

Capitalbank
كابيتال بنك

Partner with us

Annual Report '09



His Majesty King Abdullah II Bin Al Hussin

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Boards of Directors Year 2008

Chairman

Dr. Ziad Fariz

Vice Chairman

Dr. Fayez Soheimat

Member

Mr. Hasan Kubba

Mr. Mazen Darwazah

Mr. Kim Abu Jaber

Mr. Abdel Raouf Al-Bitar

**Representative of Investment &
Integrated Industries Company**

Mr. Eliyah Nuqul

**Representative of Social
Security Corporation**

Mr. Haitham Al-Majali

**Representative of Al-Jadara for Real
Estate Investment**

Mr. Mohammed Safouri

**Representative of Hotaf
Investment Company**

Mr. Bassam Kanaan

Alkhaleel Company for Investments

Mr. Fawzi Jumean

**Representative of International
Finance Corporation (IFC)**

Mr. Roy Athanas Karaoglan

Boards of Directors Year 2009

Chairman

Mr. Samih Darwazah

Vice Chairman

Mr. Khaleefa Butti Omair

Member

Mr. Kim Abu Jaber

Al-Sheikh Nehayan Al- Nehayan

Mr. Samir Murad

**Representative of the Social Security
Corporation**

Mr. Ayman Abu - Dhaim

**Representative of Investment and
Integrated Industries Company**

Mr. Nidal Eses

**Representative of Al-Jadara Company for
Real Estate Investment**

Mr. Mohammed Al-Seif

**Representative of Hotaf Investment
Company**

Mr. "Mohammed Ali" AL-Husry

**Representative of Al-Khalil Company for
Investments**

Mr. Khalil Al Salem



Mission

We are an integrated financial institution committed to offering first-class solutions to our clients, adding value to our stakeholders and contributing to the development of the economy.

Vision

To be the preferred partner for financial solutions in our markets, and the source of pride & admiration for all our stakeholders.

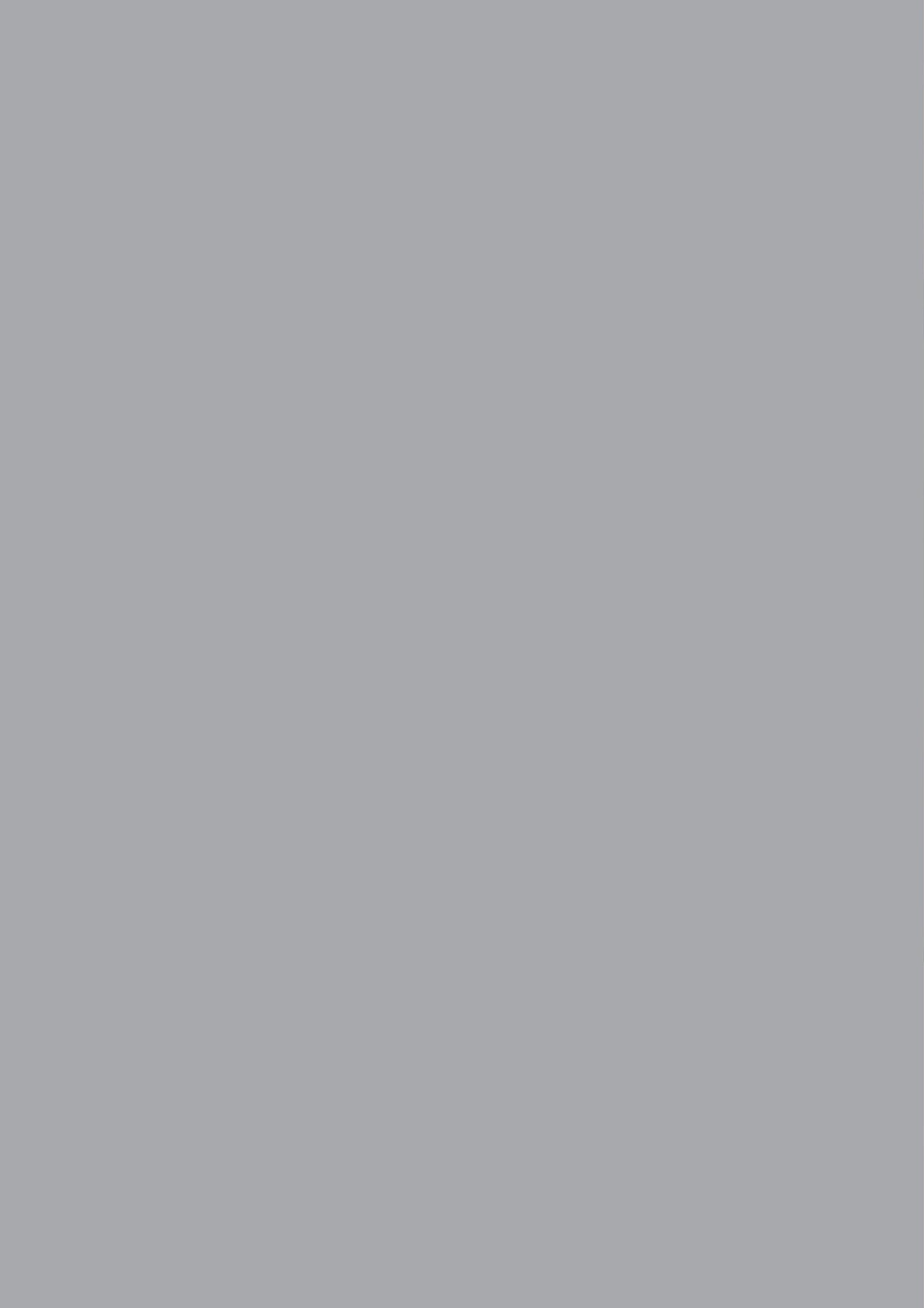
Strategy

The basic strategy of Capital Bank, is to link trade and project finance with capital markets, thus providing a full service approach to the Bank's client base.

Capital Bank's sustainable competitive advantage lies in the provision of a comprehensive range of banking and financial services to exporters including trade finance, corporate and project finance, asset management and various other investment banking related services.

Capital Bank focuses all its activities on the Jordanian and the Palestinian markets, When the bank becomes well entrenched locally, it will seek business opportunities in the neighboring Arab countries, in alliances with other investment banks in the region. The knowledge and expertise acquired in Jordan in the fields of trade and project finance, portfolio and unit trust management and investment banking services will be much sought after in the years ahead in Syria, Iraq, and the Palestinian territories.

Capital Bank seeks to distinguish itself through its quality advice along with its in-depth knowledge of the Jordanian economy, its debt and equity markets and major industries and corporation in the Kingdom. This will be achieved through the establishment of a fully-fledged research unit that will help position CAPITAL BANK as the bank with the special knowledge of the Jordanian economy and market place.



Message from the Chairman



Dear Shareholders,

On behalf of the Board of Directors of Capital Bank, I have the pleasure of presenting to you the Fourteenth Annual Report on the operations, activities and achievements of the Capital Bank for the year 2009.

The bank has just completed its fourteenth year, undoubtedly its most difficult year yet. In 2009, two boards of directors were constituted in addition to a Management Committee, which was temporarily created in accordance with a decree of the Central Bank of Jordan. The decision of the Central Bank to dissolve the former Board was due to practices, which the Central Bank of Jordan deemed inconsistent with institutional corporate governance directives and policies. The Management Committee assumed complete oversight of the Bank under the chairmanship of His Excellency Sharif Faris Sharaf and the membership of Ziad Ghanma from the Central Bank of Jordan and Haitham Kamhiyah, General Manager of the Capital Bank. The Committee concluded its mission in one and a half months and elected the current Board of Directors, which was formed in record time reflecting the confidence of the Central Bank of Jordan in the management of Capital Bank, the fidelity of its financial statements and the sturdiness of its financial position.

The new Board of Directors, comprised of a select group of Jordanian business and economic leaders, which I am honored to chair, has worked diligently to strengthen the underpinnings of the Bank. Ever since we assumed as a Board the leadership of the Bank, we delineated, in partnership with Executive Management, a Bank strategy for the coming three years that best serves the interests of shareholders and customers in both the short and long terms.

In dealing with the harsh economic realities of 2009, which culminated from the Global Financial Crisis and the circumstances of the Bank, we adopted a prudent policy regarding accounts that had difficulty in fulfilling their obligations by designating adequate provisions for non-performing loans, which totaled JD 19.2 million. This was executed in spite of the extenuating instructions that were issued by the Central Bank of Jordan regarding non-performing loans, which enabled rescheduling. Our policy of adhering to the previous instructions was to ensure that the following year will witness growth in assets, operations and reduction in allocations, which will reflect positively on the Bank results and share holders' returns. As a consequent of deducting these allocations, the net after-tax profit in 2009 was adversely affected as it amounted to JD1.3 million, compared to JD15.25 million in 2008.

Notwithstanding, the Bank continued to consolidate its position as a leading and robust banking institution in the Jordanian banking sector. The financial statements showed that the Bank's assets increased by 9.3% to reach JD 1.1 billion, Net Credit Facilities decreased by 3.9% to JD570 million, Total Deposits increased by 28.2% to JD 680 million; due to the increased trust earned by Capital Bank over the past fourteen years.

Despite fluctuations in interest and exchange rates and the collapse in many financial markets globally, the Bank was able to achieve a 9% growth in net revenues from interest and commissions which increased to JD 41.5 million. Consequently, this reflected positively on the gross income of the Bank, which grew by 7% to reach JD 45.2 million in 2009.

Within the framework of our response to the consequences of the global financial crisis and its repercussions, which we believe are coming to end, and despite the fact that the Bank repaid a syndicated loan of USD 60 million that was acquired three years ago, we maintained a high level of liquidity. Liquidity rates were 135% in terms of all currencies and 151% in Jordanian Dinar, compared to 100% and 70%, respectively, the minimum required liquidity according to the instructions of the Central Bank of Jordan. Consequently, the financial position of the Bank in 2010 will be strengthened considerably, which will also enable expansion as the Global Financial Crisis subsides.



Due to the strength and sturdiness of the capital of the Bank and the quality and grade of its assets, the Bank maintained a capital adequacy ratio of 21.81% compared with 12% and 8% as a minimum in accordance with the requirements of Central Bank of Jordan and the decisions of the Basel II Committee, respectively. The percentages achieved by the Bank in this regard are among the best in the Jordanian banking sector. Furthermore, Capital Intelligence, the international rating agency, again gave Capital Bank in its report of January 2010 a (BBB) rank; thus, placing Capital Bank among the highest rated banks in Jordan.

In line with the strategy of expanding the branch network, the Bank opened, during 2009, four new branches in vital locations in the Kingdom. Work is in progress to establish five other branches to be added to the branch network of the Bank in Dahiat Al-Yasmeen, Marj Al Hamam, Gardens Street, Al-Zarqa Al-Jadeedah and Al-Hurriyah Street. Furthermore, sites are currently being reviewed for two additional branches to bring the total number of branches of Capital Bank to 20 by the end of 2010. Moreover, the ATM network, located in the branches of the bank, large shopping centers and vital locations will number 45 ATM machines by the end of 2010. The ATM machines are also linked with JONET, which will further enhance the presence of the Bank in the Jordanian banking sector and bolster its image as a provider of the best banking services to all of its clients.

The strategy of the Bank for the three coming years was approved by the Board of Directors. It incorporated a planned growth, with synchronization between profitability and risk, in all of the Bank's sectors. The strategy also includes planned expansion in the area of financing small and medium enterprises, a sector that is less susceptible than other sectors to the impact of the Financial Crisis. In addition, the bank's strategy included deliberate plans to improve the operations of Bank affiliates, namely the Capital Investments and Brokerage Company and the National Bank of Iraq. Regarding the latter, with the beginning of the stabilization of Iraq, the country will witness sizable economic growth; we will strive to take advantage of the great opportunities that will arise there, whether related to the development of the state or in projects in the oil sector, the second largest in the world in terms of oil reserves.

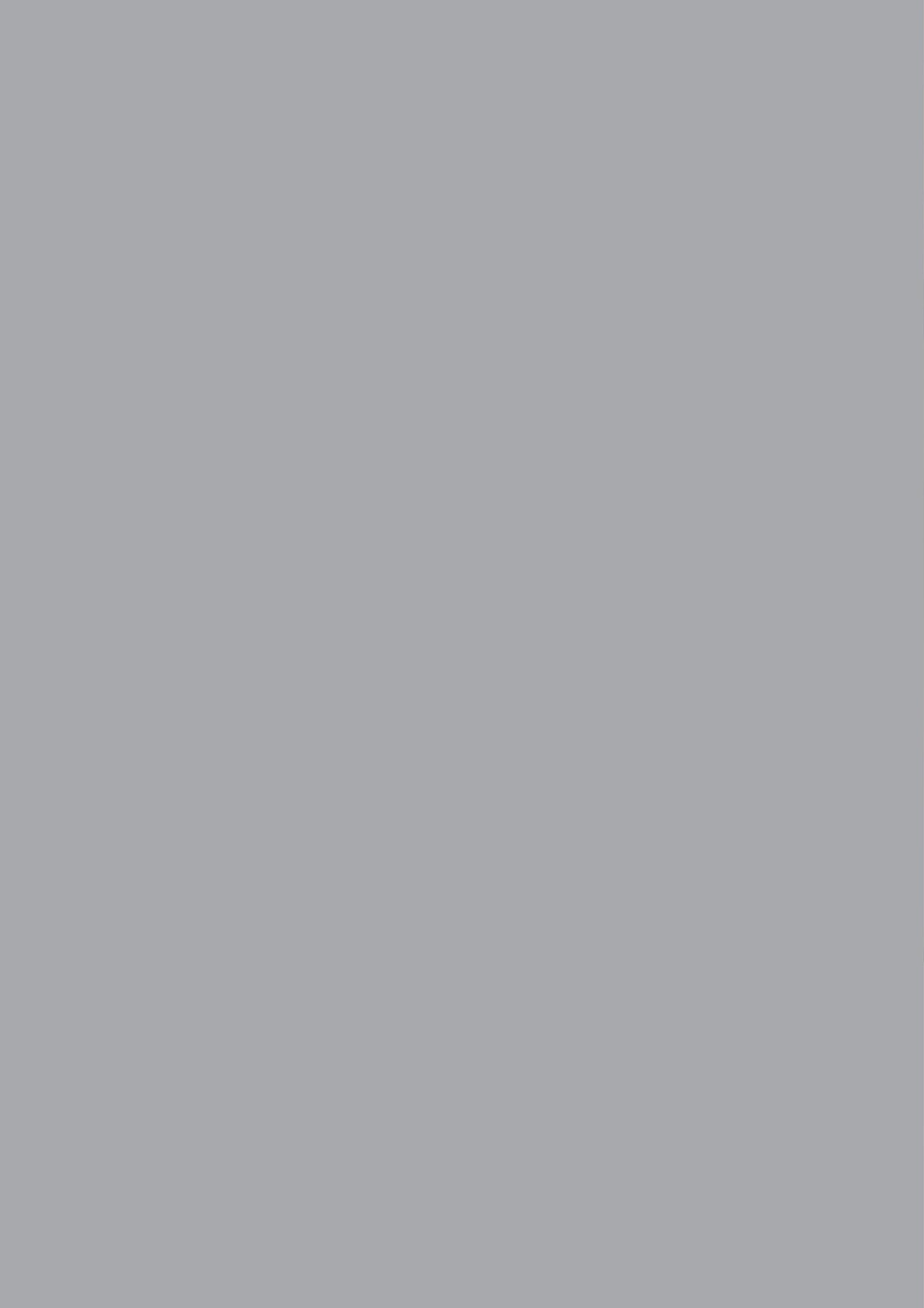
We believe that the second half of 2010 will witness the beginning of cessation of end of the Financial Crisis. And as far as the Capital Bank is concerned, the year 2010 will be a year of recovery for debts that faced problems in terms of availability of liquidity and financial solvency and the beginning of progress and growth in the Jordanian economy.

The adverse circumstances of the recent past have demonstrated that our sound long-term policy, adopted since the inception of the Bank, and the strengthening of the Bank's capital have enabled us to overcome this and other crises, without affecting the bank's solvency or financial position. This was clearly evidenced in the Bank's ability to maintain a capital adequacy ratio that is one of the best in the banking sector in Jordan, and retain excellent levels of liquidity. Capital Bank, therefore, is prepared for expansion and progress in the coming era.

In view of the above, the Board of Directors recommends to the General Assembly that 13.4%, equivalent to JD 17.72 million, of the capital of the Bank in bonus shares are distributed to shareholders, which will increase the capital of the Bank to JD 150 million.

In conclusion, and on behalf of the Board of Directors, I would like to extend my deep gratitude and appreciation to the Central Bank of Jordan for the sound guidance and continuous support it offers to the banking sector in Jordan. I would like to thank also all clients, investors and shareholders of the Bank for their loyalty and faith in Capital Bank. Moreover, I would like to express my appreciation to the executives and employees of the Bank for their efforts and dedication.

Samih Darwazeh
Chairman of the Board





The Board of Directors of Capital Bank is pleased to present the Fourteenth Annual Report on the financial records, achievements, activities and services of the Bank during 2009.

Consistent with the vision of Capital Bank, it continued its progress in 2009 as one of the pillars of the banking sector in Jordan. The vision of Capital Bank is to become the first choice and the preferred bank in Jordan for best financing banking solutions and ensure the complete satisfaction of customers. This is to be achieved by addressing client needs beyond expectations and aspirations, and by providing a comprehensive package of banking products and solutions to our clients, regardless of the sector of the client or his/her size of operations.

In order to deal with the consequences and impact of the Global Financial Crisis on the Jordanian economy in general and on the Bank in particular; in addition to the need to deal wisely and objectively with the ramifications of the dissolution of the former Board, the new Board of Directors, jointly with the Executive Management of the Bank, formulated the Bank's strategy for the next three years to better serve the interests of shareholders and clients.

Among the keystones of the strategy was to follow a prudent policy in dealing with the accounts that were facing problems in meeting their obligations by deducting adequate provisions. Furthermore, allocations were deducted from the credit portfolio of the National Bank of Iraq (one of our subsidiaries). These allocations were JD 19.2 million, which together with acceptable collateral cover 100% of the debt of the National Bank of Iraq. Thus, no existing or other potential problems in the portfolio of credit facilities were carried over to the next year; this is due to our belief and resolve that the Bank will witness profit recovery and growth in operations in the coming year. However, as a result of this deduction of allocations, the net profit after tax in 2009, which amounted to JD 1.3 million, was negatively affected; compared to JD 15.25 million in 2008.

The Revenue Statements of the Bank indicate a growth in net income from interest and commissions of 9% to reach JD 41.5 million. Furthermore, total revenues grew by 7% to reach JD 45.2 million in 2009, indicating that the Bank's sound operations and practices reflect positively on the future outlook of the Bank.

The year 2009 proved beyond doubt that Capital Bank has a definite and valued basis of shareholders, depositors and borrowers. This was reflected in their support and trust in the Bank, given the circumstances experienced by the bank, as total clients' deposits rose by 28.2% to reach to JD 680 million.

The Bank, by the end of 2009, repaid a syndicated loan of USD 60 million, which was obtained three years ago. Notwithstanding, the Bank was able to maintain an outstanding level of liquidity which reached 135% in terms of all currencies and 151% in terms of the Jordanian dinar compared with 100% and 70%, respectively, the minimum of liquidity ratios required by the Central Bank of Jordan. Such levels of liquidity will enable the Bank to strengthen its financial position and provide it with the capacity to expand during 2010, as the Global Financial Crisis folds.

The decrees and decisions of the previous Board and the shareholders to augment the capital of the Bank arose from the staunch belief that a strong capital increases the financial solvency of the Bank and its ability to respond to crises and market repercussions. As shown by our Financial Statements, the capital adequacy ratio rose to 21.81%, compared to a minimum capital adequacy ratio, required by the Central Bank of Jordan and the decisions of the Basel II Committee, which was 12% and later became 8%. Such an achievement was due to the



strength and robustness of the capital of the Bank and the quality of its assets. The percentages achieved by the Bank in this regard are among the best in the Jordanian banking sector. Furthermore, Capital Intelligence, the international rating agency, again gave Capital Bank in its report of January 2010 a (BBB) rank; thus, placing Capital Bank among the highest rated banks in Jordan and increased the confidence of its correspondent banks.

Corporate Services

The Bank asserted its high standing in the local market by attracting a number of major companies in addition to improving and developing relations with existing clients based on the ability of the Bank to provide comprehensive services through advanced instruments, distinguished expertise, and high efficiency and quality. These efforts led to expanding the client base of the Corporate Services Department and growing the size of the facilities provided for this important economic segment. The Corporate Services Department proved its competency throughout the past years in addressing the needs of corporations in terms of direct and indirect facilities.

The Corporate Services Department ensured that prudence is enhanced in the conduct of financial operations. This was accomplished while commensurately taking into consideration the needs of clients consequent to the fluctuation in prices in 2008; and the challenges of 2009, which witnessed downturns in most sectors; in addition to close monitoring of the quality of the credit portfolio of the Bank. Hence, the decision was to deal with the problem with honesty and objectivity and without deferring the problems into the next or following years.

Based thereon, the Corporate Services Department foresees that, even though 2010 will bear some of the consequences of the Financial Crisis, opportunities remain and our policy will be based on diversifying and closely monitoring our credit portfolio. The recovery of a good portion of loans will reflect positively on the results of the Corporate Services Department especially and the Bank in general.

Small and Medium Enterprises (SMEs)

The SMEs sector is still nascent in terms of dealings with the Bank; notwithstanding, the management of the Bank is fully cognizant of the importance of this sector. Hence, the SME Department has been supplemented with skilled and SME experienced employees. Additionally, a policy of sustaining significant growth in providing financing for this sector has been prepared; and several products, which address the needs of a large segment of operators in the sector, have been innovated.

Personal Banking Services

The Personal Banking Services Department continued its outstanding distinguished performance in all areas in 2009:



Branch Management

- Competitive Programs for personal loans were presented.
- Competitively priced U.S. dollar Certificates of Deposit were issued in the domestic market.
- Four new branches (Dabouq, Al- Bayader, Duty Free Zoons and Majdi Mall) were launched and commenced operations in 2009.
- New branches will be launched in 2010 in various regions (Dhahiyat Al-Yasmeen, Marj Al Hamam, Al-Zarqa Al-Jadeedah, Al-Hurriyah Street, and Gardens Street); in addition, suitable locations are being sought for two other branches.

Sale and Marketing Unit

- The new website of the Bank has been launched.
- The name and products of the Bank have been promoted through various media channels, which led to strengthening and supporting the name and message of the Bank to all current and targeted clients.
- A number of conferences (such as the First Investment Conference in the Dead Sea, and Empretric/SMEs program) have been sponsored to highlight the role of the Bank in promoting economic growth.

Electronic Channels

- The number of external locations has been increased: ATM machines have been installed in many vital locations, and the overall appearance of the existing ATM machines has been unified.
- A study regarding the purchase of new ATM machines and the required strategic locations has been completed.
- Internet Banking and SMS Banking have been modernized.

Personal Loans

- The bank has developed a new personal loans product and released it under the name, Capital Personal Loans. The new product includes facilities for the following segments: salary deduction transfer, day workers, UN staff, high ranking managers, and lease financing.
- We commenced the launch of new products for housing and car loans and credit cards during the first quarter of 2010.

Follow-up and Collection Unit

- In order to facilitate clients' completion procedures at the Bank, a field collection service was added by appointing staff that are dedicated to field collection. They have wide experience and relations with governmental departments and bodies. Their activities have contributed toward increasing the efficiency and effectiveness of collection efforts.



Our future plans in personal banking services area focus on:

- Being singular in developing various competitive programs to address the needs of all target segments (saving account programs, children's accounts, society ladies' accounts, flexible deposit certificates, house loans, car loans, credit cards and others). The purpose is to increase the client base so that the Bank becomes their most preferred bank and their first choice.
- Branching in strategic locations, and distributing Off-Sight ATMs in various locations to ensure access to targeted segments at their locations. This is to enhance the branch and ATM network, and buttress the competitive position of the Bank in the local market and increase our market share.
- Implementing training programs for all staff at the branches, Sales Team and the Personal Banking Services Group to better promote the service and sale culture.
- Establishing a special branch for VIPs.
- Developing new electronic services.
- Enhancing those activities of the Bank that are related to Savings Accounts by developing a new integrated strategy for savings' accounts.
- Expanding the base of the targeted salaries segment.

Treasury and Investment Department

The Treasury and Investment Department continued its distinguished performance during 2009, especially in managing and administering the assets and investments of the Bank, taking into consideration investment terms, and country and currency risks. The Department has shown noted competence in managing Bank liquidity to meet its commitments and fulfill the needs of its clients in the various sectors.

The Treasury and Investment Department worked on creating local, regional and international investment opportunities within the investment policy approved by the Central Bank of Jordan and a wise management of liquidity while, simultaneously, achieving the highest possible returns on investment.

The Treasury and Investment Department offers varied services to the clients of the Bank whether in the local or international markets with high efficiency. The services include:

- Providing foreign currency exchange rate in JD and USD in both spot and forward markets for different periods and at competitive prices.
- Trading for the Bank and its clients in money and capital markets including treasury notes, treasury bills, private and governmental commercial papers.
- Dealing in spot and forward markets and exchange operations in currencies and interest rates.
- Providing advice, consultation and solutions to clients leverage against fluctuations in interest and currency exchange rates.
- Issuing certificates of deposits in various currencies, whether in JD or foreign currencies for different periods at competitive prices.

In the area of external investments and relations with correspondent banks, and the repercussions of the financial crisis at the end of 2008 and during 2009, the Treasury Department remained current regarding world events while maintaining prudence in dealing with banks and institutions that may be affected by the crisis. It



adopted strict bases for the limits granted to banks for the coming years as per the instructions of the Central Bank and the investment policy of the Bank. Consequently, the portfolio of the Bank is clear of any problematic bank accounts and the investment portfolio has no investment in any institution that was exposed to setback due to the financial crisis.

The Treasury Department, by the end of 2009, successfully repaid the US\$60 million banking consortium loan, which proves in turn the robustness of the financial position of the Bank and astuteness of its management, and the ability of the Treasury Department to manage liquidity within the stipulations of the Central Bank and the approved investment strategy of the Bank.

The Financial Institutions Department facilitated for new relations with reputable banks in order to meet clients' needs all parts of the world, which contributed to increasing, regardless of type and size, the commercial operations of the Bank and its clients.

Capital Investments

The new vision of Capital Investment, with a capital of JD10 million and fully owned by Capital Bank, is to be the company of choice and leader in exchange investment in Jordan; and, in terms of reputation, one of the top investment companies in the Middle East. The Company operations and activities are primarily focused in:

Financial Brokerage in Local, Regional and International Markets:

The Company aims to consolidate brokerage services so the client can deal with a comprehensive brokerage office that offers its services in all local, regional and international markets (Global Trading Platform). The Company aspires to be among the five largest brokerage firms in the domestic market in terms of trading volume. Note that, in 2009, the Company achieved the eighth place among the 68 brokerage firms operating in the domestic market compared with tenth place in 2008. Even though the trading volume in the Amman Financial Market decreased by 52% in 2009 from its level in 2007, the trading volume of the Company reached JD 581 million, 3% of market trading.

The Company introduced a program for continuous learning in order to develop the skills and experience of its intermediaries, and raise the level of their knowledge. This activity was done to improve the quality of the service provided to the public; and enable intermediaries to act as advisers to clients; and guide the latter, through the provision of information and data needed to make trading decisions, in making the most appropriate buying and selling decisions.

The company also aims to establish an Institutional Trading Desk in order to capture foreign investment funds interested in trading in the Amman Bourse. In addition, the International Trading Desk will start trading in government securities and locally listed companies as well as those listed in the neighboring regional markets.

The Company also aims to improve the quality of the facilities provided to its clients and to rely more on trading commissions rather than relying on income earned from cash and margin transactions. Thus, the facility service and the interest earned from such services will be a new addition that supports the primary brokerage activities



of the Company while targeting trading on the margin accounts instead of the cash transaction accounts. Moreover, the Company aims to revitalize trading through the provision of certain incentives to traders.

The Company formulated the terms of reference for ITC companies to provide proposals related to offering trading through the Internet by the Company. The technical and financial offers have been evaluated to select the best offer for providing the service, which is expected to be launched in the second half of 2010.

On the other hand, the Company activated an electronic inquiry service on its Web site for clients who desire to review their portfolios. Clients are, thus, able to review the contents and details pertaining to their investment portfolios in addition to the sale and purchase transactions at any time, which will afford clients the opportunity to manage their portfolios with significant ease.

The Regional Brokerage Department continues to occupy a leading position in terms of trading volume among the domestic brokerage firms that are active in local and regional markets. The Department has a team that is specialized in dealing in these markets by maintaining close follow-up on corporate news, and providing financial and technical analysis of market movements in general and the status of listed companies in particular.

The International Brokerage Department has been able to surpass its target levels in terms of trading volume in the balance sheet of 2009. It benefited from the sharp fluctuations witnessed by the American and European markets during 2009. The International Brokerage team has extensive experience in reading and analyzing the movements of international markets, which entails specific knowledge of the various types of investment instruments such as financial derivatives and traded investment funds. The Department also aims to expand its activities to include the Asian markets in order to attract new clients.

Asset Management Department

The year 2009 was marked by the restructuring of this Department to enable it to launch a new investment fund that invests in the stock markets and fixed income instruments in the Middle East and North Africa (MENA). Concurrently, the Department aims to launch structured products that are especially designed, and through the management of their portfolios in a professional manner, to achieve specific targets in terms of return and risk for clients. The targeted fund seeks to maintain the original capital in addition to achieving a steady, long term increase in the market value of the assets of the fund with high risk-weighted returns.

The Activities of the Asset Management Department include:

- 1- Portfolio Management, whereby tailor-made portfolios are designed taking into consideration the preferences and wishes of individual and corporate clients. Activities also include various portfolio management contracts stipulating specific returns.
- 2- Investment Funds, ability to manage hedge funds while administering the current Horizon Fund and targeting the launch of the MENA Fund.



3- Structured Investment Products, the ability to design different types of guaranteed capital portfolios, as well as the ability to design investment portfolios consistent with the provisions of Islamic law with a well protected capital.

4- Investment Advisory Services, the service includes determining the investment goals such as risk bearing, desired returns and investment limitations. It also involves restructuring portfolios, distributing assets and selecting the appropriate financial note.

At a later stage, the company seeks to expand the scope of work of the Asset Management Department to include wealth management services, which address the needs of high net worth Individuals.

Corporate Finance and Restructuring Department

The Department offers a wide range of advisory and investment banking services based on a deep knowledge and wide technical expertise and understanding of the nature of the market. The Department was able to build a record of exceptional performance in terms of successful operations in addition to dealing with a diverse client base that includes public and private institutions, and financial and governmental organizations. It is expected that the Department will raise capital for several large companies in 2010.

