011 was calculated according to the Income Tax Law in effect.
- A final settlement was made with the Income and Sales Tax Department until the end of 2009. self-disclosure statements of 2010 were submitted, yet a final settlement with the Income and Sales Tax Department has not been reached.
- As per the Bank's Management and Tax consultant opinion, there is no need to take additional provisions for the year ended on December 31st, 2011.

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c. Deferred Tax Assets / Liabilities – Self owned

						Dec. 31st	Jan. 1st
		De	December 31st, 2011	11		2010	2010
	Balance	Released	Added	Balance at	Deferred	Deferred Taxes	d Taxes
	at the	amonnts	amonnts	the End of	Taxes	۵r	Or
Included Accounts	Beginning			the Year			
a. Deferred Tax Assets	of the Year						
End of Service Indemnity	1,234,207	5,021	255,944	1,485,130	445,539	370,262	327,976
Provision for Self-owned financings that have	1,491,473	ı	ı	1,491,473	447,442	447,442	462,447
Future tax benefits	ı	ı	ı	1	,	1	3,720
Impairment in Financial Assets at fair value throughshareholders' equities	3,110,286	ı	ı	3,110,286	933'086	933,086	1,902,448
	5,835,966	5,021	255,944	6,086,889	1,826,067	1,750,790	2,696,591
b- deferred tax liabilities							
Financial Assets Available for Sale	64,988	64,988	ı	1		64,988	1
Change in Financial Assets at fair value through shareholders' equities	-	-	194,070	194,070	58,219	-	-
	64,988	64,988	194,070	194,070	58,219	64,988	•

deferred income tax in the amount of JD 1,826,067 as of 31 December 2011 resulting from time differences of the end of service provision, provision for self-owned financing impairment, and the impairment in the investment portfolios calculated on a 30% tax rate. The management believes that these tax benefits will be utilized from expected profits in the future.

Transactions made to the self deferred tax assets/liabilities are as follows:

	December 31st, 2011	31st, 2011	December	December 31st, 2010	January	January 1st, 2010
	Assets JD	Liabilities JD	Assets JD	Liabilities JD	Assets JD	Liabilities JD
Balance, Beginning of year	1,750,790	64,988	2,696,591		1,780,585	
Added during the year	76,783	58,219	68,614	64,988	1,177,606	
Amortized during the year	(1,506)	(64,988)	(1,014,415)		(261,600)	,
Balance, End of year	1,826,067	58,219	1,750,790	64,988	2,696,591	

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D. Summary of settlement of accounting profit with the profit tax

	2011 JD	2010 JD
Accounting Profit	15.202.079	10.013.634
Add: Tax Non-deductable expenses	3.750.429	2.191.935
Other adjustments	-	(3.301.457)
Tax profit	18.952.508	8.904.112
Delared Rate of Income Tax	30%	30%
Net Income Tax Provision	5.685.752	2.671.234
Referring to:		
Declared Provision – the Bank	4.635.985	2.058.289
Declared Provision – Investment Risk Fund	1.049.767	612.945
Total	5.685.752	2.671.234

23. Other Liabilities

This item is detailed as follows:

	Dec	. 31st	Jan. 1st
	2011 JD	2010 JD	2010 JD
Sold securities	5.488.667	4.140.690	4.077.287
Bills for Settlement & Incoming Transfers	4.760.195	3.565.296	6.013.942
Unpaid Accrued Expenses	51.311	24.814	111.658
Customers' Share from Joint Investments Profits	3.289.868	1.966.058	1.211.238
Commissions Received in Advance	232.430	153.391	153.104
Temporary Trusts	1.568.794	975.972	857.632
Jordanian Universities' Fees Provision	-	101.144	45.249
Scientific Research Fund	-	-	45.249
Technical and Vocational Education and Training Support Fund	-	-	6.889
Board's Members Remuneration	23.846	25.000	25.000
Total	15.415.111	10.952.365	12.547.248



24. Unrestricted Investment Accounts

This item is detailed, as follows:

			Dec. 31st, 2011		
	Retail JD	Large Corporate JD	SME's JD	Gov. & Public Sector JD	Total JD
Saving accounts	79.007.065	974.929	2.252.985	6.491	82.241.470
Time deposits	423.981.278	40.698.659	46.249.572	29.556.840	540.486.349
Total	502.988.343	41.673.588	48.502.557	29.563.331	622.727.819
Customers' Share from Investment Revenues	8.978.982	1.195.568	1.072.502	532.465	11.779.517
Total Unrestricted Investment Accounts	511.967.325	42.869.156	49.575.059	30.095.796	634.507.336

		Dec. 31 st , 2010				
	Retail JD	Large Corporate JD	SME's JD	Gov. & Public Sector JD	Total JD	
Saving accounts	48.825.735	2.727.056	610.993	-	52.163.784	
Time deposits	399.578.883	91.147.336	3.422.767	20.223.680	514.372.666	
Total	448.404.618	93.874.392	4.033.760	20.223.680	566.536.450	
Customers' Share from Investment Revenues	8.591.833	1.798.717	77.290	387.504	10.855.344	
Total Unrestricted Investment Accounts	456.996.451	95.673.109	4.111.050	20.611.184	577.391.794	

	Dec. 31st, 2010				
	Retail JD	Large Corporate JD	SME's JD	Gov. & Public Sector JD	Total JD
Total	397.579.255	78.127.933	3.105.169	19.060.020	497,872,377
Customers' Share from Investment Revenues	6.256.950	3.076.003	46.148	433.010	9.812.111
Total Unrestricted Investment Accounts	403.836.205	81.203.936	3.151.317	19.493.030	507.684.488

- Unrestricted investment accounts contribute to profits according to the following ratios:
 - 50% of the saving accounts' monthly balance
 - 90% of the lowest balance of time deposits account.
- Profits general percentage in Jordanian Dinar for the first and second halves of 2011 amounted to 2/89% and 2/64% respectively (compared to 2/72% and 3/01% in the previous year).
- Profits general percentage for the first and second halves of 2011 in US Dollar amounted to 0/34% and 0.31% respectively (compared to 0/39% and 40% for the past year).
- Blocked accounts amounted to JD 851,349 as of December 31st, 2011 (compared to



- JD 905,844 as of December 31st, 2010 as of December 31st, 2010).
- Unrestricted investment accounts (public sector) inside Jordan amounted to JD 30,095,796 as of December 31st, 2011, i.e. 4/7% of total unrestricted investment accounts (compared JD 20,611,184 as of December 31st, 2010, i.e. 3/6%).

25. Investment Risks Fund

Transactions occurring to investments risks fund are detailed as follows:

	Dec. 31st		Jan. 1 st
	2011 JD	2010 JD	2010 JD
Balance, Beginning of year	8.921.931	7.491.727	6.476.400
Transferred from Joint Investment Revenues of the Year – Income Statement	4.016.919	2.046.001	1.641.103
Less: Income Tax for 2011	(517.043)	-	-
Less: Due Income Tax for 2011	(1.049.767)	(612.945)	(546.001)
Retrived Bad Debts	283	-	(81.100)
Add: Foreign Currency Evaluation Difference	(935)	(2.852)	1.325
Balance, End of year	11.371.388	8.921.931	7.491.727

The balance of investments risks fund is distributed as follows:

	Jai	Jan. 1st	
Against impairment of deferred sales receivables (Note 6)	2010 JD	2010 JD	2011 JD
	7.799.695	7.748.931	5.306.242
Remaining Balance	3.571.693	1.173.000	2.185.485

- 15% of the net investment earnings derived from the various operations has been deducted during 2011 at the request of the Central Bank of Jordan's as per the Banks Law. The whole amount was transferred to Investment Risk Fund tking into account that the deduction percentage was 10% in 2010 and earlier.

Transactions occurred to income tax of the Investment Risks Fund are detailed as follows:

	Jan. 1 st		Dec.31st
	2010 JD	2010 JD	2011 JD
Balance, Beginning of year	591.851	546.001	660.670
Deduct: Paid Income Tax	(773.144)	(567.095)	(660.670)
Add: Accrued Income Tax for 2011	1.049.767	612.945	546.001
Balance, End of year	868.474	591.851	546.001

- A final settlement was reached with the Income and Sales Tax Department until the end of 2009.
- A total amount of 517 thousand Jordan dinars as amortized in the Joint Investment



Risks Fund following obtaining the approval of the Shariah Supervisory Board and members of the facilities and investment committee.

26. Capital

The subscribed (paid-up) capital amounted to JD 100 million at the end of the year, distributed on 100 million shares, with a nominal value per share of one Jordanian Dinar, (against JD 100 million shares with a nominal value of one Jordanian Dinar per share for the previous year).