In order to achieve successful results, the Department commits to understanding and meeting the financial requirements and strategic objectives of each client. Then, it introduces specific solutions, and implements them through creative and innovative practice, covering the following activities:

- 1- Ownership Instruments in the capital market, which include private and public offerings, and initial public offerings.
- 2- Debt Instruments in the capital market, which include the issue of corporate bonds and commercial papers, and management of syndicated bank loans.
- 3- Financial Advice, which includes processes related to mergers, acquisitions, and structuring processes, company evaluation, and privatization processes.

Investment Research

The Research Department provides investors with periodic reports that cover the major economic sectors, analyze the overall performance of the Amman Financial Market and in depth analysis of some of the leading securities listed in the Amman Bourse. The dissemination of such information is in line with the Company's commitment to spread investment awareness among stakeholders in the local market by benefiting from the extensive knowledge and experience of the analysts' team at the Company. Moreover, the Company publishes reports on specific companies and, periodically, various sector, market, and economic reports.

Compliance Monitoring Department and Combating Money Laundering

The functions of the Compliance Monitoring Department have been strengthened. The Department,



specifically in the field of combating money laundering, reviewed many business processes, and amended and updated them in line with the instructions of regulatory bodies and the Central Bank of Jordan. It is currently identifying and controlling the risks of compliance regarding the products and services of the Bank through the Risk Control Matrix. Furthermore, it is in the process of contracting a supplier of an automated system that is considered the most up-to-date in the region in combating money laundering. In addition, the Department provides specialized training modules in compliance and combating money laundering for all Bank executives and at all levels.

Risk Management

Emphasis was placed during 2009 on raising the level of risk awareness and the spread of a risk awareness culture among Bank branches and departments through pinpointing workshops and guidelines, field visits to branches, and electronic messages, in addition to the preparation and implementation of policies in this regard. All are compliant with the stipulations of the Basel II Committee and the Central Bank of Jordan, and are based upon our belief in the importance and role of risk management in the management, control and measurement of the risks to which the Bank may be exposed. The Capital Bank, through this step, aims to create a conscious environment of risk management, and strengthen the ability of the Bank to deal with all types of risk using international best practice.

In the same vein, a policy for governing credit risk management has been developed. To arrive at the goals of the policy, the most important tools for measuring credit risk have been utilized. That is, credit rating system for the clients of the Bank has been developed based on the credit risk profile, and a stress testing system has been prepared to evaluate the impact of fluctuations and distortions on the Bank. Several scenarios have been developed for assumed difficulties in order to gauge risks and negative shortcomings which may adversely affect the health of the credit portfolio and profitability of the Bank. The upshot is to contribute to the development and implementation of appropriate plans to deal with such risks.

Within the framework of operational risk management, the Operational Risk Management Unit identifies operational risks which the departments of the Bank may be exposed to while carrying out their daily activities. It identifies, evaluates and mitigates such risks in order to develop the capacity to: predict the risks, develop the means to deal with them, and optimally manage them. This is to lower the impact on work activities and lead to continuous improvement in the regulatory environment, and, consequently, guarantee the sustainability of the Bank's success.

Regarding information security, there is a continuous effort to spread awareness regarding information security. Moreover, contributions are made toward the preparation of the relevant work procedures that regulate and ensure the protection of information and its various systems.

Information Systems

Within the bank's plan to adopt the latest international technology in banking, and in order to best serve the Bank customers; the Bank has signed an agreement with Temenos, a Swiss company, to supply the bank with an integrated banking system that meets the requirements of the Bank in the short and long term. The system



serves the strategy of the Bank, which is based upon the expansion of internal and external activities of the Bank. The strategy includes increasing the number of branches, volume of work and the diversity of products, services and programs. Moreover, the system meets also all regulatory and risk management requirements. It is worthy of note that Temenos is the leading supplier of banking systems in the world and has a wide global client base; it has more than 46 branches and 700 customers around the world, and is considered the prime supplier of this system to the largest international banks.

Human Resources

Based on the entrenched awareness of the Bank of the importance of qualified human capital, which is the true capital of the Bank and the basic core of the self development process, and in order to achieve further excellence and success, the training plan in 2009 has included a number of training programs that focused on raising the standards of all specialties within the bank and across all departments and administrative levels. The training was conducted via local and regional trainers and experts. The training covered technical and personal skills related to banking services. In addition, some of the activities, which included attending training seminars and conferences abroad, aimed at exposing a number of Bank executives to the latest advances in the banking industry.

Indeed, Capital Bank has provided, in 2009, its highly recognized executives with additional and new competencies. On the regulatory level, the Bank sanctioned a new organizational structure that meets the requirements of the coming phase and those of the regulatory bodies. The organizational structure specifies responsibilities and distributes the tasks, with precision, among the different departments of the bank in order to facilitate for internal communication and ensure the seamless continuity of the work with smoothness and accuracy while maintaining internal monitoring and control. Furthermore, a new state-of-the art personnel system was developed to retain qualified staff and attract experienced and qualified talent. In addition, a performance evaluation system has been produced and is expected to be applied by the beginning of 2010.

Plan of the Human Resources Department for 2010

- Develop staff competency and improve productivity by instituting a career development plan, provide the necessary training programs, apply a performance evaluation system that is based on the management by objectives and Balanced Score Card systems, analyze results re the overall performance of Bank staff, and expand internal training programs to utilize the capabilities and competencies of staff within the approved budget.
- Take part in studies related to salary surveys and the benefits offered in the banking sector in order to provide the best advantages and benefits to staff, adopt a salary scale that is based on rank and commensurate with the salary scale within banking sector.
- Prepare a Tasks-and-Duties Manual, and a Job Description Guide for the departments of the Bank.
- Develop a modern incentives system that is linked to performance and profitability standards in order to retain competent staff.
- Formulate a Job-replacement Plan and a Promotion Guide.

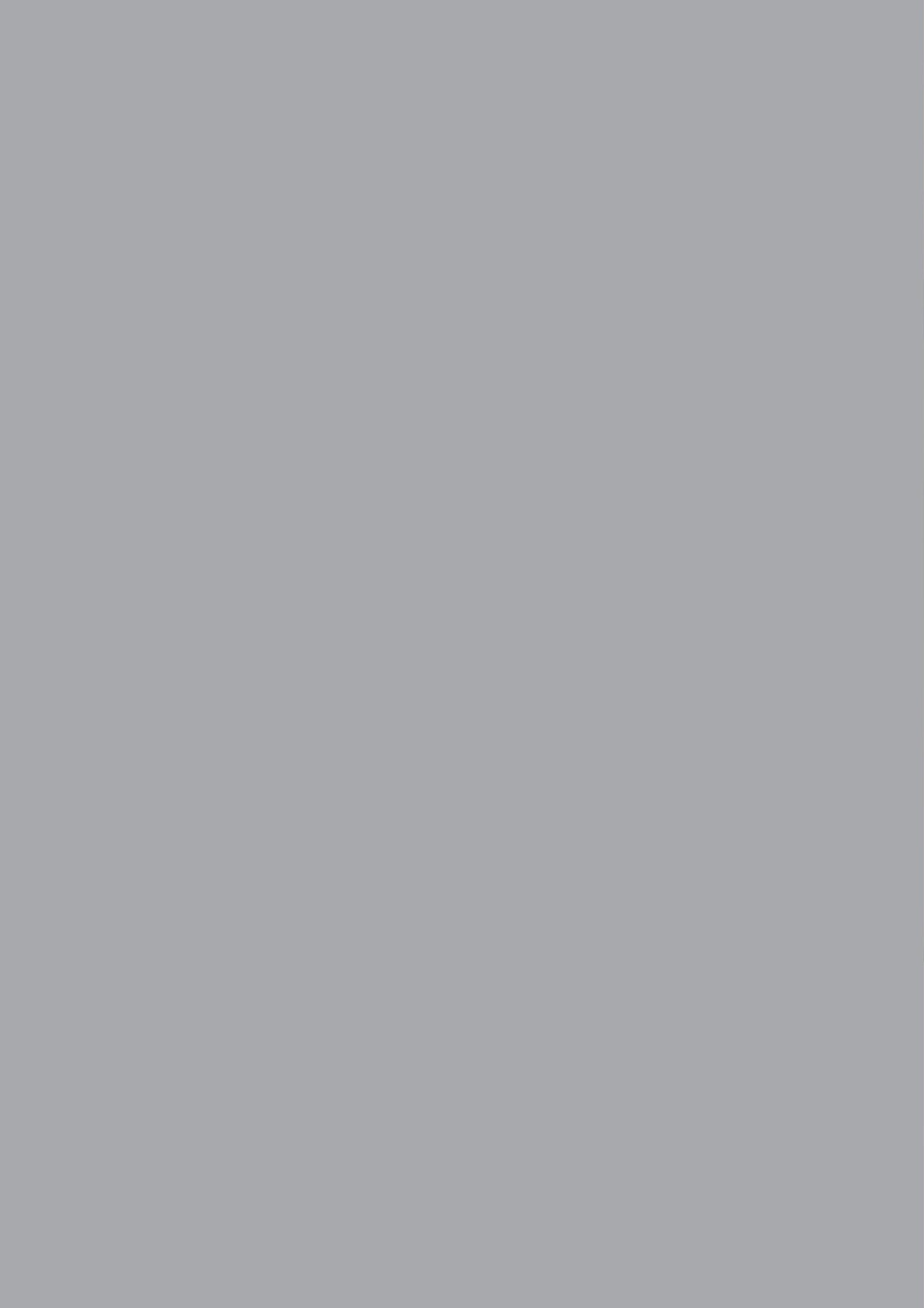


Contribution of the Bank to Community Service

- Arising from the commitment of the Bank its social responsibility toward the local community, the Bank followed the same approach of past years, which entails, in addition to its human resources, contributing to local community service and providing financial and moral support in the education, humanitarian, and social fields; for example:
- Support of the Madrasaty initiative, which was launched by Her Majesty Queen Rania Al Abdullah, by adopting Khawla Bint Al-Azwar School in Ein Al-Basha area, AL Balqaa Governorate.
- Provision of scholastic grants to 15 students, the international Academy, Amman.
- Payment of tuitions of 12 special needs students through the Young Women Association for Special Education.
- Supporting the Charity and Good Works Campaign.
- Sponsoring two homes of the SOS and presenting meals and Eid gifts and to children with participation from the employees of the Bank
- Supporting the Jordan River Foundation and its Dar Al Aman programme.
- Providing financial and moral support to special needs organizations and societies.
- Sponsoring 25 orphans of the Kafel El Yateem Society, Mafraq.
- Providing Iftar, food boxes, and Eid gifts during the Holy Month of Ramadan to 100 orphaned children in Mafraq with the participation of the employees of the Bank.
- Support the brethren in Gaza by donating a day's salary from all the employees of the Bank and matching it by the Bank.
- Support to the sports clubs.

The Bank Contribution toward protecting the Environment

The Bank contributed for the third consecutive year to the National Reforestation Initiative through the reclamation of non-forested lands in the Eira-Salt area and the planting of suitable trees there. The effort was also part of the Agrarian Reform Program patronized by the Ministry of Agriculture.





Introduction:

Effective corporate governance practices are essential to achieving and maintaining public trust and confidence in the banking system, which are critical to the proper functioning of the banking sector and economy as a whole. There is no doubt that good Corporate Governance provides suitable incentives to the Board of Directors and the executive management to continue achieving their objectives, which go with the interest of both; the institution and its shareholders, facilitate the existence of effective control, and keep the management accountable towards the Board of Directors on one hand, and the Board of Directors accountable towards the shareholders and other stakeholders on the other hand.

1. What is Corporate Governance?

Corporate Governance is defined as “the set of relationships between a company’s management, its board, its shareholders, and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined”.

Effective Corporate Governance is connected with internal factors that include; effective communication between the management of the bank, the Board of Directors, the shareholders and the management. While the external factors play a role in supporting the availability of good Corporate Governance, such as the following:

- Laws and regulations that protect rights of the shareholders’ and other stakeholders such as the depositors.
- The appropriate control environment by the supervisory bodies such as the Government, the Central Bank of Jordan and Amman Stock Exchange.

2. Corporate Governance Best Practice

The Structure of Corporate Governance process as well as the legal and organizational frameworks varies vastly among countries. Yet, the sound Corporate Governance can be achieved regardless of the model adopted by the banking institution as long as there are basic functions operating as required. There are four forms of control that organizational frame of each bank must include to ensure effective control; namely: (1) oversight by the Board of Directors, (2) oversight by individuals who are not involved in the day to day work, (3) direct line supervision of different business areas, (4) Independent Risk management, compliance, and audit functions. It is also important that the key personnel are fit and proper for their jobs.

3. Legal Framework of Corporate Governance in Jordan

The rules and principles of Corporate Governance depend on the following legislations:

- Banks Law No. 28 of 2000 and its amendments
- Companies Law No. 22 of 1997 and its amendments
- Securities Law No. 76 of 2002 and its amendments
- Regulations and Instructions issued based on the above laws

Capital Bank of Jordan’s policy for Enhancing Corporate Governance principles

1. Corporate Governance Code as a Reference

Capital Bank of Jordan is aware of the importance of enhancing Corporate Governance principles in the bank,



as they provide sound basis for its development and the improvement of its performance, these principles also increase trust in the bank’s activities, which will attract the funds of the depositories, the capital of the shareholders, and give the bank the ability to effectively participate in developing the financial system in Jordan.

Based on the foregoing, the Bank has decided to adopt the Corporate Governance code in consistence with the best international practices in this regard, which were issued by Basel International Committee for Banking supervision in February 2006, under the title “Enhancing Corporate Governance for Banking Organization” and the Boards of Directors Guidelines which was issued by the Central Bank of Jordan in 2007.

2. The Four Principles of sound Corporate Governance

- Fairness: minority of shareholders and other stakeholders must be treated fairly and their interests must be taken into consideration.
- Transparency: financial and organizational information and the incentives of the executive management must be disclosed to the stakeholders to enable the depositors and shareholders to assess the performance of the organization.
- Accountability: The executive management answers any enquiry raised by the Board of Directors in connection with the implementation of plans and application of the prescribed policies with the aim of ensuring the maintenance of the assets and financial position of the Bank. On the other side, the Board of Directors must show preparedness once it is questioned by the shareholders in the General Assembly and any other stakeholders.
- Responsibility: Authorities and responsibility must be clearly defined.

Main Elements of the Code

First: Commitment to Corporate Governance

- The Bank has formed a committee for Corporate Governance from board members whose duties are stated in the Code.
- The Corporate Governance Committee has prepared this Code, which was then approved by the Board of Directors. The annual report of the Bank is included therein. Furthermore, an updated copy thereof is available on the website of the Bank for whoever needs it.
- The Bank annually declares its extent of compliance with this Code. Wherever necessary, details of how the Bank applies each item in the Code are set forth. In other instances, the Bank states why it followed some procedures that are different from the code content.
- In line with the developments witnessed by the Bank, this Code will be subject to periodic review and development whenever required to meet the needs of the Bank and the expectations that might arise in the surrounding environment.

Second: The Board of Directors

1. The Responsibilities of the Board of Directors

A. General Principles

- The Board assumes its responsibilities related to the operations of the Bank, its financial integrity, the satisfaction of central bank requirements, the interests of the shareholders, depositors, debtors, employees and other stakeholders ensuring that the Bank is managed prudently based on the framework of the applicable laws, instructions, and the bylaws of the Bank.
- The Bank is strengthening the concept which states that each member in the Board of Directors is obliged



towards the Bank and all its shareholders, rather than a certain shareholder.

- The Board defines bank objectives and guides the executive management to draw up a strategy that can achieve such objectives. The executive management draws up work plans that go in line with such strategies through a process that includes the participation of all Bank departments. The Board adopts the strategy, work plans, and ensures that the executive management reviews the performance achievements in accordance with the work plans and takes corrective steps wherever necessary. The process of preparing the estimated budgets should be deemed to be part of the short term planning process and performance measurement.
- The Board ensures that the Bank enjoys high integrity in exercising its operations. This is realized by the availability of policies, rules and procedures that organize the operations with the related parties and the existence of work ethics charter, which includes a definition of conflict of interests and the transactions made by the Bank employees for their personal interest based on internal information about the Bank that was obtained/accessed as a result of the powers vested in them. Such policies and the work ethics charter should be circulated to all the Bank's employees and the members of the Board and their consent to the same should be secured and they should be published to the public.

B. The responsibilities of the Board of Directors were defined in accordance with the powers vested in them pursuant to the Bank's Articles of Association and to those provided for by the Banks Law, Companies Law and pertinent instructions. They include the following responsibilities:

- Definition of the objectives and drawing the plans with which the executive management of the Bank should comply.
- Selecting an executive management which is capable of managing the affairs of the Bank efficiently and effectively.
- Approving the different policies of the Bank including the policies of different risks, provided that the Central Bank is supplied with a copy of the policies provided for based on instructions.
- Controlling the implementation of the Bank's policies and ensuring the correctness of the procedures followed for achieving the same.
- Ensuring that no member may make personal benefit at the account of the Bank interest.
- Taking the steps that guarantee the accuracy of the information that is provided to the Central Bank according to the Central Bank's law and in pursuance with the provisions of this law.
- Taking all the procedures that guarantee compliance with the provisions of the Banks Law, and any other legislation related to the operations and activities of the Bank.
- Drawing the Bank's internal regulations and instructions that define the duties and powers of its different departments, which, in turn, guarantee the achievement of administrative and financial control over its operations.

2. The Role of the Chairman

- The positions of the Chairman and the General Manager were separated. The Bank observes that no relationship exists between the Chairman and the General Manager below third grade. Responsibilities are decided based on written instructions authorized by the Board and reviewed whenever necessary.
- The position of the Chairman was separated from that of the Chief Executive Officer (CEO) in order to promote an independent element within the Board.



The role of the Chairman should be as follows:

1. Representing the Bank in accordance with the provisions of the Companies Law, Banks Law and the regulations issued by virtue thereof, and any other regulations applicable in the Company.
2. Supervising the activities of the executive management and ensuring that they are made in accordance with the recognized financial and banking standards, the applicable laws, and regulations, and the policies adopted by the Board of Directors.
3. Signing the agreements, contracts, and financial transactions that fall within his powers in accordance with the provisions of the Companies Law, and the regulations and resolutions of the Board of Directors issued in this connection.
4. Inviting the Board of Directors to meet and define the subjects that are included in the meeting agenda.
5. Informing the departments with the resolutions of the Board, supervising the follow up of their implementation in cooperation with the management of the Bank, and ensuring that the executive management has taken all the necessary measures to perfectly implement such resolutions.
6. Promoting the relationship between the Board of Directors and the executive management and between the executive and non-executive members of the Board of Directors.
7. Creating a culture in the meetings of the Board of Directors that allow constructive criticism, listening to the various viewpoints and making the necessary voting for taking resolutions.
8. Ensuring that the Board of Directors obtains the necessary and adequate information in time.
9. Ensuring that the shareholders obtain the necessary and adequate information in time.
10. Ensuring the achievement of the highest standards of corporate governance in the Bank.

3. Standards, Values and Efficiency of the Board of Directors:

Standards:

Each board member must be fit and proper to serve the interests of the Bank and other pertinent parties. Besides the conditions contained in the Banks Law and Companies Law that must be fulfilled in whoever occupies the presidency and membership of the Board of Directors with regard to age, personality, requirements of financial solvency of the managers, the members must fulfill all the following experiences and qualifications:

1. Ability to be independent in judging any matters.
2. Financial knowledge, including knowledge of the financial data, reasonable understanding of the percentages used to measure performance, and the availability of the necessary expertise in the field of the international markets.
3. The availability of skills or experiences that contribute to enriching the Board in the fields of accounting, financing, banks or any other banking experience.
4. Commitment to learn the bank's business, meet the stock ownership requirements; offer to resign from the Board if there is any change in the professional responsibilities, and devoting the necessary efforts and time.
5. The availability of understanding and knowledge of the best international practices in the field of administration and its applications.
6. Leadership, represented in the ability to empower and motivate a high performance management team.
7. Ability to provide strategic orientation, conceptualize emerging trends, and challenge innovations.

Loyalty and Care Responsibilities:

Members truthfulness, loyalty and concern about the Bank is deemed to be of utmost importance to achieve good corporate governance as follows:



1. **Trustfulness:** a member cares that his relationship with the Bank to be a trustful one and should, like any other employee, declare any important information effecting any transaction or commercial dealing with the Bank.
2. **Loyalty:** Should any conflict of interest arise between the member and the Bank, all parties must endeavor that the transaction must be fair to the Bank. This means that the director who is dealing with the Bank would be given the same conditions that would have been given to him if no relationship exists between him and the Bank. For realizing the aspired loyalty, the director should:
 - Exercise his role honestly and put the interest of the Bank always first.
 - Avoid conflict of interests, and avoid exploiting his position or the Bank's information to achieve personal goals.
 - Advise the Board with any potential conflict of interests and abstain from voting to any decisions that are related to this subject.
3. **Care:** A member must be careful to carry out all duties provided for in the laws and regulations applicable in this field, and must endeavor to obtain all the necessary information to ensure that all the decisions taken are in the interest of the Bank.

For realizing the aspired care, a member should:

- Understand the operations of the Bank, the markets and the sectors he is serving.
- Attend the meetings of the Board and prepare well and ahead, especially with regard to the decisions to be made during such meetings.
- Carry out the duties assigned to him honestly, look for precautionary indicators and follow up all important issues with the executive management of the Bank.
- Get objective advice if required.
- Comply with the provisions of the different laws relating to the Board of Directors.

Independence:

To increase the efficiency of board's control over the executive management and ensure that it doesn't exercise any imprudent measures. The Bank's Board of Directors should maintain an appropriate number of non executive members in the Board, at least three of them to be independent.

The independent member is defined as the member (whether in his personal capacity or as representing a corporate person) who has no relationship with the Bank other than his membership in the Board of Directors, which makes his judgment unaffected by any considerations or external matters. The minimum requirements that must be available in an independent member include the following:

1. The member must not have worked as an employee in the Bank during the last three years preceding his nomination to the Board membership.
2. No relationship should exist between him and any executive management in the Bank below the second grade.
3. The member must not receive any salary or financial sum, except what he receives for his membership.
4. The member must not be a director or owner of a company with which the Bank deals, except the transactions that arise because of the services and/or the ordinary activities submitted by the Bank to its clients, provided that they are governed with the same conditions of similar transactions with any other party, and without any preferential conditions.



5. The member must not be partner to/or employed by the external auditor during the three years preceding his nomination to the Board membership.
6. The members shares must not form an interest that affect the capital of the Bank, and must not be an ally to another shareholder.

To ensure independence, a member must comply with the following:

- He (she) must declare in writing, and regularly whether he, his spouse, or any of relatives, up to the third grade, has a personal interest in any transaction or contract to which the Bank is a party, or whether any one of them has an interest affecting a company with which that transaction or contract is related. He must not participate in any meeting in which that transaction or contract is discussed.

Evaluating to which degree his other activities affect his independence as a member in the Board of the Bank.

Acquaintance and Knowledge:

- The director of the Board should have understanding and knowledge in the banking operations and the risks that the Bank faces, in addition to the financial data which reflects its financial standing.
- The director of the Board should have knowledge in the laws and instructions with which the Bank is required to comply with, and must follow up the new topics in the financial services sector and any developments thereto.
- The member must attend the meetings of the Board of Directors and the committees resulting therefrom, and review all the subjects raised and reports presented by the executive management, the internal and external auditors, and the other stakeholders.

4. Organizing the activities of the Board

- With the aim of ensuring the comprehensiveness of the subjects presented in the board meetings, which must not be less than (6) meetings per year, the executive management should propose the subjects it deems to be important for the agenda of each meeting.
- The Bank should maintain an appropriate number of independent members with the aim of ensuring the availability of objective decisions, and to ensure that the Bank maintain a level of control that ensures the equilibrium of the influences of all parties, including the executive management and the main shareholders, and ensure as well that the decisions taken are in the interest of the Bank.
- The executive management should provide the directors of the Board with adequate information before the meetings of the Board in order to enable them take the appropriate decisions.
- The secretary should provide each member, upon being elected, with a letter which states the rights, responsibilities, and duties of the member in line with the relevant legislations.
- The policies of the Bank include an explanation of all the banking operations that require the approval of the Board of Directors, including their powers with regard to the transactions concluded with the concerned parties, or any other banking operations that fall within the authority of the Board.
- The Board and its committees may have direct contact with the executive management.
- The Board and its committees should have the power to seek assistance from external sources to help them carry out the duties assigned to them satisfactorily.



5. Composition of the Board of Directors and Formation of Committees

- The number of the directors is eleven, and that is deemed to be a suitable number as per the best international practices.
- The Board of Directors has delegated some of its powers to committees that are made up of a lesser number of directors with the aim of increasing its efficiency. This is achieved within a charter that puts forth the powers and responsibilities of the committees. Such committees work by meeting independently from the Board and present periodic reports to it.

Third: The Committees of the Bank's Board of Directors

1. The Executive Committee

The Charter of the Executive Committee:

The executive committee should be formed based on a decision by the Board of Directors from among the directors of the Board and should be presided by the Chairman of the Board and include five of its members. The Board should appoint a vice president to the committee and the secretary of the Board should appoint a rapporteur to the committee.

The Charter of the executive committee

The executive committee should be formed based on a decision from among the directors of the Board and should be presided by the Chairman of the Board and include five of its members. The Board should appoint a vice president to the committee and the secretary of the Board should appoint a rapporteur to the committee.

Duties and Powers of the executive committee

1. Recommending to the Board the appointment of the general manager
2. Recommending to the Board of appointment of the general manager's deputies and assistants based on a nomination by the general manager
3. Recommending to the Board of Directors the draft regulations and instructions re the Bank business.
4. Granting credit facilities or recommending granting the same in accordance with the ceilings prescribed in the credit policy.
5. Following up and evaluating the granted credit facilities and taking the appropriate measures to correct the delayed.
6. Approving purchasing of supplies or recommending to the Board purchasing the same in accordance with the powers prescribed by the Board in the pertinent regulations and decisions.
7. Following up the balances of expenditure items and comparing them with the estimated budgets and monitoring expenditure control.
8. Recommending to the Board of Directors referring lawsuits to the courts or for arbitration and following up the same.
9. Subscribing in shares and bonds in the new projects in accordance with the ceilings of amounts and conditions prescribed in the investment policy system.
10. Any powers or duties provided for by the regulations and instructions issued by the Board of Directors.
11. Any other powers or duties decided by the Board of Directors.



The Meetings of the Executive Committee

1. The committee should meet based on an invitation from its president once every two weeks or whenever required based on a request from the president or based on a request from two members in the committee.
The meeting should be legal with the presence of four members one of them the chairman or his deputy .
The committee should take its decisions by unanimous voting or with the majority of the number of its members.
2. The committee may invite the general manager and/or any employee in the Bank to attend the meeting if necessary.

Reports

1. The secretary of the Board/rapporteur of the executive committee should prepare the minutes and decisions of the meeting and get them endorsed by the committee in preparation for presenting the same to the Board of Directors.
2. The secretary of the Board should advise the general management of the decisions of the executive committee and follow up the implementation of the decisions and submit a report to the committee to follow up its decisions.

2. Appointment, Remuneration and Incentives Committee

Charter of the Appointment, Remuneration and Incentives Committee

The Appointment, Remuneration and Incentives Committee should be formed based on a decision by the Board of Directors and is made up of three non-executive members, two of whom (including the president of the committee) are from the independent members. The Board should nominate the president of the committee and its deputy and the secretary of the Board should appoint the rapporteur of the committee.

The Duties and Powers of the Appointment, Remuneration and Incentives Committee

- 1- Nominating the names of the members of the Board to the Board of Directors taking into consideration the abilities and qualifications of the nominated persons. In cases of re-nomination, the frequency of their attendance and the kind and efficacy of their participation in the meetings of the Board should be taken into account, observing the content of the Companies Law regarding the renewal of the membership of a director to ensure the fulfillment of all the necessary bases and conditions when forming the committees of the Board of Directors.
- 2- Defining whether a director has the capacity of an independent director.
- 3- The nomination and premiums committee should follow specific bases in assessing the efficiency of the Board in addition to the extent of the participation of the member in the meetings of the Board. The standard of assessing performance must be objective and must include a comparison with the other banks in addition to the standards of the integrity of the financial data of the Bank and the extent of observing the requirements of the control authorities.
- 4- The committee assumes the responsibility of providing information and abstracts about the background of some important topics on the Bank to the directors and ensuring that they continually acquaint themselves with the most up-to-date subjects relevant to banking operations.
- 5- The nomination and premiums committee should recommend premiums (including the monthly pay and other benefits) to the general manager. Moreover, the committee should review the annual increments granted to the other members of the executive management and employees.



- 6- The nomination and premiums committee should assume the responsibility of ensuring the existence of a policy in the Bank which guarantees that the premiums/salaries be sufficient to attract qualified persons to work in the Bank and to retain them in accordance with the premiums/salaries granted by the similar banks in the market. The Bank policy must include also that the salaries be associated, partially, with performance. Programs for incentives must be drawn with the aim of promoting the value of the Bank's shares at the long term and promoting the internal control environment and leading to integrity and soundness of the financial position of the Bank, i.e. not to concentrate on increasing the allocation of the dividends of the Bank's share at the short term.
- 7- Ensuring the declaration of the premiums policy in the annual report of the Bank, specifically the premiums of the directors, individually, and the highest salaries paid during the year to the executive managers, other than the directors of the Board.
- 8- In coordination with the Chairman, Providing information and abstracts on certain important subjects regarding the bank once are demanded by the directors of the Board, and to ascertain that those are continuously advised about latest topics in relation to banking activity. Also, to encourage the directors of the Board in attending seminars and occasions whenever become available
- 9- Annually assessing the performance of the general manager.
- 10- Recommending that the Board of Directors approve succession plans re the directors and the executive managers of the Bank, so as to include the qualifications and requirements that must be fulfilled by those occupying such positions.

The Meetings of the Committee

The committee should convene based on an invitation from its Chair or Its deputy twice a year at least or whenever required based on a request from the Chair or a request from two members of the committee. The meeting will be legal with the attendance of two of its members. It takes its decisions unanimously or the by majority of two members.

The committee may call any employee in the Bank to attend the meeting, if necessary.

Reports

1. The secretary/the committee rapporteur should prepare the minutes and decisions of the meeting and get them approved by the committee in preparation for submission to the Board of Directors.
2. The secretary of the Board should inform the general executive management of the decisions of the committee, follow up the implementation of the decisions and submit a report to the committee for following up the decisions.

3. Auditing Committee

Charter of the Auditing Committee

Formation of the Committee

1. The auditing committee should be formed based on a decision from the Board of Directors and is composed of three non-executive members, two of them, at least, are independent.
2. The Board should nominate the president of the committee, provided that he is non-executive and independent.
3. Upon appointing the members, two members, at least, must have academic qualifications and/or expertise in the fields of the financial management.
4. The tenure of the committee should be connected with the tenure of the Board. The committee should



- submit its reports to the Board.
5. The secretary of the Board should appoint a rapporteur to the committee.

The Objectives of the Committee

The basic objective of the committee should be to help the Board of Directors assume its responsibilities towards the shareholders and foreign parties through:

1. Reviewing the Financial Statements of the Bank;
2. Reviewing the correctness and adequacy of the internal control system;
3. Reviewing and controlling the risks management in the Bank so as to reflect the real risks surrounding the Bank operation.
4. Controlling the work of the external and internal auditors.
5. Opening communication channels between the external and internal auditors with the Board of Directors and the executive management of the Bank.
6. Controlling the compliance of the Bank with the applicable laws, legislations and instructions and any relevant guidelines and manuals.

Powers

1. The committee should be authorized by the Board of Directors to investigate any of the activities and duties assigned to it pursuant to this charter. The committee should have full power to obtain the information it requires. The executive management of the Bank and all employees should cooperate with any such request from the committee.
2. The committee should have the power of requesting legal consultancies or any other consultancies from foreign parties and from experts should it see this necessary.

Fundamental Tasks

a) Financial Statements:

1. Reviewing the financial statements, annual, semi-annual and quarterly budgets and recommending to the Board of Directors approving them before being issued.
2. Reviewing the procedures of the executive management with regard to the recommendations of the external auditors about the annual Financial Statements and the amendments that arise pursuant to the recommendations of the auditors.
3. Further to the above procedures, the committee should carry out the following measures before submitting the Financial Statements to the Board of Directors for approval:
 - Reviewing any amendment to the followed accounting policies;
 - Reviewing the mechanism of making the extraordinary or the relatively high value entries in case there is more than one method for this.
 - Any change that occurs to the accounts of the Company as a result of the auditing operations or as a result of the suggestions of the accounts auditor.
 - That they were prepared in accordance with the requirements of the Central Bank of Jordan or any other controlling or supervisory body with regard to the adequacy of the allocations to meet the doubted debts and the allocations of the investment portfolio and expressing opinion with regard to the inoperative facilities or those proposed to be depreciated, in addition to any other requirements.
 - Reviewing the accounting estimates contained in the financial data.
 - Reviewing and discussing any legal matters that may affect the Bank's Financial Statements.



- Reviewing the data and information attached with the financial statements in the annual report such as the corporate governance.

b) Internal Control System:

1. Reviewing the internal control system with regard to its adequacy and effectiveness and ensuring that the management has paid the internal control system due attention and that the concerned personnel are aware of and comply with this system and that responsibilities are defined.
2. The plans of the internal and external auditors must provide for reviewing the framework of the discipline regulations and internal control once a year at least.
3. Reviewing the paragraph of the internal control regulations and risks management, which are included in the annual report of the Bank and recommending to the Board to approve the same.
4. Reviewing the policy of reporting for the unsound practices so that the employees may be able to report about such practices and recommending to the Board to approve the same.
5. Reviewing the policy of the Bank with regard to dealing with the concerned parties so as to ensure the non existence of any conflict of interests that may arise out of the transactions or contracts concluded by the Company or entering into projects with the concerned parties.

c) External Auditing:

1. Discussing the matters relating to the nomination of the external auditor and ensuring that he fulfils the conditions of the Commission and that nothing affects his independence and objectivity and the extent of the influence of any other operations he is carrying out to the account of the Company on such independence.
2. Discussing all matters related to the work of the external auditor including his annual plan, remarks, suggestions and reservations and following up the extent of the responsiveness of the Bank's management to the same and presenting recommendations in this regards to the Board of Directors.
3. Reviewing the remarks contained in the reports of the external auditor and following up the corrective measures taken in this regard.
4. Participating in solving the problems resulting from the difference of view points between the management of the Bank and the external auditors with regard to the technical and financial issues and promoting the independence of such auditors.
5. Discussing the possibility of recommending the regular rotation of the external auditor or requesting regular rotation from the main shareholder who is responsible for the external auditing of the Bank.

d) Internal Auditing:

1. Reviewing and adopting the organizational chart of the internal auditing department and the activities of the department.
2. The power of appointing or terminating the services of the internal auditing manager and auditors and reviewing their good performance.
3. The committee should review and adopt the performance evaluations of the manager and employees of internal auditing department and authorize their annual promotion and premiums.
4. Reviewing the efficacy of the activity of internal auditing and approving the plans of strategic and annual auditing and the budgets of the department.
5. Watching the observation of the auditing department with the standards of internal auditing that are issued by the Society of Internal Auditors and any subsequent amendments.



6. Approving the charter of the internal auditing department and ensuring that it is coping with the changes.
7. Reviewing the results of the auditing duties and ensuring that there is a satisfactory follow up for these results.
8. Participating in solving the problems resulting from the difference in the view points between the management of the Bank and the internal auditors with regard to the technical and financial issues and promoting the independence and objectivity of such auditors.
9. The committee should be responsible for reviewing the evaluation of external auditors of the performance of the internal auditors and for reviewing the works carried out by the internal auditors re the matters of conflict of interests and observation of the rules of professional and ethical conduct in the Bank.

e) Other Duties:

1. Reviewing the charter of the committee and proposing that the Board make the necessary amendments.
2. Preparing a report to the Board about the duties and powers of the committee and the decisions and recommendations taken by the committee during the period.
3. Getting acquainted with the reports of the external supervisory bodies such as the Central Bank of Jordan and ensuring the implementation of the recommendations contained therein and the execution by the executive department of the measures that guarantee non-repetition of the violations and remarks contained therein.
4. Following up the extent of the observation of the Bank of the Securities Law and the regulations, instructions and decisions issued thereupon.
5. Training new members on the committee and continuous training of the president and committee members.
6. Ensuring coordination between the work of the external auditor and internal auditor.
7. Any other duties that are required by the Board of Directors.

f) The committee's conventions:

1. The committee convenes upon an invitation of its chairman for at least once every three months, or once necessity may arise, or upon request by the Bank's Chairman of the Board of Directors, or upon request by any of its members, or upon call by external auditors or internal auditors should a necessity arise.
2. The Head of the Internal Audit shall be called on to attend the committee's meetings. Meeting shall be periodically held with external auditor, risk department manager and compliance department manager.
3. The auditing committee shall conduct a meeting with external auditors, internal auditor, and compliance officers for at least once per annum without being attended by executive management.
4. The committee shall have the right to call on any employee of the Bank to attend any of its meeting should it deems that would be necessary.
5. Appointment dates and venues for the committee's meeting shall be set by rapporteur after coordinating with the chairman and members of the committee under invitations, provided that an agenda shall be prepared and distributed to the chairman and members of the committee and other invitees, with a reasonable time prior to the holding of meeting.
6. The meeting of the committee shall be considered legal, if attended by two members and recommendations shall be unanimously taken, or by majority of members.
7. It's a must for the chairman of the committee to attend the annual General Assembly's convention, in order to answer shareholders' queries in connection to the committee's tasks.

**Meetings Minutes:**

The rapporteur shall prepare the committee's meeting minutes and to get them distributed to the committee's chairman and members so as to be decided and then to be furnished to the Board of Directors.

4. Risk and Compliance Management Committee**Formation of the committee:**

1. The Risks and Compliance Management Committee is formed in accordance to the decision by the Board of Directors. The committee consists of three non-executive members, in which at least two of them are independent.
2. The chairman of committee shall be designated by the Board, provided that he is non-executive and also independent.
3. It has to be observed that upon appointing the members, two of them at least should have obtained qualifications and/or work experience in financial management areas.
4. Term of the committee work must be attached to the Board's term, as the committee reports to the Board.
5. Secretary of the Board shall be appointed as the committee's rapporteur.

Committee's objectives:

The chief objective of the committee is to help the Board of Directors in carrying out its responsibilities for shareholders and third-parties by the following:

- 1- Reviewing and monitoring risks management in the Bank, to reflect the actual risks encompassing the Bank's work.
- 2- Monitoring the Bank's abidance to rules, regulations instructions in effect and any guidelines and evidences relevant to.

Powers:

- 1- The committee shall be entitled by the Board of Directors to investigate with any of activities and duties assigned to by this charter. The committee shall have full power to acquire any information which it requires and the executive management of the Bank and all employees ought to cooperate with the committee related to any demand.
- 2- The committee is authorized to ask for any legal advice or any other consultancies from third-parties and experts should it deems that would be necessary.

Fundamental tasks:**First : In the Field of Risks:**

- 1- Reviewing the strategy and policies of risks management before being accredited by the Board of Directors and to constantly appraise its effectiveness and consistency with variables.
- 2- Reviewing policies and framework of risks management, programs and tools needed for that on yearly basis in minimum, in order to make sure of its efficacy and to amend when necessary.
- 3- Reviewing organizational chart of the Risks Dept. which is being set by executive management and to recommend adoption by the Board.
- 4- Reviewing procedures of the executive management in defining, measuring and monitoring risks surrounding the Bank, which shall include:
 - a. Credit risks.
 - b. Market risks.



c. Liquidity risks.

d. Operational risks.

- 5- Periodically reporting to the Board of Directors indicting the extent of outstanding risks harmony with adopted policies and levels of acceptable risks, which are defined within, which may enable the Board to make needed reasonable decisions.
- 6- Supervising development of database needed for management risks.
- 7- Considering periodical reports issued with respect to risks management.
- 8- Verifying that internal and external auditors' plan shall include review task of risk management in the Bank.
- 9- Verifying usage of modern information systems for managing risks. This shall ensure availability of quality information on risks faced by the Bank.

Second: In the Field of Compliance

- 1- Recommending to the board of Directors to adopt an internal compliance policy in the Bank as well as tasks entrusted to the Dept. Of Compliance.
- 2- Monitoring and following-up implementation of compliance policy.
- 3- Monitoring and appraising the degree of efficiency and effectiveness in managing risks stemming from non-compliance to.
- 4- Reinforcing values of fairness and credibility in the Bank and confirming that such values, in addition to the third-parties supervisory requirements and instructions and laws in force, are as fundamental and directive requirements in the Bank's function.
- 5- Confirming availability of sufficient support from the executive management of the Bank for compliance job, besides existence of compliance risks control mechanism.

The Committees's Conventions:

- 1- The committee convenes upon an invitation of its chairman at least once every three months, or whenever necessity arises, or upon request by the Bank's chairman of the Board of Directors, or upon request by any of its members, or upon call by external or internal auditors should a necessity arise.
- 2- The head of Risks Management and the manager of Compliance Dept. are being invited to attend the committee's meetings.
- 3- The committee shall have the right to invite any employee of the Bank to attend any of its meeting should it deems that would be necessary.
- 4- Appointment dates and venues for the committee's meeting shall be set by rapporteur after coordinating with the chairman and members of the committee under invitations, provided that an agenda must be prepared and distributed to the chairman and members of the committee and other invitees ,with reasonable time prior to the holding of the meeting.
- 5- The meeting of the committee shall be legal, if attended by two members. Recommendations shall be unanimously taken or by majority of the members number.
- 6- The chairman of the committee must attend the annual convention of the General Assembly to answer shareholders queries in connection to the committee's tasks.

Meetings Minutes:

The rapporteur shall prepare the committee's meeting minutes and to get them distributed to the committees 'chairman and members in order to be decided and then to be handed over to the Board of Directors.



5. The Corporate Governance Committee

The Charter of the Committee:

The Corporate Governance Committee should be formed based on a decision by the Board of Directors and is made up of three non-executive members, two of whom (including the president of the committee) are from the independent members. The Board should appoint the president of the committee and its deputy and the secretary of the Board should appoint a rapporteur to the committee.

Duties and Powers

- Ensuring the observation of the content of the Corporate Governance Code. It should undertake the process of reviewing and updating it. since the committee demands necessary reports from the concerned authorities.
- The Committee may invite any person in the Bank, at all administrative levels to take counsel with him or to ask him about any matter.

The Meetings of the Committee

The committee should convene at least once a year based on an invitation from its president.

Reports

The committee should submit a report to the Board at least once a year, which puts forth its opinion in the extent of observing the items of the Code.

Secretary of the Board

The Duties and Powers of the Secretary of the Board of Directors

The Board of Directors should appoint a secretary for the Board and define his premiums. The secretary should organize its meetings, prepare its agendas and record the minutes of its meetings and decisions in a special register and in successive serially numbered pages, which should be signed by the Chairman and members of the Board who attended the meeting. Each page should be affixed with the Company's stamp.

First: In Connection with the Board of Directors

- 1- Preparing the agenda of the sessions of the Board in coordination with the Chairman.
- 2- Following up the management to supply the secretary of the Board with the documents, papers and work papers, which are the subject of the agenda.
- 3- Attending the sessions of the Board and recording the minutes of its meetings as well as decisions.
- 4- Preparing and checking the minutes of the meetings of the Board and dispatching the same to the Board of Directors, who, in turn, should read and approve the minutes.
- 5- Following up the measures relating to the signature of the Chairman and members of the Board on all the pages of the minutes of the meeting.
- 6- Supervising the process of the maintenance of the minutes and decisions of the Board meetings in successive serially numbered pages, and ensuring that they are signed by the members of the Board who attended the meeting.
- 7- The secretary of the Board should notify the concerned departments of the decisions that are issued by the Board of Directors for the implementation of the same.
- 8- In coordination with the concerned departments, following up the implementation of the decisions and recommendations that are issued by the Board and preparing a report to the Board of Directors, which



includes the measures taken by the Bank directorates to implement the decisions.

Second: In Connection with the Committees of the Board of Directors

1. Following up the concerned departments to supply the secretary of the Board with the information and preparing the work papers necessary for the work of the committees of the Board.
2. Preparing the agendas of the committees in coordination with the Chairman.
3. Attending the sessions of the committees and recording the minutes of their meetings.
4. Preparing and checking the minutes of the meetings of the committee and dispatching the same to the president of each committee, who, in turn, should read and approve the minutes.
5. The maintenance of the minutes of the sessions of the committees in successive serially numbered pages, and ensuring that they are signed by the members who attended the meeting.
6. Notify the concerned departments of the decisions that are issued by the committees of the Board for the implementation of the same.
7. In coordination with the concerned departments, following up the implementation of the decisions and recommendations that are issued by the committees of the Board.

Third: The secretary should follow up the decisions of the Board of Directors, represented by the relationship of the Board with the external bodies such as the Securities Commission and/or the Ministry of Industry and Commerce and/or the Central Bank and/or the Deposition Center and/or any official or non-official party and preparing the necessary books .

Fourth: The secretary of the Board of Directors should carry out any additional duties that are assigned to him by the Chairman.

The Executive Management

Duties and Powers of The Executive Management

Responsibilities of the General Manager

The general manager is the head of the executive system in the Bank and, in exercising his duties, should be responsible towards the Board of Directors. For this end, he should implement the policies and achieve the objectives and aims that the Board draws up, based on the duties and powers hereinbelow stated:

General Description of the Responsibilities:

1. Managing and directing the Bank for achieving the basic objectives depending on profit, the capital added returns and the responsibility for the total process of managing the Bank, which includes planning, organizing and developing inside and outside Jordan. The general manager should also be responsible for the structure of work and the employees and for activating the work plan and budgets as well as developing the quality, method and procedures of the work and implementing the strategic plans and the decisions which are taken by the Board of Directors.
2. The general manager should be the main executor of the policies that are laid down by the Board of Directors.
3. The General manager should be responsible before the Board of Directors for implementing all the decisions that are taken by the Board.

**Main Duties:**

1. Preparing and developing the strategies and policies, arranging to apply them following the approval of the Board of Directors and applying the current and long term objectives and the plans and policies that require the approval of the Board of Directors.
2. Preparing and developing the work procedures in such a way as to guarantee the definition, control of and watching the risks that face the Bank and applying such measures.
3. Planning, coordinating and control of the daily operations of the Bank, drawing up proper disciplinary and internal control policies and applying them following the approval of the Board of Directors.
4. Preparing the financial statements and the final accounts and preparing an annual budget and getting them approved by the Board of Directors.
5. Providing the internal and external control bodies such as the control authorities and internal and external auditing and any other competent parties with the information and statements necessary for such parties to carry out their work.
6. Preparing an organizational chart and ensuring actual observation of the same following its approval by the Board of Directors.
7. Reviewing the operations result of the Bank, comparing them with the planned objectives and taking the steps necessary for adopting the appropriate measures for the correction of the dissatisfactory results.
8. Achieving the effectiveness of the control and internal discipline and submitting an annual report, at least, to the Board of Directors re the application and effectiveness of the regulations.
9. Laying down the measures that guarantee the evaluation of the adequacy of the capital and submitting annual reports to the Board of Directors in this connection.
10. Drafting work ethics charter and getting it approved by the Board of Directors.
11. Developing the professional skills and conduct of the Bank's personnel so as to be consistent with the most up-to-date developments and technologies.
12. Applying the laws, regulations and decisions of the Board of Directors and implementing responsibilities pursuant to the powers vested.

Powers of the General Manager:

1. The general manager should exercise his powers and responsibilities in accordance with the Companies Law, Banks Law, the regulations issued according to it and the regulations and instructions that are issued by the Bank.
2. The general manager should be responsible before the Chairman of the Board of Directors for the works and duties assigned to him.
3. The general manager should exercise the following powers and responsibilities:
 - Running the ordinary daily operations of the Bank and drawing up the executive plans and general programs for implementing the applicable policies of the Bank.
 - Exercising internal control over work progress in the Bank and checking its compliance with the applicable laws, regulations and instructions.
 - Overall review of the results of the operations of the Bank to ensure that they are running as per the prescribed plans and schedules.
 - Updating the regulations, instructions and work methods and supervising the review of the draft regulations, instructions, plans and schedules for developing the performance of the Bank.
 - Endeavoring to raise the level of the performance of the employees and motivate them to give the best they have.



- Updating and developing the systems and equipment necessary to perform the operations of the Bank in such a way as to guarantee the delivery of developed banking services based on the most recent, most efficient, fastest and most accurate bases.
- Appointing and moving the employees, deciding their promotion and delegation, defining their posts location, granting them leaves and imposing disciplinary penalties in accordance with the provisions of the personnel system in the Bank.
- Periodically providing the Board of Directors of the Bank with reports about the conditions of the Bank and ensuring that all its operations are running in accordance with the policy laid down by the Board of Directors and recommending any proposals it deems necessary for developing the work of the Bank.
- Signing the financial transactions issued by the Bank in accordance with the financial system and other regulations.
- Providing the Central Bank with the information and data it demands in accordance with the provisions of this law and the regulations and orders issued according to it.
- Submitting proposals about the financial and banking policies of the Bank to the Board of Directors through the Chairman.
- Undertaking the other financial and administrative powers assigned to him pursuant to the decisions issued by the Board.
- The general manager is entitled to delegate any of his powers to the deputy general manager and/or any of his assistants in accordance with the regulations and policies applicable in the Bank.

Discipline and Internal Control Environment**Disciplinary and Internal Control Regulations**

The framework of the discipline and internal control should be reviewed by the internal auditor and external auditor once, at least, per year. The Board should also include in the annual report of the Bank a report about the extent of the adequacy of the discipline and internal control regulations regarding financial reporting.

Internal Auditing

- The Bank should make available to the internal audit directorate sufficient numbers of the qualified human resources, who will be properly trained. The auditing directorate should have access to any piece of data and contact any employee inside the Bank. It should also be given all the powers which enable it to perform the duties assigned to it as required. The Bank should document the duties, powers and responsibilities of the directorate of auditing based on the Internal Auditing Charter, which is adopted by the auditing committee and getting it circulated inside the Bank.
- The internal auditing directorate should submit its reports to the Chair of the auditing committee.
- The internal auditing employees may not be charged with any executive responsibilities. The internal auditing directorate should be responsible for proposing the frame and scope of the internal auditing as well as for informing the auditing committee for any potential conflict of interests.
- The internal auditing directorate should exercise its duties and prepare its reports in full without any foreign interference. It may discuss its reports with the audited departments.
- The basic responsibility of the internal auditing directorate, which is based on risks, includes reviewing the following as a minimum:



1. The operations of financial reporting in the Bank (to ensure accuracy, credibility and proper timing in the main data re the financial and administrative matters and the operations).
2. Compliance with the internal policies of the Bank, the international standards and procedures and the pertinent laws and instructions.

External Auditing:

- The Bank observes the regular rotation of the external auditing between the auditing offices, or at least the regular rotation of the main shareholder who is responsible for the external auditing of the Bank.
- The external auditor should provide the auditing committee with a copy of his report. The external auditor should meet with the auditing committee without the presence of the executive management once a year at least.

Risks Management Department

- The Bank has a separate department for risks management which submits its reports periodically to the risks management committee. As to the daily operations, its connection is with the general manager.
- The responsibilities of the risks management department in the Bank include the following:
 1. Analyzing all the risks including the credit risks, market risks, liquidity risks and operations risks.
 2. Developing methodology for measuring and controlling of each kind of risks.
 3. Recommending risks ceilings and approvals to the risks management department, submitting reports and registering cases of exceptions from the risks management policy.
 4. Providing the Board and the higher executive management with information on risks measurement and risks profile in the Bank. (the Board should regularly review the qualitative and quantitative risks statistics in the Bank in each of the Board's meetings).
 5. Providing information about the risks in the Bank for use for the purposes of declaration and publication to the public.
 6. The Bank's committees, such as the credit committees and the assets and liabilities management committee/the treasury and risks should assist the risks management department in carrying out its duties in accordance with the powers assigned to such committees.
 7. The annual report of the Bank includes information about the risks management department with regard to its structure, nature of its operations and the developments that took place.

Compliance Department

- The Bank has a separate directorate that was supported with trained cadres and works as per the instructions of the Central Bank, which are issued in this connection.
- The compliance directorate should prepare an effective methodology to guarantee the compliance of the Bank with all valid laws and legislations and any pertinent guidelines and manuals. The Bank should document the duties, powers and responsibilities of compliance directorate, which will be circulated inside the Bank.
- The Board adopts and controls the compliance policy, whose drafting and application will be the responsibility of the compliance directorate.
- In compliance with the instructions of the Central Bank issued in this regard, the compliance directorate should submit its reports on the results of its activities and its compliance control to the Board or to the compliance committee which stems from it and should dispatch a copy to the executive management.



Relationship with Shareholders

- The Bank should take steps to encourage the shareholders, especially the minor ones, to attend the annual meeting of the general assembly and to vote either in persona or by a proxy in case they are absent.
- The heads of the auditing, nomination and premiums committees and any other committees stemming from the Board should attend the annual meeting of the general assembly.
- Representatives of the external auditors should attend the annual meeting of the general assembly for answering any questions that may be raised re auditing and the report of the auditor.
- Each issue raised during the annual meeting of the general assembly should be voted for separately.
- Pursuant to the content of the Companies Law, the directors should be elected or re-elected during the annual meeting of the general assembly. The external auditor should be elected in the same meeting as well.
- Following the expiry of the annual meeting of the general assembly, a report should be prepared for the information of the shareholders re the remarks raised therein and the results, including the results of voting and the questions raised by the shareholders and the replies of the executive management thereto.

Transparency and Declaration:

- The Bank should make declarations in accordance with the International Financial Reports Standards and the valid instructions of the Central Bank of Jordan, which are issued according to the valid Banks' Law and pertinent legislations. Furthermore, the Bank is aware of the changes that occur to the international practices for financial reporting and the scope of transparency required from the financial organizations. The Bank should observe full application of all amendments that occur to the International Financial Reports Standards. The executive management should submit to the Board reports on the developments, in addition to submitting recommendations about how to enhance the Bank's practices in the field of declaration so as to go beyond the requirements of the Central Bank of Jordan in this regard.
- The Bank should provide indicative and rich information about his activities to the Central Bank, the shareholders, depositors, other banks and the public in general, concentrating at the same time on the issues that excite the worry of the shareholders, provided that the Bank periodically declare all such information and make it accessible to all.
- The Bank should in his annual report set forth his responsibilities towards the accuracy and adequacy of its financial statements and the information contained in its annual report.
- The Bank should maintain communication lines with the supervisory bodies, the shareholders, depositors, other banks and the public in general. Such lines should be through the following:
 - a. The position of shareholders affairs, which is occupied by qualified cadre that are capable of providing comprehensive, objective and updated information about the Bank, Its financial position, performance and activities.
 - b. The annual report which is issued following the end of the fiscal year.
 - c. Quarterly reports that contain quarterly financial data besides the report of the Board about the circulation of the Bank's shares and about its financial position during the year.
 - d. Periodic meetings between the executive management in the Bank, the investors and shareholders.
 - e. Providing a periodic abstract to the shareholders and the analysts in the financial market and the journalists specialized in the financial sector by the higher executive management, especially the general manager and the chief officer.
 - f. Providing the information provided for in the annual report of the Bank, in its quarterly reports or in the lectures given by the executive management, through the position of investment affairs on the website



- of the Bank in such an updated form both in Arabic and English.
- g. The annual report of the Bank and Its quarter reports should include a declaration by the executive management of the Bank, that is called Management Discussion and Analysis, which allows the investors to understand the results of the current and future operations and the financial position of the Bank including the probable effect of the known trends, events and cases of non-certainty. The Bank undertakes to observe that all the clarifications provided for in this declaration are authorized, complete, fair, balanced and understandable and are based on the published financial statements of the Bank.
- h. As part of observation of transparency and full declaration, the annual report should specifically include the following:
1. A description for the main Bank's activities, geographic locations, volume of capital investment, and the number of employees working in each one.
 2. A description for its affiliates, nature of work and areas of investment.
 3. Information about directors of the Board, names and grades of top management's employees: their qualifications, expertise, benefits/ salaries they obtain from the Bank, loans extended to them by the Bank, and any other transactions reached between the Bank and the members or his companies or parties related to him.
 4. A statement indicating names of prime shareholders in the Bank, no. of shares owned by each of them if that shareholding constitutes 5% or greater.
 5. Competitive status of the Bank within the sector of its activity, main markets, stake of the local market, in addition to its stake of foreign markets if possible.
 6. The extent of dependency on definite suppliers or/ and prime customers (internally and externally), in case it forms (10%) or higher of total purchases or/ and sales or revenues, respectively.
 7. A description to any governmental protection or advantages the Bank enjoys or any of its products under rules and regulations, and a description to any invention patents or franchises being attained by the Bank.
 8. A description to any resolutions issued by the government or Int'l organizations or other that have physical effect on the Bank or its products or competitive capability and to disclose that the Bank has applied Int'l quality criteria.
 9. An outline to the Bank's organizational chart, number of employees, qualifications categories, and employees' rehabilitation and training programs.
 10. A description to risks which the Bank is exposed to.
 11. The achievements that the Bank has realized enhanced with figures, and a description to significant events passed by the Banks during the fiscal year.
 12. The financial impact of transactions with non-recurrent nature taking place during the fiscal year and do not come within the chief activity of the Bank.
 13. The chronological order for profits and losses, distributed profits, net equity, prices of securities issued by the Bank, for a period of not less that five years or since the establishment of the Bank ,whichever is less and to be represented graphically as possible.
 14. An analysis to the Bank's financial position, results of operations during the fiscal year.
 15. The important future developments, including any expansions or new projects and future plan of the Bank, for at least one upcoming year and expectations of the Board of Directors for the Bank's operations results.



16. The amount of the Banks and affiliates' audit remunerations, and the amount of any remunerations for any services the auditor has received or/ and has been due to him.
17. A statement showing number of securities issued by the Bank and owned by any of the directors of the Board and persons of top management of executive authority and their relatives and companies controlled by any one of them. Whole to be compared with the previous year.
18. A statement indicating donations and grants the Bank paid during the fiscal year.
19. A statement displaying contracts, projects and links the Bank has entered with affiliates, sisterly or allied companies or chairman of the Board of Directors or directors of the Board or the General Manager or any employee of the Bank or their relatives.
20. The Bank's contribution to environment protection and serving local community.
21. The Corporate Governance Code of the Bank and the annual details of his observation of its items.
22. A summary of the duties and responsibilities of the committees of the Board and any powers the Board has delegated to such committees.
23. The frequency of the meetings of the Board and the committees of the Board.
24. A testimony from the Board as to the adequacy of the discipline regulations and internal control.



Consolidated Financial Statements
As Of December 31, 2009
and Auditor's Report



We have audited the accompanying consolidated financial statements of Capital Bank (a public shareholding company) and its subsidiaries ("the Bank"), which comprise the consolidated statement of financial position as at 31 December 2009 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2009 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on the legal and regulatory requirements

The Bank maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report.