27. Reserves

- Statutory Reserve

The accumulated amounts in this account represent the transferred annual profits before taxes by (10%) during the year and the previous years, according to Bank's Act. This reserve is non-distributable to shareholders.

- Voluntary Reserve

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

- General Banking Risks Reserve
 This item represents the general banking risks reserve for deferred sales receivables and the Bank's self-financing according to the Central Bank of Jordan's regulations.
- The restricted reserves are as follows:

Reserve	Dec. 31st, 2012		
	JD	Type of Requirement	
Statutory Reserve	9.613.353	Legal requirements	
General Banking Risks Reserve	882.000	Central Bank's Instructions	

The net fair value reserve after deducting deferred tax liabilities with the amount of JD 58.219 against JD 64.988 as of 31 December 2010 and zero as of 1 January 2010.



28. Net Fair Value Reserve

The details of this item aras follows:

	Dec.	Dec. 31st	
	2011 JD	2010 JD	2010 JD
Balance, Beginning of year	151.638	443.720	(2.535.398)
Impact of implementing IFAS (25)	-	(28.132)	-
Unrealized profits	(22.556)	97.657	397.735
Deferre Tax Liabilties	6.769	(77.045)	-
Realized (profits) transferred into income statement	-	(354.812)	-
Recorded in income statement for impairment	-	70.250	2.581.383
Balance, End of year	135.851	151.638	443.720

29. (Accumulated Losses)

The details of this item aras follows:

	Dec	Jan. 1st	
	2011 JD	2010 JD	2010 JD
Balance, Beginning of year	(27.252.473)	(31.220.083)	12.249.428
Profits (losses) of 2011	10.641.371	7.009.544	2.596.472
(transferred) into reserve	(1.522.593)	(3.041.934)	(1.357.470)
Distributed profits	(7.900.000)	-	(7.800.000)
Impact of implementing IFAS (25)	-	-	(36.908.513)
Balance, End of year*	(26.033.695)	(27.252.473)	(31.220.083)

^{*} The balance of retained earnings includes the amount of JD 1,826,067 being restricted only for deferred tax liabilities as of December 31st, 2011, (compared to JD 1,750,790 as of December 31st, 2010 and JD 2,696,591 in January 1st, 2010).



30. Deferred Sales Revenues

This item is detailed, as follows:

	Joint Dec. 31 st		Self-C	wned
			Dec. 31st	
	2011 JD	2010 JD	2011 JD	2010 JD
Retail				
Murabaha for purchse orderer	3.246.948	2.616.692	-	-
Term sale	38.131	16.115	-	-
Real estate Financings	2.838.157	1.980.532	20.218	22.625
Large corporates				
International Murabaha	2.793.895	2.624.116	11.989.640	7.951.890
Murabaha for purchse orderer	4.559.396	3.498.232	2.077.682	2.632.061
Small amd Medium Enterprises				
Murabaha for purchse orderer	3.198.195	2.730.862	154.156	-
Terms sale	1.462	-	-	-
Total	16.676.184	13.466.549	14.241.696	10.606.576

31. Financing Revenues

This item is detailed as follows:

	Jo	int
	2011 JD	2010 JD
Real estate Financings	4.410	-
Large corporates		
Mudaraba	376.717	305.219
	381.127	305.219

32. Profits (Losses) of Financial Assets Available for Sale

This item is detailed, as follows:

	Self-Owned		
	2011 JD	2010 JD	
Profits of Financial Assets Available for Sale	-	690.185	
Islamic Sukuk Revenues-Available for Sale	-	40.353	
Less: Impairment of Available for Sale Financial Assets	-	(70.250)	
Total	-	660.288	



33. Revenues of Financial Assets held to Maturity

This item is detailed, as follows:

	Self-Owned 2011 2010 JD JD	
Islamic Sukuk-Ijara	-	67.989
Total	-	67.989

34. Revenues of Financial Assets at amortized cost

This item is detailed, as follows:

	Joint		Self-Owned	
	2011 JD	2010 JD	2011 JD	2010 JD
Islamic Sukuk-Ijara	583.918	-	90.529	-
Total	583.918	-	90.529	-

35. Real Estate Revenues

This item is detailed, as follows:

	Self-Owned	
	2011 JD	2010 JD
Value Increase expected	8.876	24.666
Total	8.876	24.666

36. Revenues of Ijara Assets

This item is detailed as follows:

	Joint		Self-Owned	
	2011 JD	2010 JD	2011 JD	2010 JD
Ijara Assets – Real Estate	24.377.890	16.931.716	234.193	218.024
Ijara Assets – Machines	2.903.624	1.973.311	123.871	187.375
ljara Assets – vehicles	4.327	1.018	-	-
Ijara Assets depreciation	(18.147.649)	(12.217.803)	-	-
Total	9.138.192	6.688.242	358.064	405.399



37. Unrestricted Investment Account Holders' Share

This item is detailed, as follows:

Customers:	2011 JD	2010 JD
Savings Investment Accounts Revenues	611.398	451.607
Term Investment Accounts Revenues	12.491.929	11.158.557
Total	13.103.327	11.610.164

38. Bank's Share of Unrestricted Investment Accounts' Revenues as Mudarib

This item is detailed, as follows:

	2011 JD	2010 JD
Bank's Share as Mudarib	9.659.175	6.803.845
Total	9.659.175	6.803.845

39. Bank's Self Revenues

This item is detailed, as follows:

	2011 JD	2010 JD
Deferred Sales' Revenues (Note 30)	14.241.696	10.606.576
profits (loss) of Financial Assets-Available for Sale (Note 32)	-	660.288
Revenues of Financial Assets-Held to Maturity (Note 33)	-	67.989
Revenues of finaincial assets at amortized cost (Note 34)	90.529	-
Revenues of real estate investments (Note 35)	8.876	24.666
Revenues of Ijara Assets (Note 36)	358.064	405.399
Total	14.699.165	11.764.918

40. Bank's Share of Restricted Investment Accounts as Mudarib

This item is detailed as follows:

	2011 JD	2010 JD
Restricted Investments Revenues	823.896	1.004.831
Less: Depreciation of Nama' Real Estate Ijara	(76.666)	(110.115)
Net Restricted Investment Revenues (List B)	747.230	894.716
Deduct: Restricted Investment Accounts Holders' Share	(599.693)	(711.015)
Total	147.537	183.701



41. Foreign Currency Profits This item is detailed, as follows:

	2011 JD	2010 JD
Resulted from Trading / Transaction	1.245.399	1.055.303
Resulted from Evaluation	220.688	643.376
Total	1.466.087	1.698.679

42. Revenues from Banking Services

This item is detailed, as follows:

	2011 JD	2010 JD
Sold Securities Commissions	180.801	176.523
Letters of Credit Commissions	853.233	869.213
Guarantees Commissions	330.538	278.214
Transfers Commissions	56.820	46.512
Visa Commissions	751.701	300.339
Others	1.809.230	930.704
Total	3.982.323	2.601.505

43. Other Revenues

This item is detailed as follows:

	2011 JD	2010 JD
Mail, Telephone and Telex Revenues	438.169	349.849
Other Revenues	20.176	152.161
Total	458.345	502.010

44. Staff Expenses

This item is detailed, as follows:

	2011 JD	2010 JD
Salaries, Benefits and Allowances	7.264.437	5.525.763
Bank's Contribution at Social Security	697.654	537.084
Medical Expenses	360.884	281.611
Staff Training	114.656	83.744
Insurance Expenses	14.066	12.077
Total	8.451.697	6.440.279



45. Other Expenses

This item is detailed as follows:

	2011 JD	2010 JD
Rents	419.601	387.005
Stationery and Prints	361.616	229.187
Telephone and Mail	465.753	399.712
Maintenance and Cleaning	343.969	334.103
Fees and Licensing	+	18.903
Advertising and Promotion Fees	403.650	614.747
Insurance Expenses	58.323	12.636
Water and Electricity	362.821	292.216
Donations	100.664	92.683
Subscriptions	242.414	309.981
Transport and Travel Expenses	217.435	193.232
Consultations & Professional Services Expenses	99.601	205.604
Information Systems Expenses	1.077.971	849.131
Jordanian Universities Fees	-	101.144
Board Members' Remuneration	23.846	25.000
Other	290.468	283.395
Total	4.468.132	4.348.679

46. Earnings per Share

This item is detailed as follows:

	2011 JD	2010 JD
Profit of the Year – Statement (B)	10.641.371	7.009.544
Weighted Average of Number of Shares	100.000.000	100.000.000
Profit Per Share for the Year - basic	0/11	0/07