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

Amman -Jordan
19 January 2010

Ernst & Young



Capital Bank Of Jordan

Consolidated Statement of Financial Position at 31 December 2009

	Notes	2009 JD	2008 JD
Assets			
Cash and balances with Central Banks	4	190,968,435	86,764,001
Balances at banks and financial institutions	5	75,904,727	74,449,064
Financial assets held for trading	6	161,568	19,417,029
Direct credit facilities	7	569,774,041	592,871,680
Financial assets -available for sale	8	135,411,615	89,210,424
Financial assets -held to maturity	9	31,803,753	49,332,391
Financial assets pledged as collateral	10	13,367,210	5,983,890
Property and equipment	11	24,204,721	20,027,779
Goodwill and other intangible assets	12	6,387,730	5,716,128
Deferred tax assets	21	4,789,774	5,514,179
Other assets	14	21,829,902	34,259,934
Total Assets		1,074,603,476	983,546,499
Liabilities And Equity			
Liabilities -			
Banks and financial institutions' deposits	15	37,190,591	51,336,278
Customers' deposits	16	679,981,283	530,204,360
Margin accounts	17	50,156,175	54,554,677
Loans and borrowings	18	55,884,352	107,351,969
Subordinated loan (convertible to shares)	19	12,952,001	12,952,001
Sundry provisions	20	3,226,979	3,358,508
Income tax liabilities	21	1,474,145	6,808,394
Deferred tax liabilities	21	833,938	-
Other liabilities	22	24,833,409	13,818,767
Total Liabilities		866,532,873	780,384,954
Equity-			
Equity attributable to equity holders of the parent			
Issued and paid in capital	23	132,280,000	132,280,000
Share premium	23	709,472	12,680,672
Statutory reserve	24	15,347,622	14,719,693
General banking risk reserve	24	5,883,391	5,883,391
Foreign currency translation reserve	25	3,874,407	2,984,443
Cumulative changes in fair value	26	2,387,260	183,622
Equity component of the convertible loan	19	1,022,784	1,022,784
Retained earnings	27	20,576,552	24,944,515
Proposed dividends	28	17,720,000	-
Total equity attributable to the Bank's shareholders		199,801,488	194,699,120
Non controlling interest		8,269,115	8,462,425
Total Equity		208,070,603	203,161,545
Total Liabilities and Equity		1,074,603,476	983,546,499

The accompanying notes from 1 to 51 are an integral part of these financial statements



Capital Bank Of Jordan

Consolidated Income Statement For the Year Ended 31 December 2009

	Notes	2009 JD	2008 JD
Interest income	29	70,588,125	70,417,561
Interest expense	30	<u>37,343,379</u>	<u>37,773,436</u>
Net interest income		33,244,746	32,644,125
Net fees and commission income	31	<u>8,282,349</u>	<u>5,420,206</u>
Net interest and commission income		41,527,095	38,064,331
Net gain from foreign currencies	32	1,751,180	1,581,719
Net gain (loss) from financial assets held for trading	33	175,033	(2,299,360)
Net realized loss from financial assets available for sale	34	(1,329,495)	(1,944,004)
Other operating income	35	<u>3,065,383</u>	<u>6,837,016</u>
Gross profit		<u>45,189,196</u>	<u>42,239,702</u>
Employees' expenses	36	9,443,739	9,124,861
End of Service indemnity		1,088,505	-
Depreciation and amortization	11, 12	2,213,585	1,652,508
Other operating expenses	37	7,401,205	6,385,364
Impairment of repossessed assets against non - performing loans	14	1,552,910	128,001
Impairment losses on direct credit facilities	7	19,238,180	5,069,365
Sundry provisions	20	(17,899)	155,038
Total operating expenses		<u>40,920,225</u>	<u>22,515,137</u>
Profit before tax		4,268,971	19,724,565
Income tax expense	21	<u>2,930,588</u>	<u>4,474,396</u>
Profit for the year		<u>1,338,383</u>	<u>15,250,169</u>
Attributable to:			
Equity holders of the parent for the year		2,008,766	14,302,506
Non - controlling interest		(670,383)	947,663
		<u>1,338,383</u>	<u>15,250,169</u>
Earning per share for the Bank's shareholders For the year:		<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and Diluted earnings per share	38	<u>0/ 015</u>	<u>0/108</u>

The accompanying notes from 1 to 51 are an integral part of these financial statements



Capital Bank Of Jordan
Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2009

	2009 JD	2008 JD
Profit for the period	1,338,383	15,250,169
Foreign currency translation	328,919	845,225
Net movement in cumulative changes in fair value of available for sale financial assets	2,247,112	(55,117)
Cost of capital Increase	<u>-</u>	<u>(27,840)</u>
Total other comprehensive income for the year, net of tax	<u>2,576,031</u>	<u>762,268</u>
Total comprehensive income for the year	<u>3,914,414</u>	<u>16,012,437</u>
Attributable to:		
Equity holders of the parent	5,102,368	14,783,509
Non-controlling interest	<u>(1,187,954)</u>	<u>1,228,928</u>
	<u>3,914,414</u>	<u>16,012,437</u>

The accompanying notes from 1 to 51 are an integral part of these financial statements



Consolidated Financial Statements

Capital Bank Of Jordan Consolidated Statement of Changes In Equity For The Year Ended 31 December 2009

	Bank's Shareholders' Equity											
	Issued and Paid in Capital JD	Share premium JD	Statutory JD	Reserves General banking risk JD	Foreign currency translation reserve JD	Cumulative changes in fair values JD	Retained earnings JD	Equity component of the convertible Loan JD	Proposed Dividends/ the parent share holders JD	Equity attributable to equity holders of Non-controlling Interest JD	Total Equity JD	
Balance At 1 January 2009	132,280,000	12,680,672	14,719,693	5,883,391	2,984,443	183,622	24,944,515	1,022,784	-	194,699,120	8,462,425	203,161,545
Total comprehensive income												
for the Year	-	-	-	-	889,964	2,203,638	2,008,766	-	-	5,102,368	(1,187,954)	3,914,414
Increase in subsidiaries capital	-	-	-	-	-	-	-	-	-	-	994,644	994,644
Transferred to reserves	-	-	627,929	-	-	-	(627,929)	-	-	-	-	-
Proposed stock dividends	-	(11,971,200)	-	-	-	-	(5,748,800)	-	17,720,000	-	-	-
At 31 December 2009	<u>132,280,000</u>	<u>709,472</u>	<u>15,347,622</u>	<u>5,883,391</u>	<u>3,874,407</u>	<u>2,387,260</u>	<u>20,576,552</u>	<u>1,022,784</u>	<u>17,720,000</u>	<u>199,801,488</u>	<u>8,269,115</u>	<u>208,070,603</u>
At 1 January 2008	123,000,000	709,472	12,874,420	5,119,844	2,420,483	238,739	13,278,669	-	7,500,000	165,141,627	7,233,497	172,375,124
Total comprehensive income												
for the year	-	-	-	-	563,960	(55,117)	14,274,666	-	-	14,783,509	1,228,928	16,012,437
Increase in subsidiaries capital	9,280,000	11,971,200	-	-	-	-	-	-	-	21,251,200	-	21,251,200
Proposed dividends	-	-	-	-	-	-	-	-	(7,500,000)	(7,500,000)	-	(7,500,000)
Transferred to reserves	-	-	1,845,273	763,547	-	-	(2,608,820)	-	-	-	-	-
Equity component of the convertible loan	-	-	-	-	-	-	-	1,022,784	-	1,022,784	-	1,022,784
At 31 December 2008	<u>132,280,000</u>	<u>12,680,672</u>	<u>14,719,693</u>	<u>5,883,391</u>	<u>2,984,443</u>	<u>183,622</u>	<u>24,944,515</u>	<u>1,022,784</u>	<u>-</u>	<u>194,699,120</u>	<u>8,462,425</u>	<u>203,161,545</u>

* Included in retained earnings is JD 10 million that is restricted against lawsuits held against the Bank, in addition to JD 4,789,774 representing deferred tax assets as at 31 December 2009 (31 December 2008: JD 5,514,179). According to the Central Bank of Jordan's regulations, these balances are not available for distribution.

* The Board of Directors decided in its meeting number (1/2010) dated 19 January 2010 to issue bonus shares of JD 17,720,000 to increase capital using additional paid in capital and part of retained earnings. This decision is subject to the approval of the General assembly.

The accompanying notes from 1 to 51 are an integral part of these financial statements


Capital Bank Of Jordan
Consolidated Statement of Cash Flow For The Year Ended 31 December 2009

	Notes	2009 JD	2008 JD
Operating Activities			
Profit before tax		4,268,971	19,724,565
Adjustments for –			
Depreciation and amortization		2,213,585	1,652,508
Impairment loss on direct credit facilities		19,238,180	5,069,365
Unrealized loss from financial assets held for trading		37,841	887,987
Impairment of assets repossessed by the bank		1,552,910	128,001
Impairment of financial assets -available for sale		1,635,272	1,746,722
Sundry provisions		(17,899)	155,038
Effect of exchange rate changes		(1,267,163)	(1,653,511)
Operating cash flows before changes in operating assets and liabilities		<u>27,661,697</u>	<u>27,710,675</u>
Changes in assets and liabilities -			
Decrease in balances with Central Banks maturing after more than three months		3,000,000	4,000,000
(Increase) decrease in restricted balances		(176,865)	(12,431)
Decrease in trading financial assets		19,217,620	29,565,945
Decrease (increase) in credit facilities		3,896,979	(100,378,013)
Decrease in other assets		10,882,008	952,586
Decrease in banks and financial institution deposits maturing after more than three months		(3,070,286)	(4,172,684)
Increase in customers' deposits		149,642,297	53,738,518
Decrease in margin accounts		(4,407,097)	(6,799,751)
Increase in other liabilities		11,004,922	846,348
Sundry provision paid		(149,428)	(23,509)
Net cash from operating activities before income tax		<u>217,501,847</u>	<u>5,427,684</u>
Income tax paid		(7,541,863)	(7,251,641)
Net cash from (used in) operating activities		<u>209,959,984</u>	<u>(1,823,957)</u>
Investing Activities			
Redemption of financial assets- held to maturity		17,711,910	24,967,868
Purchase of financial assets - held to maturity		(2,253,635)	(998,151)
Proceeds from financial assets -available for sale		69,783,692	16,574,592
Purchase of financial assets -available for sale		(117,856,764)	(67,680,503)
Purchase of financial assets -available for sale pledged as collateral		(1,978,110)	(5,983,890)
Purchase of property and equipment		(5,661,773)	(11,513,200)
Proceeds from sale of property and equipment		175,005	131,101
Purchase of intangible assets		(1,490,070)	(445,541)
Net cash used in investing activities		<u>(41,569,745)</u>	<u>(44,947,724)</u>
Financing Activities			
Increase in capital		-	9,280,000
Capital increase fees		-	(27,840)
Increase in share premium		-	11,971,200
Repayment of loans and borrowings		(58,999,430)	(74,437,848)
Proceeds from loans and borrowings		7,531,813	8,360,164
Paid dividends		-	(7,500,000)
Subordinated loans convertible to shares		-	12,952,001
Equity component of convertible loan		-	1,022,784
Net cash used in financing activities		<u>(51,467,617)</u>	<u>(38,379,539)</u>
Net increase (decrease) in cash and cash equivalents		116,922,622	(85,151,220)
Effect of exchange rate changes on cash and cash equivalents		1,267,163	1,653,511
Effect of exchange rate changes on the National Bank of Iraq		1,368,848	1,020,582
Cash and cash equivalents at 1 January	39	<u>109,531,923</u>	<u>192,009,050</u>
Cash and cash equivalents at 31 December	39	<u>229,090,556</u>	<u>109,531,923</u>

The accompanying notes from 1 to 51 are an integral part of these financial statements



Notes to the Consolidated Financial Statements

31 December 2009

1 GENERAL INFORMATION

The Bank is a public shareholding company registered and incorporated in Jordan, on 30 August 1995 in accordance with the Companies Law no 1 of (1989). Its registered office is in Amman.

The Bank provides its banking services through its main branch located in Amman, and through its thirteen Branches in Jordan and its subsidiaries Capital Investment and Brokerage Company in Jordan, National Bank of Iraq in Iraq, and Capital Investment Fund Company in Bahrain.

The Bank originally had a paid in capital of JD 20 million. The Bank has subsequently increased its capital to reach JD 132,280,000. The increases in capital were affected through capitalizing its distributable reserves and private placements to shareholders, in addition to the participation of International Finance Corporation (IFC) which became a strategic partner.

All Capital Bank of Jordan shares are listed at Amman Stock Exchange.

The financial statements were authorized for issue by the Bank's Board of Directors in their meeting No. (1/2010) held on 19 January 2010. These financial statements are subject to the General Assembly's approval.

2 BASIS OF PREPARATION

- The accompanying consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations (IFRICs), and in conformity with the applicable laws and regulations of the Central Bank of Jordan.
- The consolidated financial statements are prepared on a historical cost basis, except for financial assets held for trading, financial investments- available for sale and financial assets and financial liabilities held at fair value through profit or loss, that have been hedged for their fair value.
- The financial statements have been presented in Jordanian Dinars (JD) which is the functional currency of the Bank.

Changes in accounting policies:

The Bank's accounting policies are consistent with those used in the previous year except for the following:

IAS 1 Revised Presentation of Financial Statements

The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Bank prepared two statements for the year ended 31 December 2009.

IFRS 8 Operating Segments

IFRS 8 replaced IAS 14 Segment Reporting (IAS 14). Operating segments per the new standard are the same as were identified under IAS 14.



Segmental reporting

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

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank has the power to govern the financial and policies of an entity so as to obtain benefits from its activities.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions that are recognized in assets or liabilities, between the Bank and the following subsidiaries are eliminated in full:

- Capital Investment and Brokerage Company Ltd/Jordan; of which the Bank owns 100% of its paid in capital of JD 10,000,000 as of 31 December 2009. The company was established on 16 May 2005.
- National Bank of Iraq (NBI)/Iraq; of which the Bank owns 72.36% of its paid in capital of IQD 50,000,000,000 (JD 31,500,000) as of 31 December 2009. National Bank of Iraq was acquired effective 1 January 2005.
- Capital Investment Fund Company/Bahrain; of which the Bank owns 100% of its paid in capital of BHD 1,000 (JD 1,888) as of 31 December 2009. The purpose of the company is to manage mutual funds and it has not started operations yet.

The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies. If different accounting policies were applied by the subsidiaries, adjustments shall be made on their financial statements in order to comply with those of the Bank.

Subsidiaries' financial statements are prepared using same accounting policies for the same reporting period as the Bank.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the bank obtains control, and continue to be consolidated until the date that such control ceases.

Non controlling interests represent the portion of equity and profit or loss not owned by the bank.

In parent company's separate financial statements, investment in subsidiaries is recorded at cost.

Financial assets held for trading

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

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



Interest earned is included in interest income and dividends received are included in gains (losses) from financial assets and liabilities held for trading.

Direct credit facilities

Credit facilities are initially recognized at the fair value of consideration given and subsequently measured at amortized cost after allowance for credit losses and interest and commission in suspense.

Impairment of direct credit facilities is recognized in the allowance for credit losses when events occur after the initial recognition of the facility that have an impact on the estimated future cash flows of the facilities that can be reliably estimated. The impairment is recorded in the income statement.

Interest and commission arising on non-performing facilities is suspended when loans become impaired according to the Central Bank of Jordan's regulations.

Loans and the related allowance for credit losses are written off when collection procedures become ineffective. The excess in the allowance of possible loan losses, if any, is transferred to the statement of income, and cash recoveries of loans that were previously written off are credited to the income statement.

Financial assets- available for sale

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

AFS investments are initially recorded at fair value plus attributable transaction costs. After initial measurement, available-for-sale financial investments are measured at fair value. Unrealized gains and losses are recognized directly in equity as 'Cumulative change in fair value' reserve. When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the income statement.

The losses arising from impairment of such investments are recognized in the income statement and removed from the cumulative change in fair value reserve. Reversal of impairment on equity instruments is reflected in the cumulative change in fair value, while reversal of impairment on debt instruments is transferred to the income statement.

Gains or losses on debt instruments resulting from foreign exchange rate changes are transferred to the income statement. On equity instruments, such gains and losses are transferred to the cumulative change in fair value.

Interest earned on available-for-sale financial investments is reported as interest income using the effective interest method.

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

Financial assets- held to maturity

Held-to-maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the Bank has the positive intention and ability to hold to maturity.

Held to maturity investments are initially recognized at cost, being the fair value of consideration given



including directly attributable transaction costs. After initial measurement, held-to-maturity financial assets are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest method.

Fair value

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For financial instruments where there is no active market fair value is normally based on one of the following methods:

- Comparison with the current market value of a highly similar financial instrument.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Option pricing models.

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount payable on demand.

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

Impairment of financial assets

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

Impairment is determined as follows:

- For assets carried at amortised cost, impairment is based on the difference between the carrying value and the estimated cash flows discounted at the original effective interest method.
- For assets carried at fair value, impairment is the difference between the cost and the fair value.
- For assets carried at cost, impairment is based on the difference between the carrying value and the present value of future cash flows discounted at the current market rate of return from a similar financial asset.

Impairment is recognised in the income statement if in a subsequent period, the amount of the impairment loss decreases, the carrying value of the asset is increased to its recoverable amount. The amount of the reversal is recognised in the income statement, except for equity instruments classified as available for sale investments for which the reversal is recognised in equity.

Property and equipment

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



	<u>%</u>
Buildings	2 - 5
Equipment and furniture	2.5 - 20
Vehicles	15 - 20
Computers	25
Other	10

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

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

Provisions

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

Income Tax

Tax expense comprises current tax and deferred taxes.

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

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

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

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

Fiduciary assets

Assets held in a fiduciary capacity are not recognized as assets of the Bank. Fees and commissions received for administering such assets are recognized in the income statement. A provision is recognized for decreases in the fair value of guaranteed fiduciary assets below their original principal amount.

Offsetting

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



Revenue and expense recognition

Interest income is recorded using the effective interest method except for fees and interest on non performing facilities, on which interest is transferred to the interest in suspense account and not recognized in the income statement.

Expenses are recognized on an accrual basis.

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

Trade date accounting

Purchases and sales of financial assets are recognized on the trade date (that being the date at which the sale or purchase takes place).

Financial instruments and hedge accounting

Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of the Bank's recognized assets or liabilities that is attributable to a particular risk.

For designated and qualifying fair value hedges, the change in the fair value of a hedging derivative is recognized in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as adjustment to the carrying value of the hedged item and is also recognized in the income statement.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in the Bank's actual and expected cash flows which is attributable to a particular risk associated with a recognized asset or liability.

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognized directly in equity, and is subsequently transferred to the income statement in the period in which the hedged cash flows affect income, or at such time as the hedge becomes ineffective. The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in the income statement.

Hedge of net investments in foreign operations

Hedges of net investments in a foreign operation are accounted for by measuring the fair value of the hedging instrument. The effective portion of the gain or loss on the hedging instrument is initially recognized directly in equity, while the ineffective portion of the gain or loss on the hedging instrument is recognized immediately in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognized directly in equity is transferred to the income statement.

For hedges which become ineffective, gains or losses resulting from the change in fair value of the hedge instrument is recognized directly in the income statement.

Derivative financial instruments held for trading

Derivative financial instruments such as foreign currency forward and future deals, interest rate forward and future deals, swaps, foreign currency options and others, are initially recorded at cost as other assets / liabilities,



and subsequently carried at fair value in the balance sheet. Fair value is determined by reference to current market prices. In case such prices were not available, the method of valuation is stated. Changes in fair value are transferred to the income statement.

Repurchase and resale agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognized in the Bank's financial statements due to the Bank's continuing exposure to the risks and rewards of these assets using the same accounting policies.

The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and the repurchase price is recognized as an interest expense over the agreement term using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the Bank's financial statements as assets since the Bank is not able to control these assets. The related payments are recognized as part of deposits at banks and financial institutions or direct credit facilities as applicable, and the difference between purchase and resale price is recognized in the income statement over the agreement term using the effective interest method.

Financial assets pledged as collateral

The assets pledged by the bank are strictly for the purpose of providing collateral for the counter party to the extent that counter party is permitted to sell and /or re-pledge the assets. The method of valuation is related to the financial policies for its basic classification.

Assets Seized by the Bank

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

Intangible assets

a) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill arising from the investment in subsidiaries will be separately shown under intangible assets, while that arising from the investment in associates will be shown as part of investment in associates and subsequently adjusted for any impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is from the date of acquisition allocated to each of the Bank's cash-generating units, or groups of cash-generating units. Where the recoverable amount of the cash-generating unit is less than the carrying value, an impairment loss is recognized.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that



the estimated recoverable amount of a cash-generating unit or group of cash-generating units is less than their carrying amount. Impairment losses are transferred to the income statement.

b) Other Intangible assets

Intangible assets acquired through business combination are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

Intangible assets with finite lives are amortized over the useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired.

Internally generated intangible assets are not capitalized and are expensed in the income statement.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

Intangible assets include trademarks, computer software and programs, Management estimates the useful lives for each item. Amortization is calculated using the straight-line method at 25%.

Foreign currencies

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

Monetary assets and liabilities in foreign currencies are translated into respective functional currencies at rates of exchange prevailing at the balance sheet date as issued by Central Bank of Jordan. Any gains or losses are taken to the income statement.

Translation gains or losses on non-monetary items carried at fair value (such as stocks) through equity are included in equity as part of the cumulative changes in fair value. For non-monetary items carried at fair value through profit and loss, such gains and losses are taken to the income statement.

As at the reporting date, the assets and liabilities of foreign subsidiaries and overseas branches are translated into the Bank's presentation currency at the rate of exchange ruling at the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken directly to a separate component of equity. On disposal of an entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is transferred to the income statement.

Cash and cash equivalents

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

3 USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These



estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required for non – performing credit facilities. Such estimates are necessarily based on assumption about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future change in such provision.

- a) Provision for credit losses: The Bank reviews its loan portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a Bank, or national or local economic conditions that correlate with defaults on assets in the Bank.
- b) Impairment losses on collaterals acquired by the Bank are determined based on appraisal reports prepared by certified appraisers. Provisions are recognized when impairment is determined at the financial statements date individually and any impairment is recorded in the income statement. Valuation is performed on a regular basis.
- c) Income tax is calculated based on the tax rates and laws that are applicable at the balance sheet date.
- d) A periodic review is performed on assets estimated useful lives and assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.
- e) Management reviews the carrying values of financial assets held at cost, and any identified impairment is recorded in the income statement.
- f) Legal provision is calculated for facing any legal liabilities according to the lawyer's opinion.

4 CASH AND BALANCES WITH CENTRAL BANKS

	2009 JD	2008 JD
Cash on hand	8,173,813	7,380,653
Balances at Central Banks-		
Current and demand deposits	8,639,824	1,245,790
Time deposits	127,660,000	17,882,495
Statutory cash reserve	46,494,798	41,255,063
Certificates of deposits	-	19,000,000
	<u>190,968,435</u>	<u>86,764,001</u>

Except for the statutory cash reserve, there are no restricted cash balances as at 31 December 2009 and 2008.

There are no certificates of deposits maturing after three months as at 31 December 2009 (2008: JD 3,000,000).



5 BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2009 JD	2008 JD	2009 JD	2008 JD	2009 JD	2008 JD
Current and demand deposits	152,759	132,545	18,112,468	24,867,640	18,265,227	25,000,185
Deposits maturing within 3 months	<u>32,393,504</u>	<u>27,165,151</u>	<u>25,245,996</u>	<u>22,283,728</u>	<u>57,639,500</u>	<u>49,448,879</u>
	<u>32,546,263</u>	<u>27,297,696</u>	<u>43,358,464</u>	<u>47,151,368</u>	<u>75,904,727</u>	<u>74,449,064</u>

Non interest bearing balances at banks and financial institutions amounted to 2,422,773 JD as at 31 December 2009 (2008: JD 4,683,358).

Restricted balances amounted to JD 592,015 as of 31 December 2009 (2008: JD 415,150) see note (18).

6 FINANCIAL ASSETS HELD FOR TRADING

	2009 JD	2008 JD
Quoted debt securities	-	17,868,688
Quoted equities	161,568	1,371,889
Unquoted equities	-	<u>176,452</u>
	<u>161,568</u>	<u>19,417,029</u>

On 31 October 2008, the Bank implemented the new amendments for IAS 39 and IFRS 7 related to reclassifications of financial instruments, whereby, the Bank reclassified some of the financial assets held for trading to available for sale financial assets at the fair value of these instruments as of the date of the reclassification. The effect of this reclassification was as follows:

	JD
Reclassified Investments fair value as of 31 October 2008	3,337,993
Sold securities	(1,589,341)
Decrease in fair value	<u>2,406</u>
Fair value as of 31 December 2009	<u>1,751,058</u>

In addition, on 30 September 2009, the Bank reclassified some of the financial assets held for trading to available for sale financial assets at the fair value of these instruments as at the date of the reclassification, the effect of this reclassification was as follow:

	JD
Reclassified Investments fair value as of 30 September 2009	15,475,878
Matured securities	(1,671,310)
Decrease in fair value	<u>(2,267,130)</u>
Fair value as of 31 December 2009	<u>11,537,438</u>

The unrealized losses for the reclassified investments during 2009 which were not recorded in the income statement amounted to JD 2,347,523.

The Bank implemented this amendment as the Bank no longer had the intention to keep these instruments for short term trading purposes.


7 DIRECT CREDIT FACILITIES

	2009 JD	2008 JD
Consumer lending		
Overdrafts	2,585,802	1,087,799
Loans and bills *	40,293,136	39,747,905
Credit cards	1,989,425	1,577,940
Residential mortgages	71,476,630	74,480,993
Corporate lending		
Overdrafts	46,146,050	68,712,888
Loans and bills *	437,203,138	416,215,345
Small and medium enterprises lending "SMEs"		
Overdrafts	4,340,999	2,979,090
Loans and bills *	<u>11,607,332</u>	<u>11,483,816</u>
Total	<u>615,642,512</u>	<u>616,285,776</u>
Less: Suspended interest	7,726,553	4,487,872
Less: Allowance for impairment losses	<u>38,141,918</u>	<u>18,926,224</u>
Direct credit facilities, net	<u>569,774,041</u>	<u>592,871,680</u>

* Net of interest and commissions received in advance of JD 1,223,928 as at 31 December 2009 (2008: JD 1,629,253).

Non-performing credit facilities amounted to JD 77,660,359 as at 31 December 2009 (2008: JD 31,440,139), representing % 12.6 (2008: 5.1%) of gross facilities.

Non-performing credit facilities, net of suspended interest, amounted to JD 69,933,805 as at 31 December 2009 (2008: JD 26,952,267) representing % 11.5 (2008: 4.4%) of gross facilities after excluding the suspended interest.

Reconciliation of the allowance for impairment losses for direct credit facilities by class is as follows:

	Consumer JD	Residential mortgages JD	Corporate JD	SMEs JD	Total JD
2009					
At 1 January 2009	2,401,960	539,006	15,705,042	280,216	18,926,224
Charge for the year	1,191,385	122,303	17,872,853	51,639	19,238,180
Amounts written off	(43,461)	-	-	-	(43,461)
Foreign exchange differences	(3,413)	-	24,597	(209)	20,975
At 31 December 2009	<u>3,546,471</u>	<u>661,309</u>	<u>33,602,492</u>	<u>331,646</u>	<u>38,141,918</u>
Individual impairment	3,332,119	513,386	32,490,629	331,436	36,667,570
Collective impairment	<u>214,352</u>	<u>147,923</u>	<u>1,111,863</u>	<u>210</u>	<u>1,474,348</u>
At 31 December 2009	<u>3,546,471</u>	<u>661,309</u>	<u>33,602,492</u>	<u>331,646</u>	<u>38,141,918</u>
2008					
At 1 January 2008	1,429,637	162,665	12,234,915	81,257	13,908,474
Charge for the year	970,237	376,341	3,523,828	198,959	5,069,365
Amounts written off	(3,511)	-	(89,932)	-	(93,443)
Foreign exchange differences	5,597	-	36,231	-	41,828
At 31 December 2008	<u>2,401,960</u>	<u>539,006</u>	<u>15,705,042</u>	<u>280,216</u>	<u>18,926,224</u>
Individual impairment	2,250,451	438,445	15,086,548	254,730	18,030,174
Collective impairment	<u>151,509</u>	<u>100,561</u>	<u>618,494</u>	<u>25,486</u>	<u>896,050</u>
At 31 December 2008	<u>2,401,960</u>	<u>539,006</u>	<u>15,705,042</u>	<u>280,216</u>	<u>18,926,224</u>



Non-performing credit facilities that were settled or collected amounted to JD 1,823,627 as at 31 December 2009 (2008: JD 3,152,110).

Reconciliation of suspended interest on direct credit facilities by class is as follows:

	Consumer JD	Residential mortgages JD	Corporate JD	SMEs JD	Total JD
2009					
At 1 January 2009	617,828	136,442	3,692,615	40,987	4,487,872
Add: Suspended interest during the year	661,261	115,972	2,643,116	68,401	3,488,750
Less: Amount transferred to income on recovery	(9,420)	(31,242)	(169,602)	(8,624)	(218,888)
Less: Amounts written off	(36,685)	-	-	-	(36,685)
Foreign exchange differences	3,788	-	1,437	279	5,504
At 31 December 2009	<u>1,236,772</u>	<u>221,172</u>	<u>6,167,566</u>	<u>101,043</u>	<u>7,726,553</u>
2008					
At 1 January 2008	223,136	31,433	3,152,373	-	3,406,942
Add: Suspended interest during the year	386,160	119,661	847,319	40,987	1,394,127
Less: Amount transferred to income on recovery	(25,256)	(14,652)	(215,827)	-	(255,735)
Less: Amounts written off	(1,685)	-	(96,676)	-	(98,361)
Foreign exchange differences	35,473	-	5,426	-	40,899
At 31 December 2008	<u>617,828</u>	<u>136,442</u>	<u>3,692,615</u>	<u>40,987</u>	<u>4,487,872</u>

8 FINANCIAL INVESTMENTS- AVAILABLE FOR SALE

	2009 JD	2008 JD
Quoted Investments		
Treasury bills	35,235,950	30,080,314
Government debt securities	78,203,497	43,813,675
Corporate debt securities	15,149,591	5,101,453
Equities	4,002,656	6,515,800
Investment Funds	<u>626,676</u>	<u>2,296,029</u>
Total quoted investments	<u>133,218,370</u>	<u>87,807,271</u>
Unquoted Investments		
Equities *	<u>2,193,245</u>	<u>1,403,153</u>
Total unquoted investments	<u>2,193,245</u>	<u>1,403,153</u>
Total financial Investments available for sale	<u>135,411,615</u>	<u>89,210,424</u>
Analysis of debt instruments		
Fixed rate	122,429,418	74,127,054
Floating rate	<u>6,159,620</u>	<u>4,868,388</u>
Total	<u>128,589,038</u>	<u>78,995,442</u>

* This item represents investments carried at cost as their fair value could not be measured reliably.



9 Financial Investments - Held To Maturity

	2009 JD	2008 JD
Quoted Investments		
Government debt securities	23,122,620	23,873,037
Corporate debt securities	8,000,000	22,000,000
Other debt securities	<u>681,133</u>	<u>3,459,354</u>
Total quoted investments	<u>31,803,753</u>	<u>49,332,391</u>
Analysis of debt instruments		
Fixed rate	28,122,620	44,205,391
Floating rate	<u>3,681,133</u>	<u>5,127,000</u>
Total	<u>31,803,753</u>	<u>49,332,391</u>

- Held to maturity bonds mature in one payment at maturity date except for an amount of JD 681,133 representing Sudan Sukuk which matures within three years the first payment of which matured at 12 December 2008.
- No repurchase agreements exist as at 31 December 2009, 2008.

10 FINANCIAL ASSETS PLEDGED AS COLLATERAL

	31 December 2009		31 December 2008	
	Pledged assets JD	Related liabilities JD	Pledged assets JD	Related liabilities JD
Financial assets-Available for sale	11,240,210	10,602,340	5,983,890	6,000,000
Financial assets- Held to maturity	<u>2,127,000</u>	<u>1,375,460</u>	-	-
	<u>13,367,210</u>	<u>11,977,800</u>	<u>5,983,890</u>	<u>6,000,000</u>

These bonds are pledged as collaterals against advances from Real-Estate Mortgage Finance Company and Jordan International Bank (Note 18)

Maturities for these bonds as of 31 December 2009 as follows:

Maturity Date	Bond Balance
07/03/2010	2,127,000
23/03/2010	1,978,110
08/01/2011	4,085,600
23/03/2011	<u>5,176,500</u>
	<u>13,367,210</u>



11 PROPERTY AND EQUIPMENT

	Land JD	Buildings JD	Furniture & Fixtures JD	Vehicles JD	Computers JD	Others* JD	Total JD
2009							
Cost:							
At 1 January 2009	7,716,794	3,748,450	2,626,746	325,516	2,071,670	3,803,527	20,292,703
Foreign exchange translation differences	2,240	5,992	4,280	617	1,484	-	14,613
Additions	729,289	2,421,500	1,467,464	166,497	196,667	1,684,213	6,665,630
Disposals	-	-	(204,418)	(114,200)	(328,947)	(3,639)	(651,204)
At 31 December 2009	8,448,323	6,175,942	3,894,072	378,430	1,940,874	5,484,101	26,321,742
Depreciation:							
At 1 January 2009	-	310,342	1,361,067	126,610	1,213,401	984,654	3,996,074
Depreciation charge during the year	-	138,357	400,757	50,199	316,828	436,878	1,343,019
Foreign exchange translation differences	-	2,215	(11,707)	(349)	-	-	(9,841)
Disposals	-	-	(202,569)	(25,694)	(244,298)	(3,639)	(476,200)
At 31 December 2009	-	450,914	1,547,548	150,766	1,285,931	1,417,893	4,853,052
Projects under construction	-	65,828	1,719,065	351	622,066	328,721	2,736,031
Net book value of property and equipment at 31 December 2009	8,448,323	5,790,856	4,065,589	228,015	1,277,009	4,394,929	24,204,721
2008							
Cost:							
At 1 January 2008	1,111,639	3,734,661	2,370,429	269,140	1,899,282	2,880,849	12,266,000
Foreign exchange translation differences	5,155	13,789	12,300	1,331	-	-	32,575
Additions	6,600,000	-	373,360	65,514	254,921	991,932	8,285,727
Disposals	-	-	(129,343)	(10,469)	(82,533)	(69,254)	(291,599)
At 31 December 2008	7,716,794	3,748,450	2,626,746	325,516	2,071,670	3,803,527	20,292,703
Depreciation:							
At 1 January 2008	-	214,475	1,137,140	88,821	890,233	654,322	2,984,991
Depreciation charge during the year	-	92,851	301,793	46,649	359,499	357,545	1,158,337
Foreign exchange translation differences	-	3,016	9,359	869	-	-	13,244
Disposals	-	-	(87,225)	(9,729)	(36,331)	(27,213)	(160,498)
At 31 December 2008	-	310,342	1,361,067	126,610	1,213,401	984,654	3,996,074
Projects under construction	-	2,127,501	1,361,095	-	-	242,554	3,731,150
Net book value of property and equipment at 31 December 2008	7,716,794	5,565,609	2,626,774	198,906	858,269	3,061,427	20,027,779

* Represents refurbishment, interior design and decoration of buildings and branch offices.

- The estimated costs to complete the purchase of premises and equipment amounted to JD 199,414 as at 31 December 2009.

Fully depreciated property and equipment still in use amounted to JD 1,127,538 as at 31 December 2009 (2008: JD 883,741).



12 INTANGIBLE ASSETS

	Trade Marks JD	Computer Software JD	Goodwill JD	Total JD
2009				
Net book value:				
At 1 January 2009	-	1,378,958	4,076,664	5,455,622
Additions	-	594,248	-	594,248
Foreign currency translation differences	-	-	26,049	26,049
Amortization	-	(870,566)	-	(870,566)
	-	1,102,640	4,102,713	5,205,353
Projects under construction	-	1,182,377	-	1,182,377
At 31 December 2009	<u>-</u>	<u>2,285,017</u>	<u>4,102,713</u>	<u>6,387,730</u>

* Goodwill as of 31 December 2009 has been translated using year end exchange rates.

2008				
Net book value:				
At 1 January 2008	4,555	631,957	3,920,755	4,557,267
Additions	-	1,236,617	-	1,236,617
Foreign currency translation differences	-	-	155,909	155,909
Amortization	(4,555)	(489,616)	-	(494,171)
	-	1,378,958	4,076,664	5,455,622
Projects under construction	-	260,506	-	260,506
At 31 December 2008	<u>-</u>	<u>1,639,464</u>	<u>4,076,664</u>	<u>5,716,128</u>

- As at 31 December 2009, the estimated cost to complete projects under progress is JD 1,279,060.
- Fully amortized intangible assets amounted to JD 1,494,736 as at 31 December 2009, (2008: JD 1,055,356).

Impairment Testing of Goodwill

Goodwill arose from the acquisition of a controlling interest in the National Bank of Iraq.

The bank has tested the goodwill using the following key assumptions:

- The recoverable amount of NBI has been determined based on the value in use calculation, using five-year cash flow projections approved by senior management based on National Bank of Iraq performance assumptions verified against financial economic indicators such as interest rates.
- The cash flow projections showed that the return on equity is estimated at 12.7% during the coming five years.
- The discount rate used by the Bank is 35%.
- In the opinion of the Bank's management based on the discounted cash flow projections, goodwill is not impaired.



- * Goodwill as at 31 December 2009 has been retranslated using year-end exchange rates therefore goodwill balance increased by JD 26,049, compared to JD 155,909 last year. This increase was recorded within the foreign currency translation reserve in the statement of changes in equity.

13 Acquisition of National Bank of Iraq

The Bank acquired 59.2% of the paid up capital of National Bank of Iraq starting 1 January 2005. During 2009 the Bank increased its share to 72.36%, equal to JD 31,500,000, through a private subscription to increase National Bank of Iraq paid up capital to Iraqi Dinar 50 billion.

The Bank controls National Bank of Iraq and the financial statements were consolidated at the date of acquisition and goodwill was recognized on that date.

14 OTHER ASSETS

	2009 JD	2008 JD
Accrued interest and revenue	4,726,923	4,522,684
Prepaid expenses	1,606,517	1,663,909
Assets seized by the Bank by calling on collateral	10,548,381	11,778,324
Export documents and bills purchased	3,718,524	15,050,428
Others	<u>1,229,557</u>	<u>1,244,589</u>
	<u>21,829,902</u>	<u>34,259,934</u>

Reconciliation of assets seized by the Bank by calling on collateral during the year is as follows:

	2009			2008
	Real estate JD	*Others JD	Total JD	Total JD
At 1 January	708,646	11,069,678	11,778,324	16,391,255
Foreign currency translation differences	124	-	124	283
Additions	322,843	-	322,843	258,450
Retirements	-	-	-	(4,743,663)
Impairment losses	-	<u>(1,552,910)</u>	<u>(1,552,910)</u>	<u>(128,001)</u>
At 31 December	<u>1,031,613</u>	<u>9,516,768</u>	<u>10,548,381</u>	<u>11,778,324</u>

- * This amount represents stocks seized by the Bank by calling on collaterals.



15 BANKS AND FINANCIAL INSTITUTIONS' DEPOSITS

	2009			2008		
	Inside Jordan JD	Outside Jordan JD	Total JD	Inside Jordan JD	Outside Jordan JD	Total JD
Current and demand deposits	36,963	8,062,606	8,099,569	1,181,510	4,893,749	6,075,259
Time deposits	<u>23,941,653</u>	<u>5,149,369</u>	<u>29,091,022</u>	<u>41,205,686</u>	<u>4,055,333</u>	<u>45,261,019</u>
Total	<u>23,978,616</u>	<u>13,211,975</u>	<u>37,190,591</u>	<u>42,387,196</u>	<u>8,949,082</u>	<u>51,336,278</u>

16 CUSTOMERS' DEPOSITS

	Consumer JD	Corporate JD	SMEs JD	Governmental Sectors JD	Total JD
2009					
Current and demand deposits	48,853,770	34,096,245	6,721,928	17,914,027	107,585,970
Saving accounts	12,261,678	29,675	-	-	12,291,353
Time and notice deposits	257,276,245	69,871,417	10,638,622	171,351,724	509,138,008
Certificates of deposit	47,417,824	1,103,281	1,870,000	-	50,391,105
Others	<u>504,442</u>	<u>70,405</u>	<u>-</u>	<u>-</u>	<u>574,847</u>
Total	<u>366,313,959</u>	<u>105,171,023</u>	<u>19,230,550</u>	<u>189,265,751</u>	<u>679,981,283</u>
2008					
Current and demand deposits	61,626,050	11,417,339	7,475,191	1,147,081	81,665,661
Saving accounts	7,852,917	37,965	-	-	7,890,882
Time and notice deposits	181,222,078	128,389,272	9,335,062	71,825,366	390,771,778
Certificates of deposit	46,204,096	942,304	938,900	1,200,000	49,285,300
Others	<u>494,077</u>	<u>96,662</u>	<u>-</u>	<u>-</u>	<u>590,739</u>
Total	<u>297,399,218</u>	<u>140,883,542</u>	<u>17,749,153</u>	<u>74,172,447</u>	<u>530,204,360</u>

- Governmental institutions' and public sector deposits amounted to JD 189,265,751 as at 31 December 2009 (2008: JD 74,172,447) representing 27.83% (2008: 13.99%) of total customers' deposits.
- Non-interest bearing deposits amounted to JD 83,444,650 as at 31 December 2009 (2008: JD 64,903,307) representing 12.27% (2008: 12,24%) of total deposits.
- Restricted deposits amounted to JD 1,491,095 as at 31 December 2009 (2008: JD 1,023,631).
- Dormant accounts amounted to JD 3,934,830 as at 31 December 2009 (2008: JD 4,411,370).



17 MARGIN ACCOUNTS

	2009 JD	2008 JD
Margins on direct credit facilities	23,524,093	24,160,319
Margins on indirect credit facilities	20,988,317	22,757,958
Deposits against cash margin dealings' facilities	92,649	71,408
Others	<u>5,551,116</u>	<u>7,564,992</u>
Total	<u>50,156,175</u>	<u>54,554,677</u>

18 LOANS AND BORROWINGS

	Amount JD	Total no of installments	Outstanding instalments	Collaterals JD	Interest rate %
2009					
Amounts borrowed from Central Bank of Jordan	566,302	207	30	-	4.25% -6.25%
Amounts borrowed from local banks and financial institutions	47,915,634	13	10	<u>9,262,100</u>	4.675% - 9.25%
Amounts borrowed from foreign banks and financial institutions	<u>7,402,416</u>	135	102	<u>4,697,125</u>	1.607% - 6%
Total	<u>55,884,352</u>			<u>13,959,225</u>	
2008					
Amounts borrowed from Central Bank of Jordan	1,285,121	211	99	-	3% - 6.75%
Amounts borrowed from local banks and financial institutions	57,718,393	13	12	-	5.15% - 9.25%
Amounts borrowed from foreign banks and financial institutions	<u>48,348,455</u>	127	115	<u>415,150</u>	1.13% - 6.00%
Total	<u>107,351,969</u>			<u>415,150</u>	

Amounts borrowed from the Central Bank of Jordan are due during the period from 2010 to 2011.

Included in the borrowings from local financial institutions are amounts due to Real Estate Mortgage Finance Company, of JD 43,000,000. The mortgage loans were refinanced at a rate of 8.70%. Governmental bonds of JD 9,262,100 as at 31 December 2009 were pledged as collaterals against JD 9,000,000 of these loans.

Capital Investment and Brokerage Company signed loan agreements with local banks with total limits of JD 18,420,000 and utilized amounts as of 31 December 2009 amounted to JD 4,915,634 with interest rates range between 8.5%- 9.25%.

At 31 December 2009, fixed-rate loans amounted to JD 47,040,391, while loans with floating-rates amounted to JD 8,843,961.



Collaterals include bonds pledged of JD 13,367,210 (note no. 10) and restricted amounts of JD 592,015 (note no. 5) as of December 2009.

19 SUBORDINATED LOANS (CONVERTIBLE TO SHARES)

	Amount JD	number of Total	installment outstanding	Frequency of installment	Collaterals	Interest rate
2009						
Subordinated Loan	<u>14,180,000</u>	12	12	Semi annual installments starting December 2012	-	variable rate libor 6 month +1.3%
Total	<u>14,180,000</u>				-	

The convertible loan has been recorded as follows:

	<u>2009</u> <u>JD</u>	<u>2008</u> <u>JD</u>
Nominal value of the convertible loan	14,180,000	14,180,000
Less: Equity component	1,022,784	1,022,784
Less: Issuing cost	<u>205,215</u>	<u>205,215</u>
Total	<u>12,952,001</u>	<u>12,952,001</u>

The Bank has signed on 2 January 2008 a subordinated loan agreement with International Finance Corporation (IFC), amounting to USD 20 million, equivalent to JD 14,180,000 convertible to shares starting from the fourth year till the seventh year. The applicable conversion price per share shall be (1.75) multiplied by the book value per share of the Bank. The book value per share will be calculated by dividing the book value of the Bank (as per the most recent audited annual financial statements of the Bank) by the number of shares outstanding of the Bank. The interest rate on this loan is equal to LIBOR 6 months + 1.3%.

The loan is subject to certain financial covenants which include the following:

1. Capital adequacy ratio not less than 12%.
2. Equity to Assets ratio not less than 15%.
3. Comply with other ratios regarding credit concentration and uses of fund.


20 SUNDRY PROVISIONS

	Balance at 1 January JD	Provided during the year JD	Utilised during the year JD	Transferred to income JD	Balance at December 31 JD
2009					
Provision for impairment loss on stocks seized by the bank	3,226,979	-	-	-	3,226,979
Other Provisions*	<u>131,529</u>	<u>-</u>	<u>(149,428)</u>	<u>17,899</u>	<u>-</u>
Total	<u>3,358,508</u>	<u>-</u>	<u>(149,428)</u>	<u>17,899</u>	<u>3,226,979</u>
2008					
Provision for impairment loss on stocks seized by the bank	3,226,979	-	-	-	3,226,979
Other Provisions*	<u>-</u>	<u>155,038</u>	<u>(23,509)</u>	<u>-</u>	<u>131,529</u>
Total	<u>3,226,979</u>	<u>155,038</u>	<u>(23,509)</u>	<u>-</u>	<u>3,358,508</u>

* Other provisions are provided for decreases in the fair value of guaranteed fiduciary assets below their original principal amount.

21 INCOME TAX
- Income Tax liabilities

The movements on the income tax liability were as follows:

	2009 JD	2008 JD
At 1 January	6,808,394	7,292,527
Foreign exchange translation differences	913	10,671
Income tax paid	(7,541,863)	(7,251,641)
Income tax charge for the year	1,386,692	6,640,331
Income tax charge for previous year	<u>820,009</u>	<u>116,506</u>
At 31 December	<u>1,474,145</u>	<u>6,808,394</u>
Income tax appearing in the statement of income represents the following:		
Current income tax charge	1,386,692	6,640,331
Previous years income tax charges	820,009	116,506
Movement on deferred tax assets	724,405	(2,167,579)
Movement on deferred tax liabilities	-	(115,863)
Foreign exchange translation differences	<u>(518)</u>	<u>1,001</u>
	<u>2,930,588</u>	<u>4,474,396</u>

Capital Bank, Capital Investment and Brokerage Company and National Bank of Iraq reached a final settlement with the Income Tax Department for the year ended 2008.



The movements on temporary differences giving rise to deferred tax assets and liabilities are:

	2009			2008		
	Balance at 1 January JD	Released during the year JD	Additions during the Year JD	Balance at 31 December JD	Deferred Tax JD	Deferred Tax JD
a) Deferred tax assets						
Shares granted to employees	786,158	(779,738)	13,306	19,726	4,932	274,405
Impairment loss on stocks seized by the bank	3,226,979	-	-	3,226,979	968,094	1,129,443
Allowance for credit losses and interest in suspense	9,345,754	(2,523,435)	3,388,515	10,210,834	3,063,250	3,271,015
Unrealized loss from financial assets held for trading	887,987	(887,987)	37,841	37,841	11,352	232,772
Watch list Provision	-	-	739,905	739,905	221,971	-
Impairment loss on financial investments- available for sale	1,732,984	(1,566,274)	1,589,896	1,756,606	520,175	606,544
	<u>15,979,862</u>	<u>(5,757,434)</u>	<u>5,769,463</u>	<u>15,991,891</u>	<u>4,789,774</u>	<u>5,514,179</u>
b) Deferred tax liabilities						
Unrealised gain from financial assets held for trading	(862,064)	(79,365)	903,588	(37,841)	-	-
Unrealised gain from financial investments- available for sale	(2,290,013)	(1,041,415)	6,082,352	(2,750,924)	833,938	-
	<u>(2,478,366)</u>	<u>(447,069)</u>	<u>5,625,511</u>	<u>2,700,076</u>	<u>833,938</u>	<u>-</u>

- Deferred tax liability include JD 833,938 as of December 2009 resulted from revaluation gains on financial assets - available for sale.
- Income tax rate for deferred tax assets and liabilities is 30%.

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

	2009		2008	
	Assets JD	Liabilities JD	Assets JD	Liabilities JD
At 1 January	5,514,179	-	3,346,600	255,942
Additions	1,705,860	833,938	2,586,140	-
Released	(2,430,265)	-	(418,561)	(255,942)
At 31 December	<u>4,789,774</u>	<u>833,938</u>	<u>5,514,179</u>	<u>-</u>



Reconciliation between taxable profit and the accounting profit is as follows:

	2009 JD	2008 JD
Accounting profit	4,268,971	19,724,565
Non-taxable profit	(7,454,160)	(6,056,737)
Expenses not deductible in determining taxable profit	<u>5,465,680</u>	<u>6,767,589</u>
Taxable profit	<u>2,280,491</u>	<u>20,435,417</u>
Effective rate of income tax	68.65%	22.68%

The statutory tax rate on banks in Jordan is 35% and the statutory tax rates on subsidiaries range between 15% to 25%.

22 OTHER LIABILITIES

	2009 JD	2008 JD
Accrued interest expense	4,136,584	3,666,187
Escrow agreement	259,658	776,355
Accrued expenses	269,175	1,084,266
Certified cheques	1,009,987	517,420
Cheques payable	1,083,918	1,539,085
University fees	47,951	141,064
Scientific research fees	47,951	141,064
Educational, vocational, training and technical fund fees	34,045	117,082
Checks under collection	-	4,328
Board of directors' remuneration	62,500	60,000
Brokerage payable	15,954,685	4,342,980
Negative fair value of derivatives (Note 40)	124,297	461,248
Others	<u>1,802,658</u>	<u>967,688</u>
	<u>24,833,409</u>	<u>13,818,767</u>

23 PAID IN CAPITAL AND SHARE PREMIUM

The authorized and paid in capital amounted to JD 132,280,000 divided into shares at a par value of JD 1 per share as at 31 December 2009 (2008: JD 132,280,000).

Additional paid up capital amounted to JD 709,472 as of 31 December 2009 (2008: 12,680,672).

24 RESERVES

Statutory Reserve

As required by the Law, 10% of the profit before tax is transferred to the statutory reserve. The Bank may



resolve to discontinue such annual transfers when the reserve equals the paid in capital. This reserve is not available for distribution to shareholders.

General banking risk reserve

This reserve is appropriated from retained earnings in compliance with the regulations of the Central Bank of Jordan.

The use of the following reserves is restricted by law:

Description	Amount	Restriction Law
Statutory reserve	15,347,622	Companies Law and Banks law
General banking risk reserve	5,883,391	Central Bank of Jordan

25 FOREIGN CURRENCY TRANSLATION RESERVE

This represents exchange differences resulted from translation of the net assets of National Bank of Iraq upon consolidation of the financial statements.

	2009 JD	2008 JD
At 1 January	2,984,443	2,420,483
Additions	889,964	563,960
At 31 December	<u>3,874,407</u>	<u>2,984,443</u>

26 CUMULATIVE CHANGES IN FAIR VALUE

	Financial assets- available for sale		
	Stocks JD	Bonds JD	Total JD
2009			
At 1 January	(321,000)	504,622	183,622
Net unrealised (losses) gains	(1,213,680)	2,637,691	1,424,011
Deferred tax liabilities	(39,712)	(794,226)	(833,938)
Impairment losses of financial assets- available for sale	1,635,272	-	1,635,272
Realised losses (gains)	<u>185,116</u>	<u>(206,823)</u>	<u>(21,707)</u>
At 31 December	<u>245,996</u>	<u>2,141,264</u>	<u>2,387,260</u>
2008			
At 1 January	239,520	(781)	238,739
Net unrealised (losses) gains	(2,823,533)	533,520	(2,290,013)
Deferred tax liabilities	59,897	80,182	140,079
Impairment losses of financial assets- available for sale	1,746,722	-	1,746,722
Realised losses (gains)	<u>456,394</u>	<u>(108,299)</u>	<u>348,095</u>
At 31 December	<u>(321,000)</u>	<u>504,622</u>	<u>183,622</u>

The cumulative change in fair value is presented net of deferred tax liabilities which equal to JD 833,938 as at 31 December 2009.



27 RETAINED EARNINGS

Included in the retained earnings an amount of JD 4,789,774 representing deferred tax assets, in addition to JD 10,000,000 restricted for law suits held against the Bank, and according to the Central Bank of Jordan's regulations, these balances are not available for distribution.

28 PROPOSED STOCK DIVIDENDS

Proposed stock dividends equal to JD 17,720,000. This represents 13.4% and is subject to the General Assembly's approval (2008: no dividends were distributed)

29 INTEREST INCOME

	2009 JD	2008 JD
Consumer lending		
Overdrafts	328,869	96,158
Loans and bills	3,501,334	3,411,734
Credit cards	328,938	192,253
Residential mortgages	6,549,047	6,229,173
Corporate lending		
Overdrafts	5,868,989	6,074,003
Loans and bills	37,991,442	35,725,559
Small and medium enterprises lending (SMEs)		
Overdrafts	552,101	263,342
Loans and bills	1,008,637	985,705
Balances at central Banks	1,903,168	4,134,146
Balances at banks and financial institutions	853,773	2,737,420
Financial assets held for trading	756,282	1,858,213
Financial assets- available for sale	7,061,157	4,523,271
Financial assets-held to maturity	3,873,888	4,088,599
Others	10,500	97,985
Total	<u>70,588,125</u>	<u>70,417,561</u>

30 INTEREST EXPENSE

	2009 JD	2008 JD
Banks and financial institution deposits	1,225,359	1,641,759
Customers' deposits -		
Current accounts and deposits	156,627	308,250
Saving accounts	555,096	471,942
Time and notice placements	24,535,523	20,531,056
Certificates of deposits	2,763,673	3,665,024
Margin accounts	1,146,159	2,107,125
Loans and borrowings	6,006,801	8,312,208
Deposit guarantee fees	954,141	736,072
Total	<u>37,343,379</u>	<u>37,773,436</u>


31 NET COMMISSION INCOME

	2009 JD	2008 JD
Commission income -		
Direct credit facilities	688,147	456,004
Indirect credit facilities	5,078,383	4,120,307
Other commission	2,980,921	1,334,076
Less: commission expense	<u>465,102</u>	<u>490,181</u>
Net Commission Income	<u>8,282,349</u>	<u>5,420,206</u>

32 NET GAIN FROM FOREIGN CURRENCIES

	2009 JD	2008 JD
Resulting from:		
Revaluation of foreign currencies	1,693,538	1,653,511
Trading in foreign currencies	<u>57,642</u>	<u>(71,792)</u>
	<u>1,751,180</u>	<u>1,581,719</u>

33 NET GAIN (LOSS) FROM FINANCIAL ASSETS HELD FOR TRADING

	Realized (loss) Gain JD	Unrealized (loss) Gain JD	Dividend income JD	Total JD
2009				
Treasury bills	(124,788)	(37,841)	12,825	(149,804)
Debt Securities	<u>324,837</u>	<u>-</u>	<u>-</u>	<u>324,837</u>
Total	<u>200,049</u>	<u>(37,841)</u>	<u>12,825</u>	<u>175,033</u>
2008				
Treasury bills	13,386	-	-	13,386
Equities	(1,699,333)	(908,090)	274,574	(2,332,849)
Debt Securities	<u>-</u>	<u>20,103</u>	<u>-</u>	<u>20,103</u>
Total	<u>(1,685,947)</u>	<u>(887,987)</u>	<u>274,574</u>	<u>(2,299,360)</u>

34 NET REALIZED LOSS FROM FINANCIAL ASSETS - AVAILABLE FOR SALE

	2009 JD	2008 JD
Dividend income	83,784	150,813
gain (Loss) from sale of financial investments- available for sale	221,993	(348,095)
Less: impairment losses	<u>(1,635,272)</u>	<u>(1,746,722)</u>
Total	<u>(1,329,495)</u>	<u>(1,944,004)</u>



35 OTHER OPERATING INCOME

	2009 JD	2008 JD
Commission from the investment unit	2,613,033	4,782,528
Other income	<u>452,350</u>	<u>2,054,488</u>
Total	<u>3,065,383</u>	<u>6,837,016</u>

36 EMPLOYEES' EXPENSES

	2009 JD	2008 JD
Salaries and benefits	7,613,006	6,675,150
Employee bonus	-	796,500
Bank's contribution to social security	710,208	582,514
Medical expenses	520,815	585,071
Training and research	296,108	226,818
Per Diems	108,707	116,924
Paid vacations	92,349	62,156
Bank's contribution to social activities fund	9,656	13,583
Others	<u>92,890</u>	<u>66,145</u>
Total	<u>9,443,739</u>	<u>9,124,861</u>

37 OTHER OPERATING EXPENSES

	2009 JD	2008 JD
Rent and building services	1,204,256	933,993
Consulting and professional fees	403,784	681,645
Stationary and printing	285,093	194,952
Board of Directors' transportation	129,442	126,697
Reuters' and Bloomberg subscription expense	186,686	136,270
Donations	551,454	200,092
Advertisement	1,427,158	1,352,059
Subscriptions, fees and licenses	283,199	137,005
Travel and transportation	127,957	78,966
Computer expenses	525,760	498,229
Post, telephone, swift and Internet	680,962	543,384
Subscriptions	134,308	154,448
Security Services	81,407	55,787
Cash transportation services	119,948	23,970
Insurance	111,831	76,466
Jordanian universities fees	47,951	141,064
Scientific research and vocational training fees	47,951	141,064
Technical and vocational education and training support fund fees	34,045	117,082
Board of Directors' remuneration	60,000	60,000
Maintenance	248,750	214,556
Others	<u>709,263</u>	<u>517,635</u>
Total	<u>7,401,205</u>	<u>6,385,364</u>


38 EARNINGS PER SHARE
Basic and diluted earnings per share

	2009 JD	2008 JD
Profit for the year attributable to ordinary equity holders of the parent	2,008,766	14,302,506
Weighted average number of shares during the year	<u>132,280,000</u>	<u>132,280,000</u>
	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earning per share (JD/Fils)	<u>0,015</u>	<u>0,108</u>

39 CASH AND CASH EQUIVALENTS

Cash and cash equivalents appearing in the statement of cash flow consist of the following balance sheet items:

	2009 JD	2008 JD
Cash and balances with Central Banks	190,968,435	83,764,001
Add: Balances at banks and financial institutions maturing within 3 months	75,904,727	74,449,064
Less: Banks and financial institutions' deposits maturing within 3 months	(37,190,591)	(48,265,992)
Less: Restricted cash balances	(592,015)	(415,150)
Cash and cash equivalents	<u>229,090,556</u>	<u>109,531,923</u>

40 DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the positive and negative fair values of derivative financial instruments together with the notional amounts analyzed by their term to maturity.

	Positive fair value JD	Negative fair value JD	Total notional amount JD	Par value maturity	
				Within 3 months JD	3-12 months JD
2009					
Derivatives held For Trading (Selling Contracts)	-	124,297	28,785,006	22,712,957	6,072,049
Derivatives held For Trading (Buying Contracts)	-	-	28,660,709	22,582,793	6,077,916
2008					
Derivatives held For Trading (Selling Contracts)	-	461,248	43,599,904	43,599,904	-
Derivatives held For Trading (Buying Contracts)	-	-	43,306,916	43,306,916	-



The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

41 RELATED PARTY TRANSACTIONS

The consolidated financial statements of the Bank include the following subsidiaries:

Company name	Ownership	Paid in Capital	
		2009 JD	2008 JD
Capital Investment and Brokerage Company	100 %	10,000,000	10,000,000
National Bank of Iraq	72.36%	22,996,055	11,392,587
Capital Investment Fund Company	100%	1,888	1,888

The Bank entered into transactions with major shareholders, directors, senior management in the ordinary course of business at commercial interest and commission rates. All the loans and advances to related parties are performing advances and are free of any provision for credit losses.

The following related party transactions took place during the years:

	Related party			Total	
	BOD members JD	Executive management JD	Others JD	2009 JD	2008 JD
Balance sheet items:					
Deposits at banks	-	-	1,143,283	1,143,283	854,902
Balances at banks	22,914,125	465,026	9,389,946	32,769,097	32,118,721
Margin accounts	24,000	-	125,486	149,486	1,483,581
Direct credit facilities	4,861,524	1,232,339	4,453,361	10,547,224	22,105,046
Off balance sheet items:					
Letters of credit and guarantee	24,300	-	3,721,462	3,745,762	10,622,806
Income statement items:					
Interest and commission income	741,163	61,354	252,005	1,054,522	992,302
Interest and commission expense	1,298,149	13,409	114,466	1,426,024	1,397,309

Interest rates on credit facilities in Jordanian Dinar range between 4.25% - 11.5%.

No credit facilities were granted in foreign currency.

Interest rates on deposits in Jordanian Dinar range between 2.75% - 6%.

Interest rates on deposits in foreign currency range between 0.4% - 0.75%.

Compensation of the key management personnel is as follows:

	2009 JD	2008 JD
Benefits (Salaries, wages, and bonus) of senior management	2,135,417	2,058,517
End of Service Indemnity	1,088,055	-
Total	<u>3,223,472</u>	<u>2,058,517</u>



42 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments include cash balances, deposits at banks and central banks, credit facilities, other financial assets, customers' deposits, banks deposits and other financial liabilities.

As mentioned in note (8) there is an amount of JD 2,193,245 representing financial investments- available for sale carried at cost (2008: JD1,403,153). These investments were stated at cost since their fair value could not be measured reliably.

There are no material differences between the fair value of financial instruments and their carrying value.

There are no material differences between the carrying values and fair values of the on and off balance sheet financial instruments as of 31 December 31 2009 and 2008.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	First Level JD	Second Level JD	Third Level JD	Total JD
2009-				
Financial assets -				
Trading financial assets	161,568	-	-	161,568
AFS financial assets	132,591,694	626,676	-	133,218,370
Financial liabilities-				
Derivatives	-	124,297	-	124,297
2008-				
Financial assets -				
Trading financial assets	19,417,029	-	-	19,417,029
AFS financial assets	85,511,242	2,296,029	-	87,807,271
Financial liabilities-				
Derivatives	-	461,248	-	461,248

43 RISK MANAGEMENT POLICIES

The Bank manages its various banking risks in many ways based on a comprehensive strategy for risks and means of controlling and mitigating them through the Risk Management Department, ALCO, Investment Committee, and Credit Quality Department. Moreover, all bank's departments are responsible for defining the risks related to bank operations, setting the appropriate controls and monitoring its continuity and efficiency in accordance with the risk control system.



Risk is managed through a process of ongoing identification, measurement and monitoring of financial and non-financial risks that can have adverse effects on the Bank's performance and reputation.