47. Cash and Cash Equivalents

This item is detailed, as follows:

	Dec	31st
	2011 JD	2010 JD
Central Bank's Cash and Balances Due in Three Months	56.883.960	58.257.159
Add: Banks and Financial Institutions' Balances Due in Three Months	20.276.772	46.105.196
Less: Banks and Financial Institutions' Deposits Due in Three Months	30.538.167	173.134.203
Total	46.622.565	(68.771.848)

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48- Transactions with Related Parties

Within its ordinary activities, the Bank enters into transactions with shareholders, members of the Board of Directors, executive management and senior associates using Murabaha rates and commercial commissions The following is a summary of transactions with related parties:

of the second se					total	le:
Dalances at Danks and Danking Institutions	Arab Bank	Members of		Members of	Dec. 31st	31st
Items in the balance sheet	(Parent Company) JD	Board of Directors JD	Sister Companies JD	Shariah Advisory Board JD	2011 JD	2010 JD
balances at banks and banking institutions	9,622,784	ı	'	ı	9,622,784	44,128,473
International Murabaha (Commodities Investment)	524,894,200	ı	1	ı	524,894,255	592,524,056
Mudaraba Financings	1	ı	3,853,146	ı	3,853,146	6,174,901
Banks and banking institutions accounts	1,797,524	ı		ı	1,797,524	121,155,025
Unrestricted Investment Accounts	1	ı	1	45,707	440,560	90,343
Financial assets available for sale managed by sister companies	1	ı	5,033,900	ı	5,033,900	5,095,568
Sales receiveables	1	ı	-	125,940	125,940	205,249
Off-balance Items						
Guarantees	1	ı	1	ı	ı	1,200
Income Statement Items						
paid commissions	1	ı	1	ı	ī	134,385
Received Profits- Receiveables	ı	ı	376,717	6,373	383,090	319,362
Profits distributed- deposit accounts	1	1	-	806	806	397
Remuneration	1	23,846	-	48,000	71,846	73,000
Transportation	ı	58,678			58,678	29,000

⁻ The lowest Murabaha received by the Bank was (3%) and the highest was (3.75%). The lowest rate of profits distribution in JD was 27% and the highest was 3%. During the 2011, an investment building was purchased from the Arab Bank subsequent to getting three evaluations by authorized estimators. All funds granted to the related parties are deemed as operational and no provisions were allocated

Below is a summary of the Banks' Senior Executive Management

benefits (Salaries and Remuneration)

		JD Or	JD OI
ialaries and Remun	eration Total	975,015 975,015	610,502



49. Fair Value of Financial Assets and Liabilities Unrecorded in 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.

50. Risk Management

The Bank manages its various banking risks via several means according to a comprehensive and objective strategy that defines these risks and eliminates their impact through a department and committees concerned with risk management.

The Bank's Board of Directors is deemed the highest body in charge with carrying out the operations of the Bank. Accordingly, the Board ultimately is responsible for managing the risks faced by the Bank through its committees.

Risk Management reports to the Control Line where it 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 basis to the Board of Directors through Risk Management Committee

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

The Risk Management and Department includes the following divisions:

1. Credit Risks

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

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

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

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

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

- Managing and regulating credit portfolio risks through a number of committees, namely the Risk Management Committee of the Board of Directors.



- Monitoring credit, defining authorities of providing facilities, and adopting clear and specific conditions in financing operations.
- Monitoring permitted credit and facility limits, issuing reports necessary for ensuring non occurrence of any violations of these limits and controlling quality.
- Diversifying financing and investment activities to avoid credit concentration risks for individuals, groups, or customers in certain geographical areas, a certain economic activity, or in financing instruments or products.
- Managing non-performing debts, to achieve less credit losses by the Bank.
- Segregating marketing divisions from credit and risk management divisions.
- Risk Management and Regulatory Compliance Department presents risk reports to the Board of Directors to make the necessary recommendations. These reports shall include a summary of the most significant risks faced by the Bank along with techniques of measurement, control and regulation.

Credit Risk Measurement:

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

Credit Risk Classification System:

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

This system rates: country risks, customer risks, and facility risks depending upon specific risk elements such as (industry, competitive position, management, cash flow, financial position, and operational performance)

Credit Risk Mitigation:

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

The Bank adopts several procedures to control credit risks. Among which, for instance, are reduction of the credit period and value, increase of guarantees, and control of conduct of facilities at provision and renewal. It also sets certain covenants for using facilities.

2. Market Risks:

Market risks can be defined as those risks faced by the Bank as a result of changes in profit rates and in rates of exchange, financial securities and commodities prices. The Bank adopts a conservative 105 policy, having riskiness reduced or set within minimal limits. It also follows the Central Bank of Jordan's instructions in regard to market risks measurement.



3. Operational Risks

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

This Unit also has started, in cooperation with all other work lines and career areas within the Bank, to establish workshops for purposes of Risk – Control Self Assessment and regulations in order to define and measure all factors of riskiness surrounding the Bank's operations, activities, products and services, along with assessment of control effectiveness; preparation of practical plans to process any problems and faults potentially appearing within this process; development of risk profile at the Bank's level; designation and identification of key risk indicators to assure continuity of control on risk factors, and reporting recommendations regarding them.

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

Operational risks are measured, as stated in the Central Bank of Jordan instructions as per Basel II, by basic indicator approach or standardized approach. The Bank seeks actually to carry out the standardized approach to measure its operational risks.

Operational risks are as well known as:

"Risks of loss arising from inadequacy or failure in internal operations, personnel or systems, from external events, or even from events caused by incompliance with the Islamic rules and regulations. This definition of operational risks includes legal risks".

4. Information Security & Business Continuity Unit (ISBCU)

This Unit is concerned with risk managemet through preparing and manging a number of projects and plans that ensure the continuity of the Bank's operations in case they are subject to any kind of failures or intruppetion induced to different incidents, disasters or crises that may arise as a result of various internal or external threats. Since banks breakdown is measured by minutes and hours, this Unit is in charge of setting up prior plans that include all departments and branches of the Bank, and that would ensure the business continuity of the division or branch that is broken down due to an incident while running its operations in business alternative site which is built for this purpose.

One of the main projects carried out by ISBCU is carrying out periodic, partial and comprehensive tests to the business alternative site to ensure its readiness and to follow up critical operations of the Bank's departments and divisions in case of interruption and break down. Additionally, the Unit is to supply the emergency center with the necessary applications and technical equipment in case of any interruption in the main computer center which guarantee the continuity of the Bank's operations in cases of any natural emergency situations and other incidents that may evolve.

On the other hand, ISBCU is in charge of many tasks and responsibilities aiming at the

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identification of risks related to information security, anticipation of potential threats and their effects at all the Bank's branches/ departments and setting up solutions and controls to avoid or minimize the risks to the lowest limits according to the latest international standards in this area by professional specialised cadre with the expertise to support these tasks. Indeed, risks are to be measured and assessed at the level of all information resources and information technology available to the Bank through a variety of means and projects to be carried out to invistigatethe risks that threaten the information characteristics and data security.

examining risks threatening information security elements through assessing these risks on a regular basis and making use of the international standards and best practices followed in this field at the banking level.

The ISBCU Duties include:

- Developing policies and procedures aimed at reducing risks related to information to minimumlimits, in line with the Bank's plans to accelerate the business and implementing information security and protection strategy including setting controls to activate policies on the Bank's systems and devices.
- Establishing control standards necessary for protecting information across the Bank's divisions and branches, as well as addressing any recommendations in this respect.
- Perceiving the needs and requirements of modern banking activity related to information security in cooperation with the other concerned departments in order to eliminate risks in light of the changing internal environment.



Credit Risks

Expositions to Credit Risk (After Impairment Prouison, and Before Guarntees and Other Risk Mitigations):

		Joint			Self-Owned	
Item	Dec	. 31 st	Jan. 1st	Dec	. 31 st	Dec. 31st
	2011 JD	2010 JD	2010 JD	2011 JD	2010 JD	2010 JD
Balance sheet Items:						•
Balances with Central Bank	46.391.639	50,783,340	39.887.629	-	-	-
Balances with Banks and Financial Institutions	20.276.772	46,105,196	67.085.126	-	-	-
Deferred Sale Receivables and Other Receivables:						
Retail	192.695.417	135,076,252	86.663.550	369.426	479.409	610.223
Real-estate Financings	52.759.624	39,149,436	37.775.727	141.056	1.193.549	2.127.232
Corporates:						
Large Companies	319.084.556	373,994,766	375.496.305	369.297.682	424.308.795	381.761.788
SME's	59.877.915	20,245,862	6.497.262	832.370	-	7.899.379
Financings:						
Musharaka:						
Retail						
Real-estate Financings	22.292	31,999	42.238	-	-	-
Mudaraba:						
Corporate:						
Large Companies	3.853.146	7,416,717	3.511.178	-	-	-
Sukuk:						
Financial Assets available for sale	-	-	-	-	855,538	-
Financial Assets Held to Maturity	-	-	-	-	3,567,156	5.605.531
In Financial Assets Amortized at Cost	9,285,714	-	-	3,762,130	-	
Off-Balance sheet Items						
Guarantees	-	-	-	16.990.150	14,355,267	11.637.213
L/C's	-	-	-	22.726.064	17,064,092	23.200.012
Acceptances	-	-	-	7.673.031	6,437,707	4.618.422
Un-utilized loans	-	-	-	67.844.101	52,679,399	64.064.536
Total	704,247,075	672.803.568	616.959.015	489.636.010	520.940.912	501.524.336

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2- Classification of Sales Receiveables and Financing

Credit exposures are distributed according to the degree of risk and as it appears in the following table:

2011			Joint	nt					S elf- O wned			
	Retail JD	Real Estate JD	Large Companies JD	SME's JD	Banks and Other Banking Institutions JD	Total JD	Real Estate JD	Large Corporate JD	SME's JD	Retail JD	Total JD	Total JD
Low Risk		,		,	-	,		,	,	-	,	1
Acceptable Risk	191,436,692	50,180,942	294,603,481	45,043,877	66,668,411	647,929,017	52,108	354,346,187		-	354,398,295	1,002,327,312
Some amtured		82,715	10,194,586	2,377,706	-	12,655,007		11,130,553	149,105	331,711	11,611,369	24,266,376
Up to 30 days			-		-			-			-	
From 31 to 60 days		543,083	963,762	2,056,371	-	3,563,216		1	683,265	12,735	000'969	4,259,216
Watch list	877,691	902,186	15,520,123	7,194,376	-	24,494,376	90,620	3,401,128		27,590	3,519,338	28,013,714
non-operational												
Sub -standard	316,349	26,703	1,004,063	181,435		1,534,550		,	,	71,424	71,424	1,603,924
Doubtful	136,020	223,358	807,866	510,262	-	1,677,506				-		1,677,506
Depreciated	349,857	2,020,487	1,799,691	6,739,349	-	10,909,384		2,510,671			2,510,671	13,420,055
Total	193,116,609	53,979,474	324,893,572	64,102,990	66,668,411	702,761,056	142,728	371,388,539	832,370	443,460	372,807,097	
Less: Outstanding Revenues	60,074	167,297	41,149	432,283		700,803	6,922	10,190	,		17,112	717,915
Impairment Provision	421,192	1,197,558	1,955,870	4,225,075	-	269'662'2	1,672	2,090,857		74,034	2,166,563	9,966,258
Net	192,635,343	52,614,619	322,896,553	59,445,632	66,668,411	694,260,558	134,134	369,287,492	832,370	369,426	370,623,422	
2010 (Amended)												
Low risk	793,147	83,081	-		96,888,536	97,764,764		1			-	97,764,764
Acceptable Risk	133,295,788	37,205,304	344,423,775	12,674,195	-	527,599,062	1,000,000	374,560,052		151,128	375,711,180	903,310,242
Some amtured		,		,	-			,			,	
Up to 30 days	3,469	998	13,618,841	1,556,529		15,179,705		,	,	,		15,179,705
From 31 to 60 days	83,764	6,261	969'568'8	1,258,513		10,244,234		2,114,947	,	269,148	2,384,095	12,628,329
Watch list	716,171	3,396	9,550,501	2,155,206	-	12,425,274	,	3,147,376	,	60,313	3,207,689	15,632,963
non-operational												
Sub-standar d	144,610	8,239	187,526	464,694	-	690'508		10,162			10,162	815,231
Doubtful	97,128	54,378	1,479,490	693,167		2,324,163		11,074			11,074	2,335,237
Depreciated	392,005	3,303,429	7,608,087	2,906,710	-	14,210,231	235,032	3,112,377		54,837	3,402,246	17,612,477
Total	135,526,082	40,664,954	385,763,916	21,709,014	96,888,536	680,552,502	1,235,032	382,955,988		535,426	384,726,446	
Less: Outstanding Revenues	53,817	168,494	249,508	247,309		719,128	18,307	17,240	,	,	35,547	754,675
Impairment Provision	417,831	1,515,515	4,352,433	1,463,152	-	7,748,931	41,483	2,068,973	,	56,017	2,166,473	9,915,404
Net	135,054,434	38,980,945	381,161,975	19,998,553	96,888,536	672,084,443	1,175,242	380,869,775		479,409	382,524,426	

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The distribution of fair value of guarantees offered against deferred sale receivables and other receivables and financings is detailed, as follows:

No.				tuio				PenwO-fleS	wned		
No. 64 124 1		:									
bitk 236493.57 24,0294.54 20,0154.39 317,229.60 31,220.90 31,20.00 30,409.00 3	2011	Retail JD	Real Estate Financings JD	Large Companies	SME's JD	Total JD	Real Estate Financings JD	Large Companies JD	SME's JD	Total JD	Total JD
table Risk 36,493,507 1,422,551 8,240,555 9 11,200 31,200 20 31,20	Guarantees Against:										
tight 36,493,507 24,099,454 266,154,396 16,575,599 317,229 31,220 31,230 36,196,029 tight 288,432 1,422,551 3,549,812 821,405 6,005,000 31,230 36,196,029 tondard 105,125 16,817 20,021 904,866 1,466,340 1,466,340 1,466,340 36,19,359 tond 105,125 16,817 20,021 904,866 1,466,340 1,463,460 1,466,340 1,433,460 dolled 35,2095 673,040 7,015,948 2,225,251 1,026/334 1,433,460 36,119,359 dolled 35,2095 673,040 7,015,948 2,725,251 1,026/344 1,433,460 36,119,359 dolled 1,280,929 640,390 1,2713,795 1,669,40 9,478,491 31,230 7,245,099 dolled 2,315,000 2,525,244 1,525,098 2,525,241 1,569,40 34,718,798 dolled 3,576 3,245,584 3,5246,589 1,569,790 3,424,789 <th< td=""><td>Low Risk</td><td></td><td>,</td><td>1</td><td>1</td><td>1</td><td>-</td><td>,</td><td>,</td><td>ı</td><td></td></th<>	Low Risk		,	1	1	1	-	,	,	ı	
142 142,551 3,54,512 281,405 60,05,000 1,50	Acceptable Risk	36,493,507	24,099,454	260,154,396	16,575,593	337,322,950	31,230	361,360,929	534,058	361,926,217	699,249,167
penalticual 105.615 194.286 1,385.350 656.558 2,271,629 . ful 105.615 168.817 200,721 904,686 1,469.349 . 1,433.460 clated 352.905 673,040 7,015,948 2,225.521 10,267.334 1,433.460 gWhidt: 1,280,929 649,390 1,2713.795 1,805,301 16,449.415 1,1830,522 state 2,319,009 2,555,084 55,445.598 11,669,740 7,245,039 1,1830,522 state 2,319,009 35,574 1,052,200 7,688,232 31,230 7,245,039 state 2,319,009 35,754 1,052,200 7,688,232 1,111,014 . 1,1830,552 state 33,695,566 30,24,50 1,693,200 7,248,639 1,111,014 . . state 2,319,009 30,24,60 1,2713,70 1,689,70 1,111,014 . . 1,111,014 	Watch list	238,432	1,422,551	3,543,812	821,405	6,026,200	,	324,970		324,970	6,351,170
dandlard 105,325 194,286 1,355,350 636,358 2,271,629 <t< td=""><td>Non-operational</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Non-operational										
tdut 105,125 168,817 290,721 904,686 1,469,349 1,433,460 clated 35,2055 67,3040 7,015,948 2,225,221 10,050,334 1,433,460 of With: 37,295,794 26,558,148 2,723,40,227 2,116,239 31,230 36,319,339 clolaterals 1,280,299 640,390 12,713,795 1,805,301 1,434,601 36,319,339 state 2,319,009 2,550,584 5,245,598 11,669,740 94,784,931 31,230 7,245,399 state 3,595,856 30,2420 1,658,740 7,688,252 2,244,831 31,230 7,245,399 red Bank's Guarantees 3,595,856 30,2420 7,688,252 2,224,374	Sub-standard	105,635	194,286	1,335,350	636,358	2,271,629	•	•	194,344	194,344	2,465,973
circled 35,295,794 26,3940 7,015,948 2,225,251 10,067,334 -1,433,460 gVinidir: 37,295,794 26,581,48 27,234,027 21,165,293 3573,7462 31,230 365,119,359 gVinidir: 1,280,229 649,390 1,2713,795 1,805,301 1,111,044 1,1330,522 state 2,319,009 25,550,584 55,546,598 1,069,740 7,484,931 31,230 7245,039 state 2,319,009 25,550,584 55,754 1,059,740 7,685,252 4,786,278 7,440,403 7,245,039 red Bank's Guarantees 3,565,88 3,695,88 3,02,908,780 1,485,1871 20,284,374 7,245,039 red Bank's Guarantees 2,552,24 3,224,548 302,908,780 1,435,1871 369,179,18 7,245,039 red Bank's Guarantees 2,652,520 4,956,080 1,435,1871 369,179,18 7,245,039 7,245,039 list 3,644,08 3,644,08 1,435,1871 3,644,08 3,644,06 3,644,08 3,644,08	Doubtful	105,125	168,817	290,721	904,686	1,469,349	,	1		ı	1,469,349
gVNhich: 37,295,794 26,558,148 272,340,227 21,163,293 31,230 31,230 363,119,359 gVNhich: 1,280,929 649,390 1,2713,795 1,805,301 16449,415 1,1830,552 state 2,319,009 25,50,584 55,245,588 11,669,740 9,4749,415 31,230 7,245,039 state 2,319,009 25,50,584 55,245,588 11,669,740 9,4749,418 31,230 7,245,039 state 2,319,009 25,50,584 55,245,588 11,669,740 9,4749,418 31,230 7,245,039 reable Risk 2,32,436 30,2420 482,000 7,686,252 20,244,574 20,244,655 20,244,574 20,244,574 20,244,574 20,244,574 20,244,655 20,244,656	Depreciated	353,095	673,040	7,015,948	2,225,251	10,267,334	-	1,433,460		1,433,460	11,700,794
g Which: 1,280,929 649,380 1,2713,795 1,805,301 16,449,415 11,830,522 state 2,319,000 25,556,584 55,754 1,055,260 1,111,014 - 1,1130,522 Shares 33,05,856 302,420 482,000 7,688,252 42,168,528 - 7,245,039 Indered 33,05,856 302,420 482,000 7,688,252 42,168,528 - 324,970 Indered 33,05,856 302,420 482,000 7,688,252 42,168,528 - 324,970 Indered 40,01,020 7,688,252 42,168,528 - 313,718,798 Indered 40,01,020 7,688,252 42,168,528 - 313,718,798 Intered 364,536 2,625,500 4,956,080 1,451,791 9,797,927 - 1,021,370 Intered 386,536 1,687,981 1,456,799 244,156 2,233,033 - 1,021,370 Intered 386,536 1,286,286 1,467,399 1,467,399 1,467,399	Total	37,295,794	26,558,148	272,340,227	21,163,293	357,357,462	31,230	363,119,359	728,402	363,878,991	721,236,453
state 1,280,929 649,390 1,213,795 1,605,301 1649,415 1,1830,522 state 2,319,009 25,554 1,055,260 1,169,740 94,749,31 31,230 7,245,039 Shares 35,754 1,055,260 7,688,252 42,168,528 - 7,245,039 Indehicles 33,695,856 302,420 482,000 7,688,252 42,168,528 - 324,970 reed Bank's Guarantees 20,2843,574 20,2843,574 - 20,2843,574 - 324,3718,798 rees Against: 20,2843,574 20,2843,574 - 20,2843,74 - 343,718,798 risk 20,000,000 1,811,81 364,326 36,326,20 1,851,971 364,378 - 1,021,370 perational 44,407 16,749 - 40,956,080 1,851,971 9,979,272 1,021,370 1,021,370 reed deed 386,572 51,326 1,467,59 2,461,56 2,293,03 - 1,021,370 reed deed 386,572	Among Which:										
state 2,319,009 25,550,584 55,245,586 11,669,740 94,784,931 31,230 7,245,039 4 Shares - 55,754 1,055,260 - - - - - nd Vehicles - 55,754 1,055,260 - 1,111,014 - - - nd Vehicles - - 202,845,74 - 202,845,74 -<	Cash Collaterals	1,280,929	649,390	12,713,795	1,805,301	16,449,415	-	11,830,552		11,830,552	28,279,967
15hares 55,754 1,055,260 1,111,014 - - nod Vehicles 336,95,856 302,420 482,000 7,688,232 42,168,228 - 324,970 red Bank's Guarantees - 202,843,574 - 202,843,574 - 343,718,798 ntees Against: - - - - - 343,718,798 ntees Against: - - - - - 343,718,798 ntees Against: - - - - - - - isk - - - - - - - - - table Risk - <	Real-estate	2,319,009	25,550,584	55,245,598	11,669,740	94,784,931	31,230	7,245,039	619,671	7,895,940	102,680,871
ted Bank's Guarantees	Traded Shares	-	55,754	1,055,260		1,111,014	-	-		-	1,111,014
ted Bank's Guarantees by John's Guarantees by Joh's Guarantees by John's Guarantees by John's Guarantees by John's	Cars and Vehicles	33,695,856	302,420	482,000	7,688,252	42,168,528	,	324,970	108,731	433,701	42,602,229
table Risk 28,654,222 23,214,545 302,908,780 14,351,871 369,129,418 - 366,379,072 table Risk 364,536 2,625,520 4,956,080 1,851,791 97,7927 - 1,021,370 perational 44,407 16,749 - 402,929 246,156 2,293,703 - 1,021,370 clated 389,675 1,386,296 7,827,681 2,753,407 12,357,059 246,156 2,293,703 235,031 2,047,208 clated 389,675 1,386,296 7,827,681 2,755,407 12,357,059 246,156 2,293,703 25,031 3,94,42,192 2,9510,392 27,756,346 317,169,300 19,606,154 394,042,192 235,031 12,375,796 and Vehicles 2,052,574 2,642,789 63,247,734 12,597,030 10,043,25,237 235,031 12,375,796 and Vehicles 26,370,698 243,628 3,126,705 5,288,608 35,029,639 - 519,598	Accepted Bank's Guarantees	1	1	202,843,574		202,843,574	1	343,718,798	-	343,718,798	546,562,372
http:	2010										
K 28,654,222 23,214,545 302,908,780 14,351,871 369,129,418 - 366,379,072 al 44,407 16,749 - 402,929 464,085 - 402,929 al 44,407 16,749 - 402,929 464,085 - 1,021,370 al 44,407 16,749 - 402,929 464,085 - 1,021,370 al 44,407 16,749 - 402,929 464,085 - 1,021,370 al 57,552 513,236 1,476,759 246,156 2,293,703 - - c 57,552 513,236 1,476,759 246,156 2,293,703 - - c 29,510,392 27,756,346 317,169,300 19,606,154 394,042,192 235,031 369,447,648 s 1,087,120 1,084,819 1,801,921 1,720,516 5,694,376 - 5,472,268 c - 1,055,260 - 1,055,260 - <	Guarantees Against:										
k 28,654,222 23,214,545 302,908,780 14,351,871 369,129,418 - 364,370,722 all 44,407 16,749 - 402,929 464,085 - 402,929 57,552 513,236 1,476,759 246,156 2,293,703 - - 57,552 513,236 1,476,759 246,156 2,293,703 - - 5 5,552 1,386,296 7,827,681 2,753,407 12,337,059 235,031 2,047,206 5 29,510,392 27,756,346 317,169,300 19,606,154 394,042,192 235,031 2,047,206 5 20,52,574 26,427,899 63,247,734 1,2597,030 104,325,237 235,031 12,375,796 6 - - - - - - - 1 - - 1,055,260 - - - - 5 - - 1,055,260 - - - - 6	Low Risk	1	1	•	,	1	-	-		-	
al 44,407 16,749	Acceptable Risk	28,654,222	23,214,545	302,908,780	14,351,871	369,129,418	,	366,379,072	635,758	367,014,830	736,144,248
al 44407 16,749 - 402,929 464,085 402,929 464,085	Watch list	364,536	2,625,520	4,956,080	1,851,791	9,797,927	-	1,021,370		1,021,370	10,819,297
44,407 16,749 - 402,929 464,085 -	Non-operational										
57,552 513,236 1,476,759 246,156 2,293,703 - - 389,675 1,386,296 7,827,681 2,753,407 12,357,059 235,031 2,047,206 29,510,392 27,756,346 317,169,300 19,606,154 394,042,192 235,031 369,447,648 1,087,120 1,084,819 1,801,921 1,720,516 5,694,376 - 5,472,268 2,052,574 26,427,899 63,247,734 12,597,030 104,325,237 235,031 12,375,796 - - - 1,055,260 - - - - - - 1,055,260 - 1,055,260 - - - - 1,055,260 - 1,055,260 - - - - 1,055,260 - - - - - - 1,055,260 - - - - - - 1,055,260 - - - - -	Sub-standard	44,407	16,749		402,929	464,085	•				
389,675 1,386,296 7,827,681 2,753,407 12,357,059 235,031 2,047,206 29,510,392 27,756,346 317,169,300 19,606,154 394,042,192 235,031 369,447,648 1,087,120 1,084,819 1,801,921 1,720,516 5,694,376 - 5,472,268 2,052,574 26,427,899 63,247,734 12,597,030 104,325,237 235,031 12,375,796 - - 1,055,260 - 1,055,260 - - - - 1,055,260 - 1,055,260 - - - 26,370,698 243,628 3,126,705 5,288,608 35,029,639 - 519,598	Doubtful	57,552	513,236	1,476,759	246,156	2,293,703	-	1		-	2,293,703
29,510,392 27,756,346 317,169,300 19,606,154 394,042,192 235,031 369,447,648 1,087,120 1,084,819 1,801,921 1,720,516 5,694,376 - 5,472,268 2,052,574 26,427,899 63,247,734 12,597,030 104,325,237 235,031 12,375,796 1 - - 1,055,260 - - - - 2 26,370,698 243,628 3,126,705 5,288,608 35,029,639 - 519,598	Depreciated	389,675	1,386,296	7,827,681	2,753,407	12,357,059	235,031	2,047,206	-	2,282,237	14,639,296
1,087,120 1,084,819 1,801,921 1,720,516 5,694,376 - 5,472,268 2,052,574 2,647,789 63,247,734 12,597,030 104,325,237 235,031 12,375,796 - 1,055,260 - 1,055,260 - 1,055,260 1,055,260 33,126,705 5,288,608 35,029,639 - 519,598	Total	29,510,392	27,756,346	317,169,300	19,606,154	394,042,192	235,031	369,447,648	635,758	370,318,437	764,360,629
1,087,120 1,084,819 1,801,921 1,720,516 5,694,376 - 5,472,268 2,052,574 26,427,899 63,247,734 12,597,030 104,325,237 235,031 12,375,796 - - 1,055,260 - 1,055,260 - - 5,243,058 243,628 3,126,705 5,288,608 35,029,639 - 519,598	Among Which:										
2,052,574 26,427,899 63,247,734 12,597,030 104,325,237 235,031 12,375,796 - - 1,055,260 - - - - 5 26,370,698 243,628 3,126,705 5,288,608 35,029,639 - 519,598	Cash Collaterals	1,087,120	1,084,819	1,801,921	1,720,516	5,694,376	-	5,472,268	-	5,472,268	11,166,644
1,055,260 - 1,055,260	Real-estate	2,052,574	26,427,899	63,247,734	12,597,030	104,325,237	235,031	12,375,796	505,784	13,116,611	117,441,848
. 26,370,698 243,628 3,126,705 5,288,608 35,029,639 - 519,598	Traded Shares	-	-	1,055,260		1,055,260	-	-	-	-	1,055,260
	Cars and Vehicles	26,370,698	243,628	3,126,705	5,288,608	35,029,639	-	519,598	129,974	649,572	35,679,211
- 247,937,680 -	Accepted Bank's	ı	,	247,937,680	-	247,937,680	-	351,079,986		351,079,986	599,017,666