The Bank's risk management is in line with the main principles and objectives of corporate governance that are consistent with: the size and complexity of its operations, regulatory authorities' instructions, and International best practices. These principles constitute the following:

- Board's strategies for Risk Management.
- Risk management policies approved by the Board.
- Setting acceptable risk appetite limits by the Risk Committee, which are subsequently approved by the Board.
- Risk management is seen as the responsibility of all the employees at the Bank.
- Distribution of tasks and responsibilities to staff in accordance with specialization.
- Ensuring the effectiveness of the policies and procedures of risk management by the Audit and Risk Committee.

Determining the ideal employment of capital by the Assets and Liabilities Management Committee (ALCO), and ensuring the continuous monitoring of market and liquidity risks.

Risk Management is an independent department that manages credit, market, liquidity, operational, and compliance risks in a centralized and comprehensive approach using systems that help in managing such risks. The department directly reports to the General Manager, Audit, Risk and Compliance Committees.

The Internal Audit Department provides independent assurance on compliance with policies and procedures set by the Risk Management department, and the degree of effectiveness of its risk framework in the Bank.

The Bank's risk management policy is continuously reviewed and updated with the industry's most recent developments and services. Its risk management philosophy is based on knowledge, experience, management supervision, ability to judge on banking issues, and the availability of a clear manual of authorities set by the Board.

Risk Management department provides recommendations to senior management and Risk Committee. In addition, it sets the rules and instructions for implementing effective regulatory controls, reporting the degree of compliance with controls, providing analytical resources for senior management, and following up on all technical developments relating to the tools of measurement and management of risk.

The Bank is exposed to the following risks:

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Regulatory Compliance Risk

Credit Risk

Is the risk that the Bank will incur a loss because its customers, clients or counterparties failed to discharge



their contractual obligations. The Bank manages and controls credit risk by setting limits on levels of risk it is willing to accept for individuals and corporate counterparties and for geographical and industry sectors, and by monitoring exposures in relation to such limits and continually assessing the credit worthiness of counterparties. In addition, the Bank obtains security where appropriate.

The Bank manages credit risks as determined by the Board annually in its credit strategy which includes credit ceilings and other items. Those policies include maximum limits for credit exposure to one customer or group of customers, in addition to credit distributions across geographic and economic sectors and taking into consideration budgets for credit granting and credit limits.

The Bank follows several methods for risk mitigation including high quality collaterals that could be liquidated when needed. Collateral value is compared to the customers' activities. The Bank also obtains insurance protection on some portfolios and builds additional allowances as part of the risk mitigation policy.

Credit granting and execution are segregated in order to maintain control over credit granting by making sure that the credit policies are implemented properly including limits, collaterals, additional provisions and review of credit agreements before execution. The credit policies determine the authority limits in accordance with the size and collaterals of the facilities.

The Bank's risk management policy includes the following:

Defining credit concentration and limits:

The credit policy contains clear and specified ratios for maximum credit allowed to any client or group of clients based on pre-approved concentration ratios defined by the Central Bank of Jordan, in addition to concentration limits for various economic sectors. Moreover, there are approval limits set for each administrative level.

Customer Credit Rating:

Corporate customers are rated according to our own internal rating method based on their credit worthiness and their commitment of repayment using financial and non-financial criteria that are reviewed and evaluated by the Risk Management Department. The bank has also developed a credit scoring system to cover the retail/SMEs, in collaboration with risk department.

Risk Mitigation Techniques:

The risk management process in the Bank depends on various methods to mitigate against risk:

Collaterals, which are based on availability for liquidation and their percentage of granted credit. Collaterals are monitored and evaluated continuously.

The types of collateral used against facilities are as follows:

- Mortgages on real estate.
- Mortgages on cars and vehicles.
- Pledges on machinery.
- Possessory mortgage on the goods stored in the bonded warehouse on behalf of the bank.
- Financial instruments such as Bonds and Stocks.



- Bank Guarantees.
- Cash Collateral.
- Government Guarantees.
- Assignment of proceeds.
- External ratings issued by international rating institutions such as Moody's, Standard & Poor's and Fitch or equivalent institutions are used to manage credit exposures.

The Credit Administration Department monitors the market value of collateral on a regular basis, and upon decline in value, more collateral is demanded to cover the risk exposure.

Adopting a Credit Committee System for granting credit that depends on customer size, amount of facility, maturity, and customer risk level.

Diversification is a key principle for mitigating against credit risk. For this reason, the Bank's Credit Policy contains targeted distribution of credit and investments over various sectors and markets based on risk rating systems of economic and geographic sectors.

Debit instruments

External ratings are used by international agencies such as Standard & Poors and Moodys in managing the risks involved in debt securities.

Credit granting, monitoring, and follow up:

The Bank develops the policies and procedures necessary to: define credit granting techniques, maintaining the neutrality and integrity of the decision making process, and ensure that credit risks are accurately evaluated and approved. The Corporate Credit Group has been restructured, creating new sections, and the process of credit includes the following:

Corporate Credit Department: the main role of this department is to select clients, and prepare and evaluate credit reports and studies.

Credit Review Department: the main role is to receive credit studies and attached documents sent by the corporate credit department, then review these documents to create independent analysis for credit and financial status, monitoring proposed limits, and check compatibility with the bank's credit policies.

Corporate Control and Documentation Unit: the role of this department is to review and evaluate proposed credit limits, follow up on the documentation of the legal contracts, prepare the contracts and legal documents, and monitor any exceeded limits.

Credit Studies Unit: the main role is to keep following due payments and exceeded limits,

The general framework for credit policy contains credit approval delegations, credit limit definitions, and risk level methods. The Bank currently relies on internal credit rating and capital adequacy requirements based on Basel II to measure credit risk.



1) Credit Risk Exposures:

The table below shows the maximum exposure to credit risk for the components of the balance sheet, including derivatives. The maximum exposure is shown after allowances and suspended interest and before the effect of mitigation through the use of master netting and collateral agreements.

	2009 JD	2008 JD
Balance sheet items:		
Cash and balances at Central Banks	182,794,622	79,383,348
Balances at banks and financial institutions	75,904,727	74,449,064
Direct credit facilities		
Consumer lending	40,085,120	39,393,856
Residential mortgages	70,594,149	73,805,545
Corporate lending:		
Large corporations	443,579,130	465,530,576
Small and medium enterprises (SMEs)	15,515,642	14,141,703
Bonds and treasury bills:		
Within financial assets held for trading	-	17,868,686
Within financial investments- available for sale	128,589,038	78,995,442
Within financial investments- held to maturity	31,803,753	49,332,391
Within financial investments- available for sale pledged as collateral	13,367,210	5,983,890
Other assets	<u>8,445,447</u>	<u>19,573,112</u>
Total Balance Sheet Items	<u>1,010,678,838</u>	<u>918,457,613</u>
Off balance sheet items		
Letters of guarantee	100,560,522	109,797,492
Letters of credit	33,936,654	78,469,263
Acceptances	14,515,911	17,598,644
Irrevocable commitments to extend credit	41,964,718	20,783,852
Forward Deals	<u>18,309,696</u>	<u>43,306,916</u>
Total off Balance Sheet	<u>209,287,501</u>	<u>269,956,167</u>
Total	<u>1,219,966,339</u>	<u>1,188,413,780</u>



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

	Consumer JD	Residential mortgages JD	Corporate JD	SMEs JD	Banks and other Financial Institutions and other items JD	Total JD
2009						
Low risk	7,040,269	528,525	7,243,430	448,506	278,728,066	293,988,796
Acceptable risk	27,676,145	59,691,949	329,951,922	14,630,901	162,176,731	594,127,648
Past Due:						
Up to 30 days	614,437	26,603	27,320,373	1,809,560	-	29,770,973
From 31 to 60 days	6,395,156	90,159	11,030,387	196,504	-	17,712,206
Watchlist	742,025	9,868,947	80,159,534	-	-	90,770,506
Non performing:						
Substandard	18,678	398,702	24,255,759	89,450	-	24,762,589
Doubtful	4,321,105	374,451	12,014,278	64,881	-	16,774,715
Loss	4,674,117	553,587	28,862,093	711,686	-	34,801,483
Overdrawn accounts	<u>396,024</u>	<u>60,469</u>	<u>862,172</u>	<u>2,907</u>	-	<u>1,321,572</u>
Total	<u>44,868,363</u>	<u>71,476,630</u>	<u>483,349,188</u>	<u>15,948,331</u>	<u>440,904,797</u>	<u>1,056,547,309</u>
Less: Suspended interest	(1,236,772)	(221,172)	(6,167,566)	(101,043)	-	(7,726,553)
Less: allowance for impairment losses	<u>(3,546,471)</u>	<u>(661,309)</u>	<u>(33,602,492)</u>	<u>(331,646)</u>	-	<u>(38,141,918)</u>
Net	<u>40,085,120</u>	<u>70,594,149</u>	<u>443,579,130</u>	<u>15,515,642</u>	<u>440,904,797</u>	<u>1,010,678,838</u>
2008						
Low risk	853,596	959,675	14,940,894	907,020	168,874,378	186,535,563
Acceptable risk	34,814,380	65,241,986	418,106,883	11,382,179	156,711,555	686,256,983
Past Due:						
Up to 30 days	3,027,592	65,100	11,581,947	338,225	-	15,012,864
From 31 to 60 days	5,035,989	159,275	23,105,434	317,128	-	28,617,826
Watchlist	2,014,667	6,704,035	27,221,132	1,699,190	-	37,639,024
Non performing:						
Substandard	705,564	-	12,233,578	-	-	12,939,142
Doubtful	1,708,000	84,816	68,036	206,723	-	2,067,575
Loss	2,073,930	1,451,409	11,762,172	267,645	-	15,555,156
Overdrawn accounts	<u>243,507</u>	<u>39,072</u>	<u>595,538</u>	<u>149</u>	-	<u>878,266</u>
Total	<u>42,413,644</u>	<u>74,480,993</u>	<u>484,928,233</u>	<u>14,462,906</u>	<u>325,585,933</u>	<u>941,871,709</u>
Less: Suspended interest	(617,828)	(136,442)	(3,692,615)	(40,987)	-	(4,487,872)
Less: allowance for impairment losses	<u>(2,401,960)</u>	<u>(539,006)</u>	<u>(15,705,042)</u>	<u>(280,216)</u>	-	<u>(18,926,224)</u>
Net	<u>39,393,856</u>	<u>73,805,545</u>	<u>465,530,576</u>	<u>14,141,703</u>	<u>325,585,933</u>	<u>918,457,613</u>



The following table shows the distribution of collaterals measured at fair value over credit facilities:

	Consumer JD	Residential mortgages JD	Corporate JD	SMEs JD	Total JD
2009					
Collaterals					
Low risk	7,040,270	528,525	7,243,430	448,506	15,260,731
Acceptable risk	14,003,487	23,969,605	96,657,378	8,290,452	142,920,922
Watch list	961,018	4,498,591	42,995,559	-	48,455,168
Non performing:					
Substandard	1,234,422	328,347	21,916,663	67,723	23,547,155
Doubtful	2,802,585	330,530	1,989,308	-	5,122,423
Loss	2,342,832	451,254	7,886,912	467,552	11,148,550
Overdrawn accounts	61	-	-	-	61
Total	<u>28,384,675</u>	<u>30,106,852</u>	<u>178,689,250</u>	<u>9,274,233</u>	<u>246,455,010</u>
Comprising of:					
Cash margin	7,040,270	528,525	7,243,430	448,506	15,260,731
Real Estate	1,676,722	18,270,030	70,316,338	5,848,020	96,111,110
Traded equities	14,829,254	7,467,217	76,983,960	873,988	100,154,419
Vehicles and machinery	4,838,429	3,841,080	24,145,522	2,103,719	34,928,750
Total	<u>28,384,675</u>	<u>30,106,852</u>	<u>178,689,250</u>	<u>9,274,233</u>	<u>246,455,010</u>
2008					
Collaterals					
Low risk	853,596	959,675	14,940,894	907,020	17,661,185
Acceptable risk	3,761,190	51,209,457	167,794,019	5,686,813	228,451,479
Watch list	1,420,862	6,564,548	19,371,282	1,319,277	28,675,969
Non performing:					
Substandard	610,645	-	5,020,487	-	5,631,132
Doubtful	832,911	69,008	64,655	85,695	1,052,269
Loss	775,418	1,270,649	3,433,125	73,019	5,552,211
Overdrawn accounts	646	-	-	-	646
Total	<u>8,255,268</u>	<u>60,073,337</u>	<u>210,624,462</u>	<u>8,071,824</u>	<u>287,024,891</u>
Comprising of:					
Cash margin	853,596	959,675	14,940,894	907,020	17,661,185
Real Estate	3,548,709	54,891,759	124,180,654	6,146,285	188,767,407
Traded equities	25,122	2,812,936	46,000,719	431,135	49,269,912
Vehicles and machinery	3,827,841	1,408,967	25,502,195	587,384	31,326,387
Total	<u>8,255,268</u>	<u>60,073,337</u>	<u>210,624,462</u>	<u>8,071,824</u>	<u>287,024,891</u>

The fair value of collaterals shown does not exceed the value of the loan for each individual client.



Rescheduled Debts

Are defined as debts that were classified as “non-performing” facilities, and subsequently removed and included under “Watch List” based on proper rescheduling that complies with the Central Bank of Jordan’s regulations. These debts amounted to JD 48,032,940 as at 31 December 2009 (2008: JD 3,254,800).

Restructured Debts

Restructuring is reorganizing credit facilities in terms of instalments, extending the term of credit facilities, deferment of instalments, or extending the grace period and accordingly are classified as “Watch List” in case of restructuring twice during the year according to CBJ instructions and its amendments. These debts amounted to JD 27,593,464 as at 31 December 2009 (2008: JD 764,251).

3) Bonds and Treasury Bills

The following table explains the classifications of bonds and treasury bills based on international classification standards:

Bonds and Bills

Risk Rating Class	Included in financial assets held for trading JD	Included in financial investments- available for sale JD	Included in financial investments- held to maturity JD	Included in Financial investments pledged as collaterals JD	Total JD
Non-rated	-	13,484,980	19,798,564	2,127,000	35,410,544
Governmental	-	113,439,447	12,005,189	9,262,100	134,706,736
Moody's / Baa 1	-	-	-	1,978,110	1,978,110
S&P / A-	-	1,399,445	-	-	1,399,445
S&P / BBB+	-	265,166	-	-	265,166
Total	-	128,589,038	31,803,753	13,367,210	173,760,001



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

	Inside Jordan JD	Other Middle Eastern countries JD	Europe JD	Asia * JD	Americas JD	Other JD	Total JD
2009							
Cash and balances at Central Banks	153,283,431	29,511,191	-	-	-	-	182,794,622
Balances at banks and financial institutions	31,275,591	20,349,534	18,149,303	158,432	5,898,834	73,033	75,904,727
Direct credit facilities:							
Consumer lending	33,673,933	6,411,187	-	-	-	-	40,085,120
Residential mortgages	70,594,149	-	-	-	-	-	70,594,149
Corporate lending:							
Large corporations	438,707,867	4,871,263	-	-	-	-	443,579,130
Small and medium enterprises	15,343,545	172,097	-	-	-	-	15,515,642
Bonds and treasury bills within:							
Financial held for trading							
	126,733,741	1,855,297	-	-	-	-	128,589,038
Financial investments- available for sale							
	20,005,189	11,798,564	-	-	-	-	31,803,753
Financial investments- available for pledged as collateral							
	9,262,100	4,105,110	-	-	-	-	13,367,210
Other assets	4,304,912	982,889	-	3,157,646	-	-	8,445,447
Total 2009	<u>903,184,458</u>	<u>80,057,132</u>	<u>18,149,303</u>	<u>3,316,078</u>	<u>5,898,834</u>	<u>73,033</u>	<u>1,010,678,838</u>
Total 2008	<u>817,079,328</u>	<u>55,081,740</u>	<u>25,386,207</u>	<u>1,610,399</u>	<u>16,504,178</u>	<u>2,795,761</u>	<u>918,457,613</u>

* Excluding Middle-Eastern countries.



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

	Financial JD	Industrial JD	Commercial JD	Real estate* JD	Agriculture JD	Trading JD	Consumer JD	Public and governmental JD	Other JD	Total JD
2009										
Cash and balances at Central Banks	182,794,622	-	-	-	-	-	-	-	-	182,794,622
Balances at banks and financial institutions	75,904,727	-	-	-	-	-	-	-	-	75,904,727
Direct credit facilities:	3,859,711	112,605,332	159,679,102	113,383,042	16,217,804	140,398,291	17,582,408	-	6,048,351	569,774,041
Bonds and treasury bills within:										
Financial assets held for trading										
Financial assets- available for sale	3,171,944	3,963,310	-	736,350	-	-	-	113,439,447	7,277,987	128,589,038
Financial assets- held to maturity	11,117,431	681,133	-	8,000,000	-	-	-	12,005,189	-	31,803,753
Financial assets- available for sale pledged as collaterals	1,978,110	2,127,000	-	-	-	-	-	9,262,100	-	13,367,210
Other assets	8,445,447	-	-	-	-	-	-	-	-	8,445,447
Total 2009	287,271,992	119,376,775	159,679,102	122,119,392	16,217,804	140,398,291	17,582,408	134,706,736	13,326,338	1,010,678,838
Total 2008	183,695,810	109,816,450	145,761,352	162,257,528	17,025,134	149,425,075	20,847,278	111,966,191	17,662,795	918,457,613

* The balance includes real estate loans granted to corporations and mortgage lending institutions.



Market Risk

This is the risk of fluctuation in the fair value or the cash flows from financial instrument due to changes in market prices, interest rates, currency rates, and equity prices. These risks are monitored based on specific policies and procedures carried out through specialized committees and concerned business units.

Market risk is measured and monitored using different methods such as sensitivity analysis, “stop loss limits reports”, and monitoring of trading limits.

Sensitivity analysis is based on estimating the possible loss as a result of changes in the interest and foreign exchange rates. The fair value is calculated based on the present value of future cash flows adjusted for changes in interest rates.

1- Interest rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Bank is exposed to interest rate risk as a result of mismatches in interest rates between assets and liabilities. Accordingly, it manages these risks by reviewing the rates on a regular basis.

The Asset & liability policy provides limits for interest rate sensitivity and the “Asset and Liability Committee” (ALCO) analyses interest rate gaps and compares them to the approved limits. Positions are monitored on a regular basis and hedging strategies are used to ensure positions are maintained within the established limits.

Balancing Maturity dates for assets & liabilities:

The Bank attempts to harmonize the effect of interest rate changes across categories of assets and liabilities, and limit the adverse effects that can emerge as a result.

Interest Rate Gaps

The Bank attempts to avoid having interest rate gaps by matching between interest rates and maturities.

Hedging for interest rates

The Bank acquires long term financing to meet its long-term investments using fixed interest rates where possible to avoid fluctuations. Conversely, it enters into short-term investments to hedge against fluctuations that occur on floating and variable interest rates.

The sensitivity of income statement is represented by the effect of the possible expected changes in interest rates on the Bank’s profits for one year. It is calculated based on the financial assets and liabilities that carry a variable interest rate as of 31 December 2009.



2009 Currency	Increase in interest rate %	Sensitivity of net interest income JD	Sensitivity of equity JD
US Dollar	1	261,200	(120,943)
Euro	1	67,599	-
Pound Sterling	1	24,003	-
Japanese Yen	1	4,197	-
Other Currencies	1	(9,071)	-

2008 Currency	Increase in interest rate %	Sensitivity of net interest income JD	Sensitivity of equity JD
US Dollar	1	(594,742)	(57,966)
Euro	1	18,837	-
Pound Sterling	1	3,806	-
Japanese Yen	1	228,225	-
Other Currencies	1	(8,570)	-

2009 Currency	Decrease in interest rate %	Sensitivity of net interest income JD	Sensitivity of equity JD
US Dollar	(1)	(261,200)	123,294
Euro	(1)	(67,599)	-
Pound Sterling	(1)	(24,003)	-
Japanese Yen	(1)	(4,197)	-
Other Currencies	(1)	9,071	-

2008 Currency	Decrease in interest rate %	Sensitivity of net interest income JD	Sensitivity of equity JD
US Dollar	1	579,059	59,077
Euro	1	(18,778)	-
Pound Sterling	1	(3,806)	-
Japanese Yen	1	(228,225)	-
Other Currencies	1	8,570	-

2- Currency Risks

Foreign currency risk is the risk of change in the value of financial instruments as a result of change in foreign currency rates. The Jordanian Dinar is the functional currency of the Bank. The Board sets position limits for each foreign currency in the Bank. These positions are monitored on daily basis, and hedging strategies are adopted to ensure that the foreign currency positions held are within the approved limits.

The Bank's investment policy allows it to hold positions in major foreign currencies as long as it does not exceed 5% of shareholders' equity in each currency, and the net currencies position of 15% of shareholders equity. Foreign currency positions are monitored on daily basis. In addition, market instruments are used to hedge against fluctuations in currency exchange rates in order to protect the Bank from additional risk exposures.

The following table illustrates the possible effect on the income statement as a result of fluctuations in exchange rates against the Jordanian Dinar assuming that all other variables remain constant:



2009 Currency	Change in currency exchange rate %	Effect on profit and loss JD
Euro	5	1,053
Pound Sterling	5	77,320
Japanese Yen	5	542
Other currencies	5	427,071

2008 Currency	Change in currency exchange rate %	Effect on profit and loss JD
Euro	5	1,729
Pound Sterling	5	(15,685)
Japanese Yen	5	41,702
Other currencies	5	1,008,302

In the event of an opposite change in the indicator, the effect will remain constant but with an opposite sign.

3- Equity Price Risk

Equity price risk arises from the change in the fair value of equity investments. The Bank manages this risk by distributing its investments over various geographic and economic sectors. Most of the Bank's investments are listed on the Amman Stock Market.

The following table illustrates the income statement sensitivity and the accumulative change in fair value as a result of possible reasonable changes in the equity prices while assuming that all other variables remain constant:

2009 Market	Decrease in equity price %	Effect on profit before tax JD	Effect on equity JD
Amman Stock exchange	5	8,078	55,019
Regional Markets	5	-	15,725
Iraq Stock Exchange	5	-	34,186

2008 Market	Decrease in equity price %	Effect on profit before tax JD	Effect on equity JD
Amman Stock exchange	5	77,418	347,534
Regional Markets	5	-	98,723
International Markets	5	-	5,260
Iraq Stock Exchange	5	22,361	-

In the event of an opposite change in the indicator, the effect will be for the same amount but in an opposite direction.



The following analysis shows interest rate re-pricing or maturity dates, whichever is earlier:

	Less than 1 month JD	1 – 3 months JD	3 – 6 months JD	6 – 12 months JD	1 – 3 years JD	3 or more years JD	Non-inter- est bearing JD	Total JD	Average Interest rate %
2009									
Assets									
Cash and balances at Central Banks	139,139,587	-	-	-	-	-	51,828,848	190,968,435	0.95
Balances at banks and financial institutions	73,458,354	-	-	23,600	-	-	2,422,773	75,904,727	0.77
Financial assets held for trading	-	-	-	-	-	-	161,568	161,568	6.34
Direct credit facilities	100,836,260	42,705,570	70,419,437	106,215,931	183,327,392	66,269,451	-	569,774,041	9.03
Financial investments- available for sale	5,399,310	4,001,000	36,113,500	13,019,662	51,424,175	18,631,391	6,822,577	135,411,615	6.24
Financial investments-held to maturity	-	11,798,564	-	12,005,189	-	8,000,000	-	31,803,753	7.06
Financial investments- available for sale pledged as collaterals	-	4,105,110	-	-	9,262,100	-	-	13,367,210	-
Property and equipment	-	-	-	-	-	-	24,204,721	24,204,721	-
Intangible assets	-	-	-	-	-	-	6,387,730	6,387,730	-
Deferred tax assets	-	-	-	-	-	-	4,789,774	4,789,774	-
Other assets	419,527	-	141,351	3,157,646	-	-	18,111,378	21,829,902	-
Total Assets	319,253,038	62,610,244	106,674,288	134,422,028	244,013,667	92,900,842	114,729,369	1,074,603,476	
Liabilities									
Banks and financial institution deposits	36,183,251	1,007,340	-	-	-	-	-	37,190,591	2.11
Customers' deposits	176,946,408	125,372,733	100,398,301	158,702,740	32,118,874	-	86,442,227	679,981,283	5.53
Margin accounts	16,730,091	4,540,128	1,517,737	1,358,121	64,372	85,735	25,859,991	50,156,175	1.92
Loans and borrowings	659,889	5,231,955	1,826,742	18,519,526	18,612,650	11,033,590	-	55,884,352	69.7
Subordinated loans (convertible to shares)	-	-	-	-	-	12,952,001	-	12,952,001	3.15
Sundry provisions	-	-	-	-	-	-	3,226,979	3,226,979	-
Tax provision	-	-	-	-	-	-	1,474,145	1,474,145	-
Deferred tax assets	-	-	-	-	-	-	833,938	833,938	-
Other Liabilities	982,823	-	-	-	-	-	23,750,586	24,833,409	-
Total Liabilities	231,502,462	136,152,156	103,742,780	178,580,387	50,795,896	24,071,326	141,687,866	866,532,873	
Interest rate sensitivity gap	87,750,576	(73,541,912)	2,931,508	(44,158,359)	193,217,771	68,829,516	(26,958,497)	208,070,603	
2008									
Total Assets	210,809,631	88,915,989	97,032,189	133,727,732	199,767,237	144,110,465	109,183,256	983,546,499	
Total Liabilities	356,005,165	125,500,184	46,813,910	114,036,143	22,668,999	32,215,716	83,144,837	780,384,954	
Interest rate sensitivity gap	(145,195,534)	(36,584,195)	50,218,279	19,691,589	177,098,238	111,894,749	26,038,419	203,161,545	



Concentration in currency risk:

	US Dollar JD	Euro JD	Pound Sterling JD	Japanese Yen JD	Other JD
2009					
Assets					
Cash and balances at Central Banks	10,373,411	332,807	77,326	-	156,893
Balances at banks and financial institutions	40,098,995	9,915,561	10,986,496	147,430	12,820,814
Direct credit facilities	70,256,492	4,215,330	-	419,660	-
Financial assets available for sale	10,947,226	-	-	-	314,779
Financial assets - available for sale	-	681,133	-	-	-
Financial assets - pledged as Collaterals	4,105,110	-	-	-	-
Other assets	4,645,830	108,591	6,106	198,673	7,534
Total Assets	140,427,064	15,253,422	11,069,928	765,763	13,300,020
Liabilities					
Banks and financial institution deposits	33,885,105	715,405	191,046	-	2,897
Customers' deposits	78,368,094	11,295,291	8,362,137	171,436	4,552,462
Loans and borrowings	5,363,244	-	-	-	-
Margin accounts	15,483,622	3,024,909	868,327	13,504	129,938
Subordinated loans convertible to shares	12,952,001	-	-	-	-
Other liabilities	381,368	13,782	3,411	-	73,299
Total Liabilities	146,433,434	15,049,387	9,424,921	184,940	4,758,596
Net concentration in the balance sheet	(6,006,370)	204,035	1,645,007	580,823	8,541,424
Forward contracts	(6,933,237)	(182,977)	(98,604)	(569,978)	-
Net concentration in foreign currency	(12,939,607)	21,058	1,546,403	10,845	8,541,424
2008					
Total Assets	151,391,089	18,265,745	8,405,021	32,399,131	41,205,911
Total Liabilities	216,057,231	18,231,166	8,718,734	18,197	21,039,880
Net concentration in the balance sheet	(64,666,142)	34,579	(313,713)	32,380,934	20,166,031
Forward contracts	30,328,141	-	-	(31,546,904)	-
Net concentration in foreign currency	(34,338,001)	34,579	(313,713)	834,030	20,166,031

Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due, or to finance its activities without bearing additional costs or losses. The liquidity policy was approved by the Board of Directors.

The asset and liability management policy is carried out by ALCO which works on diversifying the funding sources and matching between their maturity dates, in addition to maintaining sufficient reserves of cash, cash equivalents and trading investments to mitigate against liquidity risks.

- Diversifying Funding Sources

The Bank seeks to diversify its financing sources and customer base. Borrowing from local and foreign banks and financial institutions will allow the Bank to obtain reasonable maturity dates and interest rates.



- **Analysing and Monitoring Asset & liability maturity dates**

The Bank reviews the liquidity of its assets and liabilities and monitors the changes that can affect them on a daily basis. It aims to match between maturities of assets and liabilities to decrease liquidity gaps.

The policy also includes a “Liquidity Contingency Plan” to be applied in dire situations.

The Risk Management Department raises recommendations regarding the policies and procedures of liquidity risk management, sets implementation methods for effective controls, and reports about liquidity risks and the extent of compliance with laws and regulations. In addition, it provides analytical resources to be used by management.

- **The Geographical and Sector Distribution:**

The Bank’s assets and liabilities are distributed between local and foreign investments based on several financial markets. Credit facilities are also distributed over various sectors and geographical areas to balance between corporate and retail customers.

- **Reserves with Banking Regulatory Authorities**

The Bank holds compulsory cash reserves with banking regulatory authorities amounting to JD 46,494,798 as at 31 December 2009.



First: The table below summarizes the undiscounted cash flows of the financial liabilities:

	Less than 1 month JD	1 – 3 months JD	3 – 6 months JD	6 – 12 months JD	1 – 3 years JD	3 or more years JD	No Fixed maturity JD	Total JD
Liabilities 2009								
Banks and Financial institution deposits	36,246,783	1,012,646	-	-	-	-	-	37,259,429
Customers' deposits	264,602,065	127,105,506	103,173,506	167,476,445	37,445,843	-	-	699,803,365
Margin accounts	34,916,828	9,222,227	3,097,689	2,798,319	137,641	189,988	-	50,362,692
Loans and borrowings	664,116	5,332,519	1,896,965	19,943,386	22,905,710	15,275,137	-	66,017,833
Subordinated loan (convertible to shares)	-	-	223,672	223,672	894,689	16,416,723	-	17,758,756
Sundry provisions	-	-	-	-	3,226,979	-	-	3,226,979
Tax provision	1,474,145	-	-	-	-	-	-	1,474,145
Deferred tax liabilities	-	-	-	-	-	-	833,938	833,938
Other liabilities	4,800,125	776,353	887,260	982,744	198,892	-	17,188,035	24,833,409
Total Liabilities	342,704,062	143,449,251	109,279,092	191,424,566	64,809,754	31,881,848	18,021,973	901,570,546
Total Assets	376,583,952	69,921,810	107,810,373	137,470,644	246,039,383	103,383,316	33,393,998	1,074,603,476
Liabilities 2008								
Banks and Financial institution deposits	46,266,189	2,147,222	-	3,171,913	-	-	-	51,585,324
Customers' deposits	290,416,677	124,794,587	34,799,512	58,404,434	31,966,500	-	-	540,381,710
Margin accounts	36,851,347	10,403,821	3,623,764	3,338,181	667,792	-	-	54,884,905
Loans and borrowings	2,165,460	3,228,612	10,962,266	69,119,540	6,833,093	22,996,048	-	155,385,019
Subordinated loan (convertible to shares)	-	-	489,919	489,919	1,959,676	15,159,838	-	18,099,352
Sundry provisions	-	-	-	-	3,358,508	-	-	3,358,508
Tax provision	6,808,394	-	-	-	-	-	-	6,808,394
Other liabilities	10,914,620	853,563	1,461,488	388,037	196,732	-	4,327	13,818,767
Total Liabilities	393,422,687	141,427,805	51,336,949	134,912,024	44,982,301	38,155,886	4,327	804,241,979
Total Assets	260,030,495	99,750,892	98,816,619	137,672,860	209,476,519	145,252,381	32,546,733	983,546,499



2: The below table summarizes the maturities of financial derivatives as of the date of the financial statements: Financial derivatives / liabilities, which are settled net, include: foreign currency derivatives, off balance sheet market currency options, currency futures and on balance sheet foreign currency swapping contracts.