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

Rating	Agency	Within Financial Assets At Amortized Cost	Total
		D	JD
AA	S & P	815.350	815.350
Unrated	Unrated	12.232.494	12.232.494
Total		13.047.844	13.047.844

Deferred sales receivables, other receivables and rescheduled financings:

These are accounts that have already been rated as non-operational receivables/ financings and that they are not included in the structure of non-operational receivables and financings under assets rescheduling and are rated as receivables and financings under control. They are amounted to JD 8,296 million as of December 31st, 2011 (compared to JD 12,556 million as of December 31st, 2010).

Deferred sales receivables, other receivables and restructured financings:

Restructuring means the rearrangement of receivables/financings in terms of adjusting installments, extending the life of receivables/financings, deferring some installments or extending the grace period and they are rated as receivables/financings under control. They are amounted to JD 24,805 million as of December 31st, 2011 (compared to JD 10,328 million as of December 31st, 2010 and JD 17,695 million, as as of January 1st, 2010).

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4. Concentration of Credit Expositions According to Geographical Distribution:

Geographical Area Item	Inside Jordan JD	Other Middle East Countries JD	Europe JD	USA OL	Australia JD	Total JD
Balances with Central Bank	46,391,639	,	1	1	1	46,391,639
Balances with Banks and Financial Institutions	5,004,939	1,559,322	4,382,940	9,263,786	65,785	20,276,772
Deferred Sale Receivables and Other receivables and financing						
Retail	193,064,843	1	1	1	1	193,064,843
Real-estate Financings	52,922,972	1	1	1	-	52,922,972
Corporate						
Large Companies	145,673,013	546,562,371	-	-	-	692,235,384
SME's	60,710,285	-	-	-	-	60,710,285
Within Financial Assets at Amortized Cost	1	13,047,844	1	1	1	13,047,844
Total 2011	503,767,691	561,169,537	4,382,940	9,263,786	65,785	1,078,649,739
Total 2010	452,692,052	633,471,328	16,542,313	498,865	3,460	1,103,208,018
Total/ Jan. 1st 2010	394,209,927	582,125,264	1,680,963	9,822	28,679	978,054,655

5. Concentration of Credit Exposure According to Economic Concentration:

Sector Item	Financial JD	Industrial JD	Commercial JD	Real Estate JD	Agricultural JD	Shares JD	Retail JD	Total JD
Balances with Central Bank	46,391,639	ı	1	ı	ı		1	46,391,639
Balances with Banks and Financial Institutions	20,276,772	-	-	1	ı	-	-	20,276,772
and financing Deferred Sale Receivables and Other Receivables	ı	54,371,319	681,195,068	52,922,972	15,513,871	1,865,410	193,064,843	998,933,483
Sukuk								
Within Financial Assets at Amortized Cost	1	9,285,714	815,350	2,946,781	1		-	13,047,845
Total 2011	66,668,411	63,657,033	682,010,418	55,869,753	15,513,871	1,865,410	193,064,843	1,078,649,739
Total 2010	96,888,536	59,841,497	748,563,650	43,723,343	11,199,527	7,403,805	135,587,660	1,103,208,018
Total/ Jan. 1st 2010	145,682,404	28,530,713	653,922,256	44,090,440	801,127	17,392,000	87,635,715	978,054,655



51-B. Market Risks

The Bank follows certain financial policies concerned with managing different risks within a specific strategy.

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

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

1. Rate of Return Risks

- Risks of return rate arise from the increase of long-term fixed rates in the market, since they do not immediately match with the changes in high returns index. Necessary procedures must be taken to ensure the existence of administrative procedures related to reviewing, measuring and monitoring of return rate risks in addition to reporting, controlling them and ensuring the soundness of their structure.
- The Bank is exposed to return rate risks as a result of a gap between assets and liabilities according to their various terms and re-pricing return rate and subsequent transactions in a certain period. The Bank manages these risks by determining the rates of future profits according to the expectations of market conditions and developing new instruments that comply with the Islamic rules and regulations through the Bank's risk management strategy.
- 1. Attaining the best returns available in the market based on the (Libor) indicator as a standard and a (Benchmarks) for both the investments and the portfolios managed by the Bank.
- 2. Risks resulting from these investments are taken into account, depending on the option of diversity based on countries, institutions and regions in a manner that ensures the elimination of risks' impacts resulting from those investments.
- 3. The Bank is committed to managing investments based on matching between the Bank's liabilities, represented by deposits and assets in foreign currencies represented in turn by investments in foreign currencies, where specified term deposits are invested in short term investments and the long term deposits are invested in medium or long term investments.