Financial derivatives / liabilities which are settled gross include: foreign currency derivatives, currency contracts that have passed their maturity dates.

Foreign Currency Derivatives

2009	Less than 1 month JD	1 – 3 months JD	Total JD
Derivatives held for trading:			
Outflows	14,938,771	3,370,925	18,309,696
Inflows	14,942,798	3,416,103	18,358,901

2008	Less than 1 month JD	1 – 3 months JD	Total JD
Derivatives held for trading:			
Outflows	7,126,000	36,180,916	43,306,916
Inflows	8,561,805	35,038,099	43,599,904

3: Off balance sheet items

2009	Less than 1 year JD	1 – 5 years JD	Total JD
Acceptances and Letters of Credit	47,856,270	596,295	48,452,565
Irrevocable commitments to extend credit	-	41,964,718	41,964,718
Letters of guarantee	68,658,099	31,902,423	100,560,522
Foreign Currency Forward Deals	18,309,696	-	18,309,696
Total	134,824,065	74,463,436	209,287,501

2008	Less than 1 year JD	1 – 5 years JD	Total JD
Acceptances and Letters of Credit	91,128,142	4,939,765	96,067,907
Irrevocable commitments to extend credit	-	20,783,852	20,783,852
Letters of guarantee	105,547,595	4,249,897	109,797,492
Foreign Currency Forward Deals	43,306,916	-	43,306,916
Total	239,982,653	29,973,514	269,956,167

Operational Risk

Operational Risk is the risk of loss resulting from inadequate or the failure of internal processes, people, and systems or from external events. This definition includes legal risk, strategic and reputational risks were included for management purposes.

Strategic Risks

These are the losses that the Bank could be exposed to as a result of taking an improper strategic decision relating to its business that has an adverse effect on performance.



These risks are managed by various business units in addition to the decision making party.

Reputational Risks

These are losses that the Bank could be exposed to due to negative public opinion and lack of trust in its operational competency. These risks are managed within the framework of Operational Risk management or Compliance management depending on their nature.

Due to the nature of operational risks certainty of occurrence is not possible, consequently, the risk management policies are established to mitigate against risks via effective control systems, continuous monitoring, qualified human resources, clarity of delegations, high-tech efficiency and creation of a risk awareness culture.

The Risk Management Department provides indicators and measures that assist in improving internal controls and monitoring systems, the department reviews procedures and policies preceding board approval, adopts the self assessment method to assess risks and controls (being one of the tools proposed by the Basel Committee), develops Key Risk Indicator tool, and provides a mechanism to collect operational events. The Bank is currently in the process of developing a comprehensive Business Continuity Plan.

The Operational Risk policy was approved by the Board of Directors.

Regulatory Compliance Risk Management

This is the risk of regulatory or legal penalties, financial, and reputation risks that the Bank can be exposed to by non-compliance with laws, regulations, instructions, code of conduct, and good banking practice.

Compliance risk management process includes the evaluation of the appropriateness of procedures and compliance guidelines in the Bank, and following up on any inefficiencies or non-compliance issues, developing the appropriate recommendations to perform amendments, and ensuring the application of the approved regulatory compliance risk management policy. This is achieved by performing regular evaluations and submitting reports to the Board of Directors and executive management. Reports contain an evaluation of compliance risks, details of the tests conducted during the reporting process, discrepancies, deficiencies, and corrective actions taken.

The regulatory risk compliance policy was approved by the Board of Directors.

44 SEGMENT INFORMATION

For management purposes the Bank is organised into four major segments in accordance with the reports sent to the chief operating decision maker.

Retail banking: Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and funds transfer facilities.

Corporate banking: Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers.

Corporate finance: Principally arranging structured financing, and providing services relating to privatisations,



IPOs and mergers and acquisitions.

Treasury: Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and wholesale banking.

These segments are the basis on which the Bank reports its segment information:

2009	Retail	Corporate	Corporate	Treasury	Other	Total	
	Banking	Banking	Finance			2009	2008
	JD	JD	JD	JD	JD	JD	JD
Total revenue	<u>10,278,255</u>	<u>49,426,249</u>	<u>176,595</u>	<u>20,726,226</u>	<u>1,932,018</u>	<u>82,539,343</u>	<u>80,013,138</u>
Allowance for credit losses	(1,313,688)	(17,924,492)	-	-	-	(19,238,180)	(5,069,365)
Segment result	<u>(5,487,693)</u>	<u>9,842,735</u>	<u>176,595</u>	<u>19,494,128</u>	<u>1,925,250</u>	<u>25,951,015</u>	<u>37,170,337</u>
Unallocated expenses						(21,682,044)	(17,445,772)
Profit before tax	-	-	-	-	-	4,268,971	19,724,565
Income tax expenses	-	-	-	-	-	(2,930,588)	(4,474,396)
Net profit	-	-	-	-	-	<u>1,338,383</u>	<u>15,250,169</u>

Other information

Segmental assets	116,344,993	453,429,048	-	447,617,308	57,212,127	1,074,603,476	983,546,499
Segmental liabilities	366,313,959	363,823,501	-	106,026,944	30,368,469	866,532,873	780,384,954
Capital expenditure						(7,151,843)	(11,958,741)
Depreciation and amortization						(2,213,585)	(1,652,508)

2. Geographical Information

The following table shows the distribution of the Bank's operating income and capital expenditure by geographical segment:

	Jordan		Outside Jordan		Total	
	2009	2008	2009	2008	2009	2008
	JD	JD	JD	JD	JD	JD
Total revenue	78,447,022	72,165,912	4,092,321	7,847,226	82,539,343	80,013,138
Total assets	964,575,236	878,288,257	110,028,240	105,258,242	1,074,603,476	983,546,499
Capital expenditure	7,151,843	11,958,741	-	-	7,151,843	11,958,741



45 CAPITAL MANAGEMENT

The Bank maintains an appropriate paid in capital in order to meet its operational risk, and it regularly monitors its capital adequacy in accordance with BASEL to comply with the Central Bank of Jordan's regulations.

As per Central Bank of Jordan's regulations Number 17/2003, the minimum required paid in capital of Jordanian banks shall not be lower than JD 100 million before the end of year 2010, and the total shareholders equity shall not be less than 6% of total assets.

Through its operational years; the Bank maintained a capital adequacy ratio in excess of 12%, being the minimum capital adequacy rate required by the Central Bank of Jordan (8% as per Basel). Furthermore, the Bank regularly reviews and complies with the concentration ratios using regulatory capital as an indicator.

The bank manages and restructures its capital in light of the changes in the business environment. There has been no change on the Bank's capital structure during 2009 and 2008.

DESCRIPTION OF PAID IN CAPITAL

Regulatory capital comprises of primary capital and supplementary capital primary capital. Primary capital consists of: paid in capital, share premium, declared reserves, retained earnings, minority interest after excluding current period losses, goodwill, treasury stock cost, deficiency of required provisions, deferred tax assets and any other restricted balances by law.

The second part of regulatory capital is supplementary capital that consists of: undeclared reserves, subordinated debts, foreign currency translation adjustment, banking risk reserve, and hybrid debts. The third part is used to meet market risk. Investments in other banks and unconsolidated subsidiaries are excluded from regulatory capital.

REGULATORS REQUIREMENT FOR PAID IN CAPITAL

Capital adequacy ratio was calculated in accordance with Basel II accord based on the standardized approach:



	2009 JD	2008 JD
Primary capital-		
Paid in capital	132,280,000	132,280,000
Statutory Reserves	15,347,622	14,719,693
Share premium	709,472	12,680,672
Retained earning	20,576,552	24,944,515
Proposed Dividends	17,720,000	-
Less-		
Deferred tax assets	4,789,774	5,514,179
Goodwill	4,102,713	4,076,664
Intangible assets	2,285,017	1,639,464
Restricted cash balances	694,705	1,376,364
50% of Investments in Banks and Insurance companies Paid in Capital	<u>10,000,000</u>	<u>10,000,000</u>
Total Primary capital	<u>164,761,437</u>	<u>162,018,209</u>
Supplementary Capital		
Foreign Currency translation reserve	3,874,407	2,984,443
General banking risk reserve	5,883,391	5,883,391
45% of cumulative change in fair value of financial investments available for sale	1,074,267	82,630
Subordinated loan	<u>13,974,785</u>	<u>13,974,785</u>
Total Supplementary Capital	<u>24,806,850</u>	<u>22,925,249</u>
Less		
50% of Investments in Banks and Insurance companies Paid in Capital	<u>694,705</u>	<u>1,376,364</u>
Total Regulatory Capital	<u>188,873,582</u>	<u>183,567,094</u>
Total Risk Reserve	866,052,452	911,355,219
Capital adequacy (%)	21.81%	20.14%
Primary Capital (%)	19.02%	17.78%

Capital adequacy ratio at 31 December 2009 and 2008 was calculated in accordance with Basel II.

46 FIDUCIARY ACCOUNTS

At the balance sheet date, the Bank had investment custody accounts amounting to approximately JD 1,647,403 as at 31 December 2009 (2008: 3,173,957). The asset management fees and commissions are recorded in the income statement.

In the normal course of business, the Bank performs investment management services for its clients. Investments and other assets held by the Bank (Horizon fund) in a fiduciary capacity amounting to JD 1,812,199 as at 31 December 2009 are segregated from the Bank's assets and are not included in the financial statements.


47 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

2009	Within 1 year JD	More than 1 year JD	Total JD
Assets			
Cash and balances at Central Banks	190,968,435	-	190,968,435
Balances at banks and financial institutions	75,904,727	-	75,904,727
Financial assets held for trading	161,568	-	161,568
Direct credit facilities	320,177,197	249,596,844	569,774,041
Financial assets- available for sale	65,356,049	70,055,566	135,411,615
Financial assets- held to maturity	23,803,753	8,000,000	31,803,753
Financial assets- available for sale pledged as collateral	4,105,110	9,262,100	13,367,210
Property and equipment	-	24,204,721	24,204,721
Intangible assets	-	6,387,730	6,387,730
Deferred tax assets	3,821,680	968,094	4,789,774
Other assets	<u>7,488,260</u>	<u>14,341,642</u>	<u>21,829,902</u>
Total Assets	<u>691,786,779</u>	<u>382,816,697</u>	<u>1,074,603,476</u>
Liabilities			
Banks and financial institution deposits	37,190,591	-	37,190,591
Customers' deposits	647,862,410	32,118,873	679,981,283
Margin accounts	49,852,724	303,451	50,156,175
Loans and borrowings	26,238,112	29,646,240	55,884,352
Subordinated loans	-	12,952,001	12,952,001
Sundry provisions	-	3,226,979	3,226,979
Tax provision	1,474,145	-	1,474,145
Deferred tax assets	-	833,938	833,938
Other liabilities	<u>7,446,484</u>	<u>17,386,925</u>	<u>24,833,409</u>
Total Liabilities	<u>770,064,466</u>	<u>96,468,407</u>	<u>866,532,873</u>
Net Assets	<u>(78,277,687)</u>	<u>286,348,290</u>	<u>208,070,603</u>

Consolidated Financial Statements



2008	Within 1 year JD	More than 1 year JD	Total JD
Assets			
Cash and balances at Central Banks	86,764,001	-	86,764,001
Balances at banks and financial institutions	74,449,064	-	74,449,064
Financial assets held for trading	6,107,523	13,309,506	19,417,029
Direct credit facilities	333,018,991	259,852,689	592,871,680
Financial assets- available for sale	54,476,943	34,733,481	89,210,424
Financial assets- held to maturity	25,862,703	23,469,688	49,332,391
Financial assets investments- available for sale pledged as collateral	-	5,983,890	5,983,890
Property and equipment	1,519,234	18,508,545	20,027,779
Intangible assets	791,359	4,924,769	5,716,128
Deferred tax assets	-	5,514,179	5,514,179
Other assets	<u>13,281,048</u>	<u>20,978,886</u>	<u>34,259,934</u>
Total Assets	<u>596,270,866</u>	<u>387,275,633</u>	<u>983,546,499</u>
Liabilities			
Banks and financial institution deposits	51,336,278	-	51,336,278
Customers' deposits	502,032,185	28,172,175	530,204,360
Margin accounts	53,712,506	842,171	54,554,677
Loans and borrowings	82,199,958	25,152,011	107,351,969
Subordinated loans	-	12,952,001	12,952,001
Sundry provisions	131,529	3,226,979	3,358,508
Tax provision	6,808,394	-	6,808,394
Other liabilities	<u>13,814,440</u>	<u>4,327</u>	<u>13,818,767</u>
Total Liabilities	<u>710,035,290</u>	<u>70,349,664</u>	<u>780,384,954</u>
Net Assets	<u>(113,764,424)</u>	<u>316,925,969</u>	<u>203,161,545</u>

48 CONTINGENT LIABILITIES AND COMMITMENTS

a) The totals outstanding commitments and contingent liabilities are as follows:

	2009 JD	2008 JD
Letters of credit	33,936,654	78,469,263
Acceptances	14,515,911	17,598,644
Letters of guarantee -		
Payments	30,459,021	30,003,414
Performance	27,589,224	30,752,031
Other	42,512,277	49,042,047
Foreign Currency Forward	18,309,696	43,306,916
Irrevocable commitments to extend credit	<u>41,964,718</u>	<u>20,783,852</u>
	<u>209,287,501</u>	<u>269,956,167</u>



b) The contractual commitments of the Bank are as follows:

	2009 JD	2008 JD
Intangible assets contracts	1,254,079	-
Fixed assets contracts	197,027	-
Construction contracts	<u>2,387</u>	<u>1,954,000</u>
	<u>1,453,493</u>	<u>1,954,000</u>

Annual rent of the Bank's main building and branches amounted to JD 797,710 as at 31 December 2009 (2008: JD 484,056).

Included in the fiduciary assets are capital guaranteed investments amounting to JD 647,031 as at December 2009 (2008: JD 2,387,498).

49 LAWSUITS

The value of lawsuits proceeding against the bank, as part of the ordinary course of business, total JD1,551,711 as at 31 December 2009 (2008: 1,527,556). According to the Bank's Management and legal counsel the Bank is not liable in any of these cases.

There is also another lawsuit of JD 15,577,122 against the Bank pertaining to ownership of shares, whereby the ownership of said shares was transferred to the Bank collateral by a customer, In addition, the plaintiff sought a claim for damages valued (for the purpose of legal fees) at JD 3 million, In the opinion of the legal counsel there is no need to provide for this claim.

There is another case for JD 17,358,705 against the Bank in order to recover the value of cheques which were paid from the account of the plaintiff company. In addition, the plaintiff sought a claim for damages estimated (for the purposes of the court fees) at JD 3 million. In the opinion of the Bank's legal counsel there is no need to provide for this claim,

In addition, there is a case for JD 3,332,816 against the Bank to recover the value of two cheques drawn by a customer. In the opinion of the legal counsellor there is no need to provide for this claim.

There is one case against the Bank and Capital Investment and Brokerages Company amounting to JD 11,351,734 related to the recovery of amounts possessed by the Bank in excess of the granted facilities.

50 NEW ISSUED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following standards and interpretations have been issued but are not yet effective.

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements

The revised standards were issued in January 2009 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period



that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21. The Effects of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. The changes by IFRS 3R and IAS 27R will affect future acquisitions or loss of control and transactions with minority interests.

IFRS 9 Financial Instruments

Phase 1 of IFRS 9, the standard which will replace IAS 39 upon completion, was issued in November 2009. This phase includes guidance on classification and measurement of financial instruments, and is expected to result in significant changes in both classification and measurement of the Company's financial instruments when adopted. The standard is mandatory for periods beginning on or after 1 January 2013 but early adoption is permissible. Management have not yet concluded on when the Company will adopt the standard.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

These amendments to IAS 39 were issued in August 2009 and become effective for financial years beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The Company has concluded that the amendment will have no impact on the financial position or performance of the Bank, as the Bank has not entered into any such hedges.

51 COMPARATIVE FIGURES:

Some of 2008 balances were reclassified to correspond with those of 2009 presentation. The reclassification has no effect on the profit for the year and equity.



Other Disclosure



A CHAIRMAN'S STATEMENTS

Included in the introduction of annual report.

B BOD'S REPORT

Included in the introduction of annual report.

1 DESCRIPTION OF THE MAIN ACTIVITIES OF THE BANK

- Capital Bank of Jordan offers all banking financial businesses products and services to all economic sectors in Jordan through its head office and branches in the Hashemite kingdom of Jordan. It also offers investment and brokerage services through Capital Investment and Brokerage Company: which is wholly owned by the bank with a paid in capital of JD 10 million. The Bank also owns 72.36% of the National Bank of Iraq with a paid in capital of 50 billion Iraqi dinars, by that providing all facilities and services to customers wishing in invest in Iraq's Promising market.

■ Geographical Locations and Number of Employees in Each One

The Bank and Capital Investment and Brokerage Company employee's reached 400 distributed by geographical locations as follows:

Branch	City	Number of staff
Head Office	Amman	256
Main Branch	Amman	14
Shmesani Branch	Amman	8
Wehdat Branch	Amman	6
Sweifeyeh Branch	Amman	9
Madina Branch	Amman	11
Aqaba Branch	Aqaba	8
Aqaba Office	Aqaba	2
Zarqa Branch	Zarqa	6
Irbid Branch	Irbid	6
Majdi Mall Branch	Amman	6
Bayader Branch	Amman	6
Garden Branch	Amman	-
Dabouq Branch	Amman	7
Zarqa free zone	Zarqa	7
Capital Investment and Brokerage Company	Amman	48

* There are no other branches out side Jordan

■ Capital expenditure

Capital expenditures amounted to JOD 6,621,924



2 SUBSIDIARY COMPANIES:

- Capital Investment and Brokerage Company
- National Bank of Iraq
- Capital Investment Fund in Bahrain

Subsidiary Company Name	Capital Investment and Brokerage Company	National Bank of Iraq	Capital Investment Fund Company
Company Type	Limited responsibility	public shareholding	stock Bahrain company - (closed)
Main activity	Brokerage and Investment Company	Banking	Establishing Investment Funds
Paid in capital	10,000,000	50 Billion Iraqi dinar	1,000 Bahraini dinar
Percentage owned by Capital Bank	100%	72.36%	100%
address	Amman -Shmesani	Iraq	Bahrain
Other information	-	-	Is not operating yet

3 BOARD OF DIRECTORS AND TOP MANAGEMENT

A - Board of Directors

■ Mr. Samih Taleb Darwazah

Position	Chairman
Date of birth:	13/10/1930
Date of membership:	31/8/2009
Academic Background:	Holds a master's degree from St. Louis College of Pharmacy, Missouri.
Professional Experience:	Chairman of the Board of Directors of Hikma Pharmaceuticals, served as Minister of Energy and Mineral Resources, established The Jordan Trade Association and was a member of the Council of Economic Advisers, and member of the Jordanian Senate.

■ Mr. Hasan Ghalib Abdul Al Hussein Kubba / Resigned

Position:	Chairman
Date of birth:	14/06/1974
Date of membership:	10/09/2008
Resignation Date:	09/07/2009
Academic Background:	Bachelor Degree in Law/ Basra University
Professional Experience:	Wide experience in the banking sector as General Manager of Basra International Bank for Investment/Iraq, vice chairman of Zab Investment Group /Jordan, vice chairman of Resources Company for Development and Investment/Jordan and chairman of the International Ghalibiyeh Company for Investment/ Sudan.



■ **Dr. Ziad Mohammed Fariz Fariz / Resigned**

Position: Chairman
 Date of Birth: 14/06/1943
 Membership Date: 14/4/2008
 Resignation Date: 26/01/2009
 Academic Background: Holds PHD from Keel University - UK in 1978
 Holds a high diploma in Planning from the Arab Institution for Planning / Kuwait
 Holds BSc in Economics from Baghdad University in 1966
 Professional Experience: Long Experience in Central Bank of Jordan since 1966, During that he occupied in many positions, became the Minister of Planning for five years then as the Minister of Commerce and Industry for two years and as the Minister of Planning for four years then as the mayor of Central Bank of Jordan for four years, he also worked as the chairman and the executive manager of Arab Banking Corporation Bank / Jordan in 2001.

■ **Mr. Khaleefa Butti Omair Yousif Ahmad**

Position: Vice Chairman
 Date of birth: 23/8/1979
 Date of membership: 31/8/2009
 Academic Background: Holds BSc in Business Administration from the University of Suffolk / Boston.
 Professional Experience: Chairman of brokerage house securities in Abu Dhabi.
 Chairman of KBBO group in Abu Dhabi.
 Chairman of the financial brokerage Companies in Abu Dhabi.
 Chairman of One Financial- London

■ **Mr. Kim Foad Sa'd Abu Jaber**

Position: Member of the Board of Directors
 Date of Birth: 27/9/1956
 Membership Date: 31/8/2009
 Academic Background: Holds a BSc in Business Administration from Arizona University / Towson in 1980.
 Professional Experience: He is an entrepreneur and an investor in many companies such as Technical Packaging LLC, Solid Iron and Steel Manufacturing and Forming CO,PSC.

Al-Sheikh Nehayan Hamdan Al-Nehayan

Position: Member of the Board of Directors
 Date of Birth: 16/8/1968
 Date of Appointment: 31/8/2009
 Academic Background: Academic



■ **Mr. Samir Said Murad**

Position: Member of The Board of Directors
 Date of birth: 12/11/1957
 Date of membership: 31/8/2009
 Academic Background: Bachelor Degree in Management and Electrical Engineering from United Kingdom
 Professional Experience: President of Said Murad and Sons for Trade.
 Partner founder of International Energy Management Services company and the Integrated Olives Product Company Integrated Olives Products Company (IOP).

■ **Mr. Ayman Omran Abu - Dhaim**

Position: Member of The Board of Directors – Represents the Social Security Corporation
 Date of Birth: 16/11/1972
 Date of Membership: 31/8/2009
 Academic Background: Holds degrees CMA, CFM, CBM and CPA from the United States.
 Holds BA in Accounting from the University of Jordan- Hold Master degree in Accounting and management science from the United Kingdom.
 Professional Experience: Head of Financial Control Department in the Social Security Investment Unit.

■ **Mr. Nidal Younis Mohammed Eses**

Position: Member of the Board of Directors – Representing Investment and Integrated Industries Company
 Date of Birth: 23/8/1966
 Membership Date: 31/8/2009
 Academic Background: Bachelor of Science in Civil Engineering and Master of Engineering Management from The George Washington University, Washington, D.C.
 Professional Experience: Chief Executive Officer and Board members of; Nuqul Group. the chief Executive Officer of the Shaheen Group. Board Members of Amwaj Properties Board Member of Tkiyet Um Ali.

■ **Mr. Mohammed Mousaed Seif Al-Seif**

Position: Member of The Board of Directors - Represents Al-Jadara Company for Real Estate Investment
 Date of Birth: 13/2/1956
 Membership Date: 31/8/2009
 Academic Background: Holds BSc in Industrial Engineering from the University of Southern California in 1980.
 Professional Experience: He has a long banking and finance experience, and he is currently the Chairman of AL-Seif for Development (UME) Holding Company.



■ **Mr. “Mohammed Ali” Khaldoun AL-Husry**

Position: Member of The Board of Directors - Represent Hotaf Investment Company
 Date of Birth: 20/4/1957
 Date of appointment: 31/8/2009
 Academic Background: Holds a B.Sc. in Mechanical Engineering from the University of Southern California, and a MBA from INSEAD, France.
 Professional Experience: Member of the board of Hikma Pharmaceuticals – London. The Chairman of the Board of Directors of Capital Bank of Jordan (Export & Finance Bank) since 1995 to 2007

■ **Mr. Khalil Hatem khalil Al Salem**

Position: Member of The Board of Directors – represents Al-Khalil Company for Investments
 Date of birth: 28/12/1982
 Date of membership: 31/8/2009
 Academic Background: Holds Bcs in Economics from Columbia University
 Professional Experience: Worked as financial analyst at J.P Morgan.
 Worked as Director of Business Development at Capital Investments
 Working currently as General Secretary of the Jordan Football Association

■ **Dr. Fayez Mohammed Atawy Soheimat / resigned**

Position: Vice Chairman
 Date of Birth: 01/01/1938
 Membership Date: 22/11/1995
 Resignation Date: 28/01/2009
 Academic Background: Holds PHD in Engineering
 Professional Experience: Has a long professional experience, attended many banking courses, he is a board member on a number of public corporations and held many upper management posts, General Manager of National Oil Company, and General Manager of Industrial Estates Corporation.

■ **Mr. Mazen Sameh Taleb Darwazah / resigned**

Position: Member of the Board of Directors
 Date of Birth: 05/06/1958
 Membership Date: 20/11/2003
 Resignation Date: 25/01/2009
 Academic Background: Holds an Advanced Management Program (Diploma) from INSEAD/ France.
 Holds a Diploma from the International Marketing Institute Program from Boston, USA.
 Holds BSc Business Administration from Beirut University/ Lebanon.
 Professional Experience: Currently holds the position of Group Vice Chairman for Hikma Pharma, Jersey, and Chairman of Hikma Pharm- aceuticals in the Middle East and South Africa.



■ **Mr. Abdel Raouf Waleed Abdel Raouf Al-Bitar / Resigned**

Position: Member of the Board of Directors
 Date of Birth: 09/11/1959
 Membership Date: 09/04/2002
 Resignation Date: 09/07/2009
 Academic Background: Holds a BSc in Civil Engineering from Syracuse University, USA
 Professional Experience: Has a long experience in the industrial business, and is currently the Chief Executive Officer at Al Manhal Water factory Co Ltd in Saudi Arabia and the Chairmen of Jordan New Cables Company.

■ **Mr. Elia Kustandy Farah Nuqu / Resigned**

Position: Member of the board of Directors – Represents Investments and Integrated Industries Company.
 Date of Birth: 25/12/1928
 Date of Membership: 22/11/1995
 Resignation Date: 09/07/2009
 Academic Background: Accounting and Business Administration Certificate by correspondence from Glasgow Scotland , Palestine Matriculation with distinction, London matriculation, First Grade for 1947.
 Professional Experience: He established Nuqul Group (30 companies) and occupies at present as the chairman of the Board of Directors of Nuqul Group.
 Holds the AL-Husseini Medal for Excellence of the first order.

■ **Mr. Haitham Abdelmaged Mosleh Al-Majali / Resigned**

Position: Member of the Board of Directors - Represents of the Social Security Corporation.
 Date of Birth: 18/06/1956
 Membership Date: 22/11/1995
 Resignation Date: 09/07/2009
 Academic Background: Holds a BSc in Electromecanic Engineering from Kardeev University/ England
 Professional Experience: He worked in the private sector in both Jordan and England.
 He is a member of the Board of Directors and the General Manager of the Duty Free Markets and the Jordanian Businessmen Association.

■ **Mr. Mohammed Mahmoud Mohammed Safouri / resigned**

Position: Member of the Board of Directors - Represents of Jadara for Real Estate Investment.
 Date of Birth: 10/03/1962
 Membership Date: 12/5/2008
 Resignation Date: 26/01/2009
 Academic Background: Holds a BSc in management
 Holds master degree in business Administration.
 Professional Experience: Long experience in banking sector, he was credit officer at Kuwait Investment Bank.
 Currently is the manager of Darhold for Investment.



■ **Mr. Bassam Wael Roshdy Kanaan /resigned**

Position: Member of the Board of Directors - Represents of Hotaf Investment Company.
 Date of Birth: 10/05/1965
 Membership Date: 20/06/2007
 Resignation Date: 26/01/2009
 Academic Background: Holds a BSc in Economic / Accounting from Claremont Mckenna College - Los Angeles 1986.
 Holds a Masters Degree in Business Administration
 Professional Experience: Long experience in the private sector, worked in companies such as Deloitte and Touche.
 He is currently the CFO in Al-Hikma Pharmaceutical.
 He was a Board Member in several Companies such as: Electricity Generating Company, PALTEL.
 Currently Board member in: Zara Investment, Jordan Dubai properties.

■ **Mr. Fawzi Fwaz Hana Jumean / resigned**

Position: Member of the Board of Directors - Represents Alkhaleel Company for investment.
 Date of Birth: 21/09/1978
 Membership Date: 05/07/2005
 Resignation Date: 06/01/2009
 Academic Background: Holds a Masters Degree in Business Administration from Stanford University.
 Holds a BSc in Business Administration from Yale University.
 Professional Experience: He is the executive vice president heading the lower Gulf region at Amwal Alkhaleej.

■ **Mr. Roy Athanas Gurra Oglan/ Resigned**

Position: Member of the Board of Directors - IFC
 Date of Birth: 21/10/1935
 Date of Membership: 14/04/2008
 Resignation Date: 09/01/2009
 Academic Background: He holds Bachelor and Masters Degrees from the American University of Beirut.
 Currently, he works with the World Bank and he is the
 Professional Experience: banking advisor for the International Finance Corporation. In addition, he owns Karaoglan Company for financial Consultations in New/ York.

■



Board of Directors and its committees meetings during 2009 :

Board of Director	Number meeting
Board of directors of Capital Bank	10
Temporary Administrative Committee	7
Audit, Risk and Compliance Committee	5
Audit Committee	3
Risk and compliance committee	3
Incentive and employment committee	1
Executive committee	14

B - Top Management

■ Mr. Haytham Yousef Abdelminaem Kamhiyah

Position: General Manager
 Date of Birth: 01/08/1969
 Date of appointment: 01/04/1996
 Academic Background: Diploma in Advanced Management Program (AMP) from INSEAD University / France.
 Holds a B. A. in Accounting from University of Jordan.
 Holds the following professional certificates CRA, CPA, CMA .
 Professional Experience: Has an extensive experience in the field of External Audit with Arthur Anderson, Amman.
 Joined in 1996.
 His latest position was Assistant General Manager for Finance and Risk, and subsequently became the General Manager in May 2005.
 He represents the bank in Association of Bank in Jordan Board of directors, Jordan International Insurance Company, Head Of Capital Investment and Brokerage Company, Injaz a non - Profit Organization.