2. Foreign Currency Risks

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

2011 Currency	Change in Currency Exchange Rate (%)	Impact on Profits and Losses JD	Impact on Ownership Equity JD
USD	5%	242.170	-

2010 Currency	Change in Currency Exchange Rate (%)	Impact on Profits and Losses JD	Impact on Ownership Equity JD
USD	5%	238.950	-

3. Stock Price Risks

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

2011 Index	Index Change (%)	Impact on Profits and Losses JD	Impact on Ownership Equity JD
Amman Stock Exchange	5%	-	275.563

2010 Index	Index Change (%)	Impact on Profits and Losses JD	Impact on Ownership Equity JD
Amman Stock Exchange	5%	-	319.468

4. Commodities Risks

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



Concentration in Foreign Currency Risks:

(Rounded to JD Thousand)

			(houi	ided to	אווו טני	jusanu)
Dec. 31st , 2011 Assets:	USD	Euro	STG	J.Yen	Other	Total
Balances with Central Bank	9.161	85	30	-	30	9.306
Balances with Banks and Financial Institutions	10.752	946	1.074	10	5.368	18.150
Deferred Sale Receivables and other Receivables, Financings and Ijara	48.770	6.624	2.460	-	529	58.383
Financial Assets available for sale	5.034	-	-	-	-	5.034
Financial Assets Held to Maturity	3.762	-	-	-	-	3.762
Other Assets	27	2	-	-	1.826	1.855
Total Assets	77.506	7.657	3.564	10	7.753	96.490
Liabilities:						
Banks and Financial Institutions' Balances	204	206	230	-	-	640
Customers' Deposits (Current, Saving, term)	70.803	7.298	3.288	7	5.387	86.783
Cash Margins	1.636	315	33	-	-	1.984
Other Liabilities	402	5	2	-	1.831	2.240
Total Liabilities	73.045	7.824	3.553	7	7.218	91.647
Net Concentration on Current Year's Balance Sheet	4.461	(167)	11	3	535	4.843
Contingent Liabilities outside Current Year's Balance Sheet	26.412	4.272	2	127	95	30.908
Dec. 31st , 2010						
Total Assets	175.927	6.841	1.506	138	2.861	187.273
Total Liabilities	171.192	7.016	1.816	138	2.332	182.494
Net Concentration on Balance Sheet	4.735	(175)	(310)	-	529	4.779
Contingent Liabilities Off- Balance Sheet	19.019	4.043	51	184	572	23.869

51/C. Liquidity Risks

Liquidity management is a clear manifestation of the Bank's ability to meet the obligations of cash in the short and long-term and within the framework of its general strategy which aims to achieve optimal return on its investments

Liquidity are reviewed and examined by the Bank over several years. In the Bank's branches, the branch management and the Treasury Department review and examine cash obligations and available funds on a daily basis,

While on the Bank's level, in general, liquidity is examined by the Financial Control Division and Treasury on a daily basis. Liquidity, assets and liabilities are also examined and analyzed on a monthly basis..

Liquidity review includes analysis of assets maturities and liabilities in an integrated manner to ensure consistency between the two items, and it also includes analysis of sources of funds according to the nature of its sources and usages

First: the blow table details the distribution of liabilities (un-discounted) based on the remaining period for the contractual maturity on the date of the financial statements:

	Less than			6 months –		Above 3	JD (Thousand)	usand)
Dec. 315t, 2011	one month	S months	3-6 months	1 year	For 3 years	years	No maturity	Total
Liabilities								
Banks and financial institutions Accounts	30,538	1		,	1	,	1	30,538
Current accounts (customers)	321,609	,	,	1	,	1	•	321,609
Cash Margins	8,578	8,675	4,629	1,115	1,632		•	24,629
Other Provisions		1	1	1	,	1,485		1,485
Income tax provision	1,165	3,500	1	1	1	1		4,665
Other liabilities	10,300	1,885	3,290	1	1	1		15,475
Investment Risk Fund		898	1	1	1	1	3,572	4,440
Unrestricted investment accounts	82,852	144,903	203,777	202,975	1	1	•	634,507
Total	455,042	159,831	211,696	204,090	1,632	1,485	3,572	1,037,348
Total Assets (As Expected Maturities)	145,542	505,600	89,732	60,047	194,559	114,942	17,061	1,127,483
Dec. 31st, 2010								
Liabilities								
Banks and financial institutions Accounts	173,134	1	1	1	,	1	1	173,134
Current accounts (customers)	220,501	1	1	1		1		220,501
Cash Margins	16,188	552	1,218	891	2,582	1		21,431
Other Provisions	1	1	1	1	1	1,234	•	1,234
Income tax provision	1	2,279	1	1	1	1	•	2,279
Other liabilities	9,035	-	1,966	-	1	16		11,017
Investment Risk Fund	-	-	-	-	1	-	1,765	1,765
Unrestricted investment accounts	52,618	173,807	275,929	75,038	-	-	•	577,392
Total	471,476	176,638	279,113	75,929	2,582	1,250	1,765	1,008,753
Total Assets (As Expected Maturities)	706,792	150,851	63,676	44,903	38,729	75,326	15,886	1,096,163



Second: Off-Balance Sheet Items

	2011 JD	2010 JD	Jan. 1 st , 2010 JD
Letters of credit and Acceptances	30.399.095	23.501.799	27.818.434
Unutilized Financing Limits	67.844.101	52.679.399	64.064.536
Guarantees	16.990.150	14.355.267	11.637.213
Total	115.233.346	90.536.465	103.520.183

52. Information on the Bank's Business Sectors

A. Information on the Bank's Activities

The Bank is structured for administrative purposes, where the sectors are measured according to the reports used by the CEO and chief decision maker in the Bank through four major business sectors.

Retail Accounts:

This sector includes follow-up of unrestricted investment accounts, deferred sale receivables, financings, credit cards and other services.

Corporate Accounts:

This sector includes follow-up of unrestricted investment accounts, deferred sales receivables, financings, and other banking services related to corporate customers.

Treasury:

This sector includes providing services of trading, treasury and management of the Bank's funds.

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- Information on the Bank's segments according to activities (amounts in JD one thousand) is shown as followed:

					To Dec.	Total Dec. 31st
	Retail JD	Corporates JD	Treasury JD	Other JD	2011 JD	2010 JD
Total Revenues	10,878	17,781	5,313	458	34,430	25,600
Provision of Impairment Debited Receivables Granted to Customers	1	(4,017)	ı	ı	(4,017)	(2,046)
Results of Sector Operations	10,878	13,764	5,313	458	30,413	23,554
Undistributed Expenses	(4,159)	(8,558)	(2,225)	(269)	(15,211)	(13,541)
Profit before Tax	6,719	5,206	3,088	189	15,202	10,013
Income Tax	(2,016)	(1,561)	(926)	(58)	(4,561)	(3,004)
Years' Profit	4,703	3,645	2,162	131	10,641	600'2
Sectors' Assets	193,087	264,438	642,272	1	1,099,797	1,076,161
Undistributed Assets on Sectors	1	1	ı	27,685	27,685	20,002
Total Assets	193,087	264,438	642,272	27,685	1,127,482	1,096,163
Sectors' Liabilities	735,339	253,212	30,528	ı	1,019,079	994,223
Undistributed Liabilities on Sectors	1	1	ı	18,268	18,268	14,530
Total Liabilities	735,339	253,212	30,528	18,268	1,037,347	1,008,753
					Dec.	Dec. 31st
					2011 OL	2010 JD
Capital Expenses	ı	1	ı	2,763	2,763	2,492
Depreciations and Amortizations	,	1	ı	1,753	1,753	1,604
					•	



B. Information on Geographical Distribution

This note represents the geographical distribution for the Bank's businesses. The Bank performs its operations mainly in Jordan that represent the local businesses.

Distribution of the Bank's revenues, assets and capital expenses according to geographical sector based on the methodology by which they are measured as per the reports used by the CEO and the key decision maker of the Bank, is detailed as follows:

(Rounded to JD Thousand)

	Inside	Jordan	Outside	Jordan	То	tal
	2011	2010	2011	2010	2011	2010
Total revenues	19.905	16.263	14.525	9.338	34.430	25.600
Total Assets	561.282	450.155	566.200	646.007	1.127.482	1.096.162
Capital Expenses	2.763	2.492	-	-	2.763	2.492

53. Capital Management

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

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

The main reasons for the change in the corporate capital during the year is the non-distribution of the profit realized in the year which was capitalized in the shareholders' equity through statutory, voluntary, and special provisions.

The amount deemed by the Bank as capital along with capital adequacy ratio are detailed as follows:

(Rounded to JD Thousand)

	(11 11 11 11 11 11 11 11 11 11 11 11 11				
	Dec	:. 31 st	Jan. 1st		
	2011 JD	2010 JD	2010 JD		
Basic Capital's Items	85.920	82.997	74.889		
Paid up Capital	100.000	100.000	100.000		
Statutory Reserve	9.614	8.091	7.077		
Voluntary Reserve	5.537	5.537	3.509		
Retained Earnings	(27.860)	(29.002)	(33.917)		
Less: Intangible Assets	(1.371)	(1.629)	(1.780)		
Additional Capital					
Fair Value Reserve	61	68	200		
General Banking Risks Reserve	882	882	3.067		
Total Regulatory Capital	86.863	83.947	78.156		
Total risk weighted Assets	380.349	340.376	478.194		
Capital Adequacy Ratio (%)	22,84%	24,66%	16,34%		
Basic Capital Ratio (%)	22,6%	24,38%	15,66%		



54. Assets and Liabilities Maturity Analysis:

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

(Rounded to JD Thousand)

	(Juliaca to Ji	o illo aballa,
December 31st, 2011	Up to One Year JD	More than One Year JD	Total JD
Assets:			
Cash and balances with Central Bank	56.884	-	56.884
Balances with Banks and Financial Institutions	20.277	-	20.277
Deferred Sale Receivables and Other Receivables – Net	685.347	94.609	779.956
Deferred Sale Receivables within income statement	6.513	-	6.513
Financings – Net	-	3.875	3.875
Financial Assets at Fair Value through Shareholders' Equities	5.511	-	5.511
Financial Assets Held to Maturity (Net)	-	-	-
Financial Assets at Amortized Cost	-	13.048	13.048
Ijara Assets – Net	15.248	175.363	190.611
Real Estate Investments	-	22.604	22.604
Qurd Hasan	519	-	519
Fixed Assets – Net	-	13.866	13.866
Intangible Assets	-	1.371	1.371
Deferred Tax Assets	-	1.826	1.826
Other Assets	10.622	-	10.622
Total Assets	800.921	326.562	1.127.483
Liabilities and Unrestricted Investment Accounts' Equity:			
Banks and Financial Institutions' Accounts	30.538	-	30.538
Customers' Current and Demand Accounts	321.609	-	321.609
Cash Margins	22.997	1.632	24.629
Other Provisions	-	1.485	1.485
Income Tax Provision	4.665	-	4.665
Other Liabilities	15.475	-	15.475
Unrestricted Investment Accounts	634.507	-	634.507
Investment Risks Fund	-	3.572	3.572
Provision for Income tax of Investment Risk Fund	868	-	868
Total Liabilities and Unrestricted Investment Accounts' and Shareholders' Equity	1.030.659	6.689	1.037.348
Net	(229.738)	319.873	90.135

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(Rounded to JD Thousand)

December 31st, 2010	Up to One Year JD	More than One Year JD	Total JD
Assets:		'	
Cash and balances with Central Bank	58.257	-	58.257
Balances with Banks and Financial Institutions	46.105	-	46.105
Deferred Sale Receivables and Other Receivables – Net	755.325	55.475	810.800
Deferred Sale Receivables within income statement	6.513	-	6.513
Financings – Net	-	7.449	7.449
Financial Assets Available for Sale	5.493	856	6.349
Financial Assets Held to Maturity (Net)	-	3.567	3.567
Ijara Assets – Net	9.608	110.498	120.106
Real Estate Investments	-	16.534	16.534
Qard Hasan	479	-	479
Fixed Assets – Net	-	12.507	12.507
Intangible Assets	-	1.629	1.629
Deferred Tax Assets	-	1.751	1.751
Other Assets	-	4.116	4.116
Total Assets	881.780	214.382	1.096.162
Liabilities and Unrestricted Investment Accounts' Equity:			
Banks and Financial Institutions' Accounts	173.134	-	173.134
Customers' Current and Demand Accounts	220.501	-	220.501
Cash Margins	18.849	2.582	21.431
Other Provisions	-	1.234	1.234
Income Tax Provision	2.279	-	2.279
Other Liabilities	11.001	16	11.017
Unrestricted Investment Accounts	577.392	-	577.392
Investment Risks Fund	-	1.173	1.173
Provision for Income tax of Investment Risk Fund	592	-	592
Total Liabilities and Unrestricted Investment Accounts' and Shareholders' Equity	1.003.748	5.005	1.008.753
Net	(121.968)	209.377	87.409

55. Fair Value Levels

The following table includes the financial instruments recorded in fair value based on the method of evaluation, which is defined at different tiers as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Information other than quoted price in level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (i.e. derived from the prices);

Level 3: Information on the asset or liability is not based on those observed from the market (non- observable information).

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December 31st, 2011	Level 1 JD	Level 2 JD	Level 3 JD	Total JD
Financial Instruments Assets:				
Financial Assets at Fair Value through Shareholders' Equities	5.511.261	-	-	5.511.261
Financial Assets at Amortized Cost	-	13.047.844	-	13.047.844
Deferred Sale Receivables within income statement	6.513.267	-	-	6.513.267
Total	12.024.528	13.047.844	-	25.072.372

56. Contingent Commitments (Off Balance Sheet)

- Credit commitments:

	Dec	Jan. 1st		
	2011 JD	2010 JD	2010 JD	
L/C's	22.726.064	17.064.092	23.200.012	
Acceptances	7.673.031	6.437.707	4.618.422	
Guarantees;				
Payment	8.233.620	7.464.188	5.227.932	
Guarantees;	3.743.135	2.557.520	2.674.974	
Other	5.013.395	4.333.559	3.734.307	
Unutilized Financing Limits	67.844.101	52.679.399	64.064.536	
Total	115.233.346	90.536.465	103.520.183	

57. Impact of implementing the Islamic Financial Accounting Standard No. (25) The Bank retroactively implemented the Islamic Financial Accounting Standard No. (25) effective January 1st, 2011(date of commencement of implementation). This resulted in the following:

A. Reclassification of financial assets of equity and debt instruments to be as follows:

	Measurement Category		Book Value		
	Ex- IFAS JD	IFAS 25 JD	Ex- IFAS JD	IFAS 25 JD	Difference JD
equity instruments	Financial Assets Available for Sale	Financial assets at fair value through shareholders' equities	6.349.167	5.533.817	(815.350)
equity instruments	Financial Assets Held to Maturity	Financial assets at amortised cost	3.567.156	4.382.506	815.350
Debt instruments	Deffered slaes receivables	Sales receivables through income statemnt	43.421.780	6.513.267	36.908.513
Shareholders' Equities	Accumulated change in fair value	Fair value reserve	179.770	151.638	(28.132)



- B. The implementation of the Islamic Financial Accounting Standard No. (25) has not led to any amendments to the items of the income statement as of the year ended on December 31st, 2011 and also did not lead to any amendment to the per share (basic and diluted) of the profit for the same year.
- C. As for the investments in shares of companies which are previously classified to be in financial assets available for sale evaluated at fair value, the Bank's management, according to its business model, classified that part which it is considered as strategic investments and not for purposes of trading within the financial assets at fair value through the shareholders' equities list. Thus, a total amount of JD 151.638 was reclassified through the accumulated change in the fair value of the fair value reserve account in shareholders' equity as of January 1st, 2011.
- D. As a result of the implementation of the Islamic Financial Accounting Standard No. (25), financial assets available for sale were reclassified to be financial assets at amortized cost. This was reflected on the amount of JD 28.132, which represents accumulative change in fair value of these investments less the deferred tax liabilities to the cost of financial assets. Thus, it will retroactively appear in the amortized cost as of December 31st, 2010 as per the requirements of the above mentioned standard.
- E. As a result of the implementation of the Islamic Financial Accounting Standard No. (25), deferred sales receivables were reclassified to be sales receivables through the income statement. This was reflected on the amount of JD 36,908,513 which represents the difference in the fair value of the retained earnings (accumulated losses) to be reclassified as of December 31st, 2009 since it belongs to years before 2010. Thus, comparative figures were retroactively modified in accordance with the requirements of the above mentioned standard.

58. Lawsuits against the Bank

There are lawsuits filed against the Bank in the amount of JD 236.066 as of December 31st, 2011. According to the Legal Advisor, no amounts will be incurred on the Bank against these lawsuits (compared to JD 170.290 as of December 31st, 2010).



The agenda of the fifteenth ordinary annual meeting of the general assembly of the Islamic International Arab Bank
17 Jumada Al Ula 1433
Corresponding to 9 April 2012

- 1- Recite of the previous session's facts of the fourteenth general assembly.
- 2- Discuss the board of directors' report for the fiscal year 2011 and the action plan of the coming year and approve the same.
- 3- Hear the auditor's report for the fiscal year 2011.
- 4- Discuss the accounts and balance sheet of the bank for the fiscal year 2011 and approve the same.
- 5- Approve the allocation of the realized profits for 2011 by the general assembly.
- 6- Acquittal of board of directors' members for 2011.
- 7- Elect the bank's auditor for 2012 and determine the fee thereof.
- 8- Any other issues the general assembly propose in embed in the agenda beyond the scope of the general assembly's ordinary meeting provided that such embodiment is approved by shareholders representing no less than 10% of the shares present in the meeting.