■ Mr. Ammar Bashir Ali Safadi

Position: Deputy General Manager - Business Group
 Date of Birth: 15/01/ 1967
 Date of Appointment: 01/02/2008
 Academic Background: he holds a Masters degree in international economics, university of Essex / UK.
 Bachelors degree in economics and statistics, university of Jordan.
 Professional Experience: He occupied various administrative positions in banking, most of which in the treasury department.
 He worked in different banks of which:
 Citibank/ Jordan. Manager of the treasury department.
 Executive manager of private banking department/ HSBC.
 Deputy Chief Executive Officer of Arab Banking Corporation /Jordan.



■ **Mss. Ibtisam Mohammed Subhi El Ayyoubi**

Position: Deputy General Manager – Support
 Date of Birth: 01/04/1959
 Date of Appointment: 01/01/2008
 Academic Background: Holds Masters degree in management banking from the American university of Beirut 1990.
 Bachelor of Accounting from Beirut Arab University 1983.
 Professional Experience: Wide banking experience in local and Arab banks. (Executive manager in several banks: Bank of Jordan, Jordan and Gulf Bank, Arab Bank, assistant general manager of Saudi National Arab bank) then joined Capital Bank in 2008 as chief of support Officer.

■ **Mss. Iman Mohammad Allan Al Damen**

Position: Chief Credit and Risk Officer
 Date of Birth: 05/06/1957
 Date of appointment: 16/12/2007
 Academic Background: Holds a Masters degree in Finance from University of Jordan, Diploma in Advanced Economic from UK, Manchester.
 Holds BSc in Business Administration from University of Kuwait.
 Professional Experience: She has a long experience in credit management. She worked in many senior positions at Cairo Amman Bank, Jordan Commercial Bank, Bank of Jordan then moved to Capital Bank in 2007 as Chief Credit Officer.

■ **Mr. Rafat Abdallah Ismail Khalil**

Position: Chief Audit Executive
 Date of Birth: 10/12/1964
 Date of appointment: 04/10/2007
 Academic Background: Holds a BSc in Accounting from Al Yarmouk University. Holds the professional certificate CBA and CICA.
 Professional Experience: Worked for seven years in Central Bank of Jordan and Oman's Commercial Bank for four years and Oman Arab Bank for seven years. He became Capital Bank's Chief Audit Executive in 2007

■ **Mr. Sami Mohammed Mousa Khair**

Position: Chief of Human Resources and Administrative affairs.
 Date of Birth: 09/12/1961
 Date of Appointment: 01/02/2008
 Academic Background: Bachelor of political science and public administration, university of Jordan 1984.
 Practical Experience: has a long experience in HR and administrative position Assistant Chief executive, Administrative affairs department of the Arab Banking Corporation Jordan Deputy General Manager, worth company Jordan, executive manager. Administrative and financial affairs, central bank of Jordan. Director of administrative and financial affairs/ Ministry of planning. Director of administrative affairs/ Security Company for investment.



Director of administrative affairs, Export Development and Jordan Commercial Centers Corporations.

Director of administrative affairs Mc million publishing company,
Administrative advisor, telecommunication regulatory commission.

In addition, he was a member of the board of directors of a number of shareholding companies.

■ **Mr. Ibrahim Salah Mohammed Samha**

Position: Assistant General Manager / Financial Controller

Date of Birth: 10/7/1973

Date of appointment: 07/03/1999

Academic Background: Holds a Masters degree in Finance from the Institute of Banking Studies / University of Jordan.

Holds a Bachelors Degree in Accounting from University of Jordan

Professional Experience: Worked at HSBC / Jordan for 4 years then moved to Capital Bank in 1999 and held many positions in financial department. He became the Financial Controller in December 2006.

■ **Mr. Ziad Abed Al-Razaq Fatayer**

Position: Assistant General Manager / Retail Banking

Date of Birth: 01/08/1965

Date of Appointment: 13/09/2009

Academic Background: Holds MBA in Marketing Management from the Symbiosis Institute of Management at the University of Poona in India.

Holds Post Graduate Diploma in Marketing Management from the Promotion Institute in New Delhi in India.

Holds a Bachelors Degree in Advanced Accounting and Auditing from the University of Poona in India.

Professional Experience: 20 years of extensive experience and knowledge in the retail banking sector in the Mashreq Bank, Citibank, ABN AMRO, Arab Bank, the Bank of Kuwait and the Middle East, the Bank of Jordan, in addition to Amlak Finance and the International Bank for Trade & Finance

■ **Mr. Ali Mohammad Daoud Abu Swai**

Position: Assistant General Manager / Treasury and Investment

Date of Birth: 02/02/1966

Date of Appointment: 09/08/1997

Academic Background: Hold a Masters degree in finance and banking.

Hold's a Bachelor's degree in finance and banking

Professional Experience: Long banking experience in the branches, operations, financial markets and treasury and investment department.



■ **Mr. Mohammed Hafez Abdel Kareem Mu'az**

Position: Head of Legal Department / Legal counselor
 Date of Birth: 27/10/1969
 Date of appointment: 06/02/2003
 Academic Background: Holds Masters Degree in Commercial law from the UK.
 Holds Post graduate Diploma in International Law from the UK.
 Holds a Bachelors Degree. In law from University of Jordan.
 Professional Experience: Joined "Dajany and Associates / Law firm for 5 years then was appointed as a lawyer at Arab Bank PLC in the Legal Department / International Division for two years, Member of Jordanian Bar Association since 1997

■ **Mr. Michael Zaki Michael Nu'man**

Position: Assistant General Manager / Risk Department
 Date of Birth: 04/10/1974
 Date of Appointment: 20/07/1999
 Academic Background: Master degree in finance and banking, specializing in financial management.
 Bachelor of economics, university of Jordan 1/1995
 Professional diploma in Basel II from American Banking association (American Institute Banking)
 Certificate of Certified lender Business banking from Institute of Certified banking and Arab Academy for Banking and financial sciences.
 Professional Experience: 13 years of experience in banking, most of which in banking facilities, worked at HSBC for four years, he joined Capital Bank in July 1999, latest position was Head of Credit Corporate Department.

■ **Mr. Yasser Ibrahim Mohammad Kleib**

Position: Assistant General Manager / Head of Corporate Banking
 Date of Birth: 27/10/1974
 Date of Appointment: 16/06/2004
 Academic Background: Holds a B.A. in business Administration from Al Yarmouk University (1996) Jordan, and is CLBB (Certified Lender Business Banker) Certified from the American Bankers Association (2005).
 Professional Experience: Worked for eight years at the Arab Bank in different areas with a focus on banking facilities. Having joined Capital Bank in 2004, Mr. Kleib started at the Department of Banking Facilities until he later became Head of Corporate Banking. Mr. Kleib utilizes his extensive professional experience to support the growth of Capital Bank's operations by developing and overseeing Capital Bank's policies and objectives, determining budgets and projected expenses, supervising the Bank's corporate services and credit facilities, and coordinating corporate relations in a manner that ensures customers' overall satisfaction



■ **Mrs. Rania “Mohammad Said” Dwaikat**

Position: Compliance Department Manager
 Date of Birth: 07/02/1970
 Date of Appointment: 21/04/2002
 Academic Background: Bachelor of Economics and Statistics minor Business Administration, University of Jordan 1991.
 Certificate of Certified lender Business Banking from Institute of Certified Bankers & the Arab Academy for Banking and Financial Sciences
 Professional Experience: 18 years of experience in banking, most of which in credit control, worked at Cairo Amman bank in charge of credit control and authentication department for 11 years.
 Joined Capital Bank as the head of credit control department in 2002

■ **Mr. Rami Mohammad Jawad Hadid / Resigned**

Position: Assistant General Manager / Corporate Banking
 Date of Birth: 28/2/1969
 Date of appointment: 21/11/2004
 Date of Resignation : 31/08/2009
 Scientific Certificates: Holds a Master degree in Accounting and Business Administration from USA.
 Holds BSc in Accounting and Economic from University of Jordan.
 Is a certified public accountant (CPA).
 Professional Experience: Has an experience in the field of external audit and banking.
 He worked at Ernst and Young/ Amman, and at many banks (Arab Banking Corporation/New York, BNP Paribas - Bahrain) in corporate Credit.
 He also participated in the establishment of the Commercial Branch of Housing Bank/Bahrain.

■ **Mr. George Farah Jeries Sofia / Resigned**

Position: Assistant General Manager / Retail Banking, Branches and Marketing
 Date of Birth: 02/05/1966
 Date of appointment: 01/10/2005
 Date of Resignation : 09/07/2009
 Scientific Certificates: Holds a BSc in Business Administration / Management from London UK
 Professional Experience: Long experience in branches and retail credits Worked at HSBC. His last position there was Amman Branches Manager; He also worked at Societe General /Jordan as Retail Banking Manger



■ **Executive Management of Capital Investment and Brokerage Company:**

Mr. Haytham Yousef Abdelminaem Kamhiyah

Position: General Manager
 Date of Birth: 01/08/1969
 Date of appointment: 01/04/1996
 Academic Background: Diploma in Advanced Management Program (AMP) from INSEAD University / France.
 Holds a B. A. in Accounting from University of Jordan.
 Holds the following professional certificates CRA, CPA, CMA .
 Professional Experience: Has an extensive experience in the field of External Audit with Arthur Anderson, Amman.
 Joined in 1996.
 His latest position was Assistant General Manager for Finance and Risk, and subsequently became the General Manager in May 2005.
 He represents the bank in Association of Bank in Jordan Board of directors, Jordan International Insurance Company, Capital Investment and Brokerage Company, Injaz a non – Profite Organization.

Mr. Eyad Ismail Sabti Mashal

Position: Chief Executive Officer, Capital Investments Date of
 Date of Birth: 08/11/1972
 Date of Appointment: 01/06/2009
 Academic Background: Holds Masters Degree in Accounting, University of Jordan.
 Holds Bachelors Degree in Accounting, University of Jordan.
 Holds the professional certificate Chartered Financial Analyst (CFA)
 Professional Experience: 16 years of investment and financial focused primarily on asset management, worked an Executive Director with Bank Julius Baer, acting as a senior investment advisor for and manager of the Onyx MENA Fund. Prior to that, Eyad was the head of Asset Management of Atlas Investment Group A member of the CFA Institute An affiliate of the Market Technician Association (MTA) and colleague of the International Federation for Market Technicians.

Mr. Samer Mouhamad Mousa Sunnuqrot

Position: General Manager, Capital investment
 Date of Birth: 17/09/1965
 Date of appointment: 01/02/2008
 Academic Background: Holds Masters Degree in Financial Markets from the Arab Academy for Banking and Financial Sciences - Jordan.
 Holds Bachelors Degree in Accounting from Georgia State University / USA
 Professional Experience: Former Deputy CEO at Jordan Ahli Bank. Held several Senior Positions in Investment Banking, Research and Strategic Planning with total Banking Experience of 18 years. Attended high level seminars, conferences, and training programs in the field of investment banking.



4 MAJOR SHAREHOLDERS WHO OWN 5% OR MORE

Name	Nationality	No. of Stock as of 31/12/2009	%	No. of Stock as of 31/12/2008	%
Social Security Corporation	Jordanian	12,290,469	%9.291	11,976,469	%9.054
Abed El-Raouf Walid Abed El-Raouf El-Bitar	Jordanian	4,589,108	%3.469	10,840,770	%8.195
International Finance Corporation	International	9,255,000	%6.997	9,280,000	%7.015
Hassan Ghaleb Abed El-Hussain Kubbah	Iraqi	7,612,953	%5.755	8,154,849	%6.165
BLOM Bank	Lebanese	8,466,295	%6.400	7,915,483	%5.984
Moh'd Mousad Saif el-Saif	Saudi Arabia	5,487,705	%4.148	7,284,117	%5.507
Investment and Integrated Industrials Company	Jordanian	6,662,288	%5.037	6,662,288	%5.037
Emad Yaseen Yousef El-Mula	Iraqi	6,672,751	%5.044	-	-

5 COMPETITIVE POSITION AND MARKET SHARE

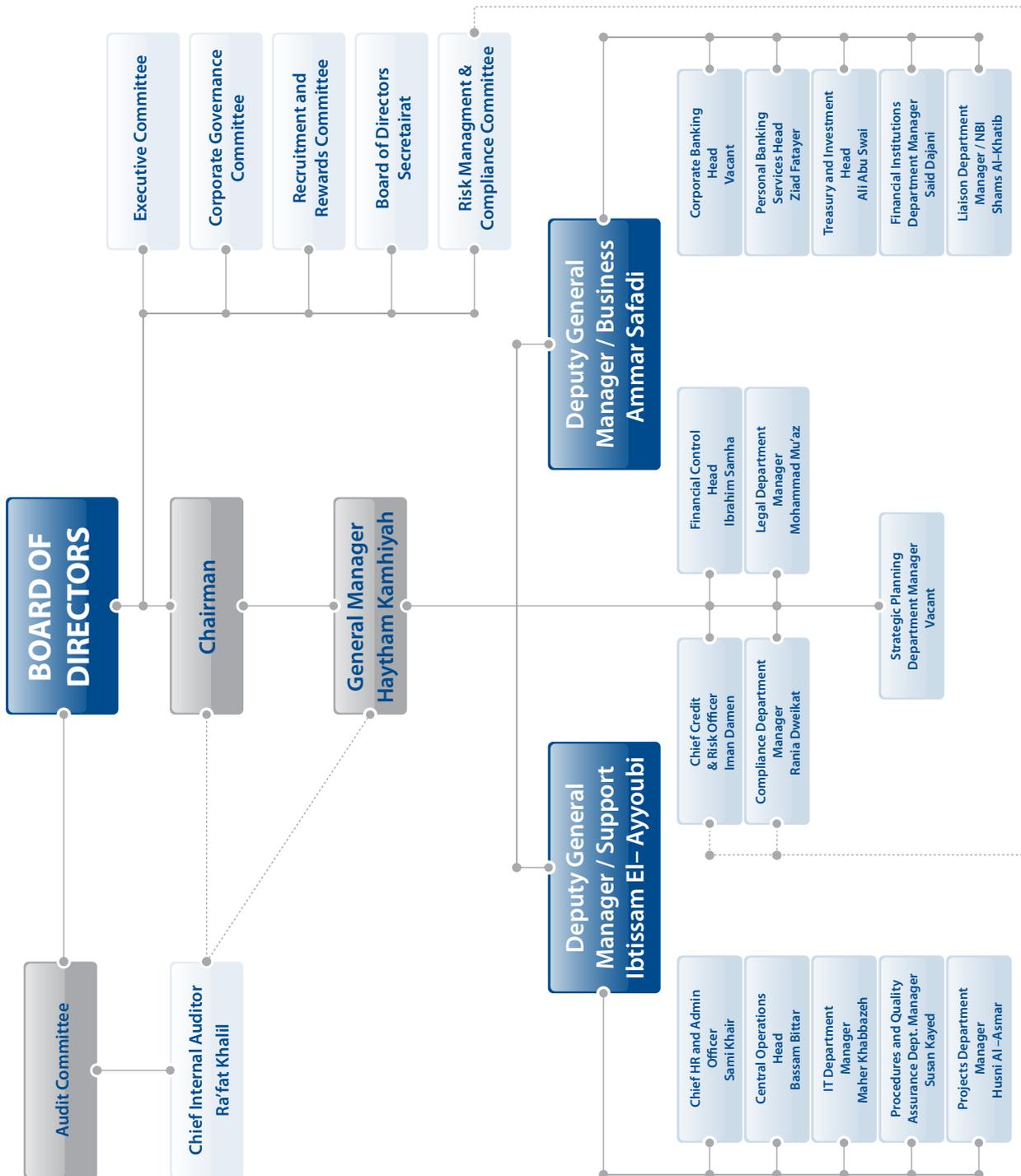
Capital Bank market share, as its share of the sector reached 3.34% of total assets of the Jordans banking sector while it reached 4.34% in credit facilities, Customer's deposits rose to 3.28% of total customer's deposits in the Jordanian banking sector.

- 6 There is no reliability degree on certain vendors and or key customers in the case it is 10% or more
- 7 There is no governmental protection or privileges awarded to the Bank or any of its products. The Bank has no patent of invention or copyrights.
- 8 There are no decisions issued by the government or any international organization that have a material effect on the Bank's operations, product or competitive capability.



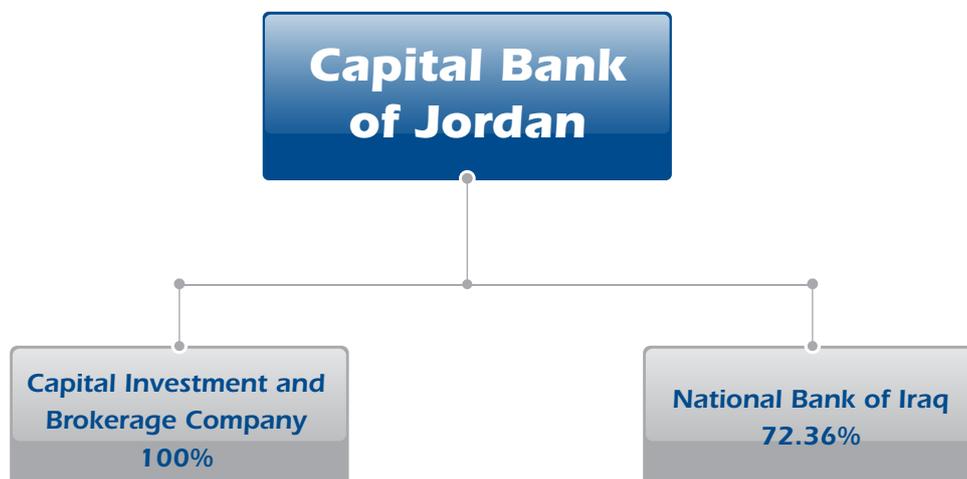
9 ORGANIZATION CHARTS, NUMBER OF EMPLOYEES, AND THEIR QUALIFICATIONS

■ A - Organization Charts





■ **B - Organization Charts for the bank and its Subsidiaries**



■ **C - Number of employees and their Qualifications**

Scientific Degree	Capital Bank	Capital Investment and Brokerage Company
Masters	22	4
High Diploma	3	-
B.A / BSc	265	34
Diploma	36	2
Secondary School	14	1
Lower than Secondary School	12	7
Total	352	48

■ **D- Training and qualifying programs for the Bank and Capital Investment and Brokerage Company**

Training Course	No. of Employees
Specialized course in Human Resources and Personal skills development	151
Specialized courses in Marketing, Credit Cards and Customer service	280
Participation in local and external conferences	38
Specialized courses in Treasury and Investments	15
Specialized courses in Risk management, financial Crisis, internal audit and finance.	41
Specialized courses in Information technology systems	29
Specialized courses in Credit facilities and Project financing	29
Specialized courses in Banking operations (Internal and external)	74
Specialized courses in legal skills	5
Safety and Security courses	333
Capital Stars program	16



10 DESCRIPTIONS OF RISKS

As stated in the financial statements disclosure number 42

11 ACHIEVEMENT OF THE BANK FOR THE YEAR 2008

As included in chairman statements at the introduction of this annual report.

12 THE FINANCIAL EFFECT FOR EXTRAORDINARY OPERATIONS

There are no extraordinary operations during the year 2008

13 TIME CHAIN FOR REALIZED PROFIT AND LOSS. DIVIDENDS AND NET SHAREHOLDERS EQUITY (2001-2009)

Year	Equity	Net Income	Dividends		Closing Price
			Cash Dividend	Stock Dividend	
2001	34,106,664	5,056,890	-	3,3 Million	1,84
2002	37,590,373	5,568,252	-	4,7 Million	1,38
2003	45,779,476	8,061,827	-	4,5 Million	3,93
2004	59,872,518	12,346,354	-	7 Million	4,41
2005	135,934,724	21,358,989	-	10.5 Million	3,32
2006	156,991,770	18,059,905	-	14 Million	1,93
2007	172,375,124	13,508,666	-	7 Million	2,02
2008	203,161,545	15,250,169	7.5 Million	-	1,80
2009	208,070,603	1,338,383	-	-	1,56

14 ANALYSIS OF THE BANK'S FINANCIAL POSITION AND RETURN

Financial Ratio	31/12/2009	31/12/2008
Returned on assets	0.1%	%1.6
Returned on equity	1.02%	%7.95
Earning per share	0.015	0.108
Equity / Assets	19.4%	%20.7
Capital adequacy	21.81%	%20.14
Non performing loans ratio	11.5%	%4.4
Provision Coverage ratio	54.54%	%70.22

15 FUTURE DEVELOPMENTS AND PLANS FOR THE YEAR 2010

The strategy of the Bank for the three coming years was approved by the Board of Directors. It incorporated a planned growth, with synchronization between profitability and risk, in all of the Bank's sectors. The strategy also includes planned expansion in the area of financing small and medium enterprises, a sector that is less susceptible than other sectors to the impact of the Financial Crisis. In addition, the bank's strategy included deliberate plans to improve the operations of Bank affiliates, namely the Capital Investments and Brokerage Company and the National Bank of Iraq. Regarding the latter, with the beginning of the stabilization of Iraq, the country will witness sizable economic growth; we will strive to take advantage of the great opportunities that will arise there, whether related to the development of the state or in projects in the oil sector, the second largest in the world in terms of oil reserves.



16 EXTERNAL AUDITOR'S FEES

Ernst and Young's fees for auditing the Bank and its subsidiaries in 2009 amounted to JD 176,332 Including Tax.

- Audit fees for Capital Bank	JOD 76,560
- Audit fees for Capital Investment and Brokerage Company	JOD 23,200
- Audit fees for National Bank of Iraq	JOD 76,572

17 STATUS FOR NUMBER OF FINANCIAL SECURITIES

- A - Status for number of financial securities issued by the bank and owned by the board of directors, top management, with executive authority and Board of Directors relatives.
- Members of the Board of Directors as of 31/12/2009.

Members	Representative	Position	Nationality	Number of Stock as of 31/12/2009	Number of Stock owned by representative as of 31/12/2009
Investment and Integrated Industrials Company	Nedal Younes	Member	Jordanian	6,662,288	-
Social Security Corporation	Moh'd El-Eses				-
	Ayman Omran	Member	Jordanian	12,290,469	
	Abu Dhaim				
Samieh Taleb Mahoumd Darwazeh	himself	Chairman	Jordanian	1,510,000	
Kim Fuad sa'd Abu Jaber	himself	Member	Jordanian	1,583,909	
Abed El-Raouf Walid Abed El-Raouf El-Bitar	himself	Member/till 9/7/2009	Jordanian	4,589,108	
Al Khaleel Company for Investments	Khalil Hatem	Member	Jordanian	42,707	79,996
	Khalil Al-Salem				
Hassan Ghalib Abdul El-Hussain Kubbah	himself	Chairman/till 9/7/2009	Iraqi	7,612,953	
Hotaf Investment Company	Moh'd Ali Khalid Al-Husry	Member	Jordanian	4,000,000	2,000,000
Jadara for Real Estate Investment	Moh'd Mousaed Saif el-Saif	Member	Jordanian	25,000	5,487,705
Roy Athanas Karaoglan	himself	Member / till 9/7/2009	USA	25,000	
Kalifeh Omair Al-Muhairi	himself	Vice Chairman	UAE	25,000	
Nhaian Hamdan Al Nhaiian	himself	Member	UAE	25,000	
Moh'd Sabeih Saeb Al-Nahas	himself	Member/ till 9/7/2009	Syrian	25,000	
Sameer Said Abed Al-Muati Murad	himself	Member	Jordanian	55,000	
Total				38,471,434	7,567,701



■ Relative of members of Board of Directors as of 31/12/2009

Member's Relatives	Members	Relation	Number of Stocks
Emad Kim Fuad Abu Jaber	Kim Fuad Sa'd Abu Jaber	Son	1,205
Al- Alyadudh Investment Company	Kim Fuad Sa'd Abu Jaber	himself	105,212
Jordan New Cable Company	Abdel Raouf Walid Al- Bitar	himself	1,465,996
Al-Wahj Company for General Trading and Investment	Hassan Ghalib Abdul Hussein Kubba	himself	4,713,468

■ Members of the Board of Directors as of 31/12/2008.

Members	Representative	Position	Nationality	Number of Stock as of 31/12/2008	Number of Stock owned by representative as of 31/12/2008
Dr. Ziad Mohammad Fariz	Himself	Chairman	Jordanian	40,000	
Dr. Fayez Mohammed Atawy Soheimat	Himself	Vice Chairman	Jordanian	700,193	
Investment and Industrial Integrated Company	Mr. Elia Nuqul	Member	Jordanian	6,662,288	
Mr. Mazen Sameh Taleb Darwazeh	Himself	Member	Jordanian	1,493,394	
Social Security Corporation	Mr. Haitham Al-Majali	Member	Jordanian	11,976,469	
Mr. Kim Foad Sa'd Abu Jaber	Himself	Member	Jordanian	1,545,909	
Mr. Abdel Raouf Waleed Abdel Raouf Al-Bitar	Himself	Member	Jordanian	10,840,770	
Alkhaleel Company for Investments	Mr. Fawzi Jumean	Member	Jordanian	42,707	
Mr. Hassan Ghalib Abdul Al-hussien Kubba	Himself	Member	Iraqi	8,154,849	
Hotaf Investment Company	Mr. Bassam kanaan	Member	Jordanian	6,063,907	6,137
International Finance Corporation	Mr. Roy Athanas karaoglan	Member	International	9,280,000	
Jadara for Real Estate Investment	Mr. Mohammed Safouri	Member	Jordanian	99,289	6
Al-Bayader Trade and Investment Company	Dr. Ziad Fariz	Member	Jordanian	530,645	
Mr. Mohammed Seif Al-Seif	Himself	Member	K.S.A	7,284,117	
Spumante Comercio Internacional LDA	Mr. Mansoor Fustooq	Member	Portuguese	25,000	
Total				64,739,537	6,143



■ Relative of members of Board of Directors as of 31/12/2008

Member's Relatives	Members	Relation	Number of Stocks
Houda hamdi fariz Hussien	Dr. Ziad Fariz	Wife	13,294
Rola Samer Khalel Naser	Mr. Mazen Sameeh Taleb Darwazeh	Wife	134,313
Emad Kim Foad Sa'd Abu Jaber	Mr. Kim Foad Sa'd Abu Jaber	Son	1,205
Foad Kim Foad Sa'd Abu Jaber	Mr. Kim Foad Sa'd Abu Jaber	Son	3,205
Darhold Limited	Mr. Mazen Sameh Taleb Darwazeh	himself	3,191,560
Future Company for the manufacture of natural products	Mr. Mazen Sameh Taleb Darwazeh	himself	61,495
Arab East Investment LTD	Mr. Fayez Mahmoud Atewe suhiemat	himself	1,342,802
Al-Mamouniah Company for Investment & Trade.	Mr. Fayez Mahmoud Atewe suhiemat	himself	1,523,827
Jordan New Cable Company	Mr. Abd Al Raou'f waleed Al Bitar	himself	1,465,996
Al-Yadudh Investment Company	Mr. Kim Fo'ad Abo Jaber	himself	105,212
Total			7,842,909

■ Members of Top Management

Members	Position	Nationality	Number of Stock as of 31/12/2009	Number of Stock as of 31/12/2008
Mr. Haytham Yosef Abed El-Monaem Kamhiyah	General Manager	Jordanian	63,084	15,782
Mr. Ibrahim Salah Mohammad Samha	Assistant General Manager / Financial Controller	Jordanian	6,000	-
Mr. Mohammad Hafez Moh'd Muaz	Head of legal Department / Legal Counselor	Jordanian	14,814	-
Mr. Ali Moh'd dawod Abu Swai	Assistant General Manager / Treasury and Investment	Jordanian	6,770	-
Mr. Micheal Zaki Micheal Numan	Assistant General Manager/ Risk Department	Jordanian	7,502	705
Mr. Goerge Farah Jeries Sofia	Director of personal banking services/ till 9/7/2009	Jordanian	11,584	2,936

There are no stocks owned by Board of Directors relatives or top executive management relatives.



18 BOARD OF DIRECTORS AND TOP EXECUTIVE MANAGEMENT REMUNERATION AND OTHER BENEFITS

■ A: Board of Directors

Board of directors	Position	Overall yearly salaries	Transportation	Yearly Bonuses	Yearly traveling expenditure	Yearly total benefits
Mr. Samih Taleb Drawzeh	Chairman	-	6,600	-	-	6,600
Mr. khaleefa Omair Ahmad	Vice Chairman	-	6,419	-	15,265	21,684
Mr. Kim Abu jaber	Members	-	11,700	5,000	-	16,700
Mr. Nahian Hamdan Al Nahian	Members	-	3,500	-	690	4,190
Mr. Samir Said Murad	Members	-	6,600	-	-	6,600
Social Security Corporation/ Mr. Ayman Omran Abu dhiem	Members	-	7,200	-	-	7,200
Company investment made and Integrated Industries / Mr. Nidal Younis Eses	Members	-	7,800	-	-	7,800
Al-Jadara For Real Estate Integrated Investment/ Mr. Mohammed Sief Al-Seif	Members	-	3,335	1,250	1,682	6,267
Hotaf Company /Mr. Mohammed Ali Khaldoun Al- Husry	Members	-	6,300	-	-	6,300
Al Khalil Company / Khalil Hatem Al salem	Members	-	11,400	-	-	11,400
Mr. Hasan Galib Kubba	Members	199,396	5,900	1,667	-	206,963
Mr. Roy Athanas Olgan	Members	-	3,800	3,750	2,363	9,913
Mr. Abd Al ra'of Al Bitar	Members	-	4,100	5,000	2,070	11,170
Mr. Elia Nukul	Members	-	3,300	5,000	-	8,300
Mr. Haytham Abd Al majeed Al majale	Members	-	5,300	5,000	-	10,300
Mr. Awad Aboud Fadayel	Members	-	5,600	-	-	5,600
Mr. Fawze Fwaz Jumean	Members	-	300	5,000	-	5,300
Dr. Ziad Fariz	Members	27,894	300	5,000	-	33,194
Mr. Mazeen Samih Darwazeh	Members	-	300	5,000	-	5,300
Mr. Fayez Mohammed Soheimat	Members	-	300	5,000	-	5,300
Mr. Bassam wael Kanaan	Members	-	600	5,000	-	5,600
Mr. Mohammad Mahmoud safouri	Members	-	300	3,333	-	3,633
Mr. Kamel Awad Allah Mhadeen	Members	-	5,100	-	-	5,100
Mr. Mohammad Samih Al nahas	Members	-	900	-	418	1,318
Mr. Mohammad Mansour Fustok	Members	-	-	2,500	-	2,500
Total		227,290	106,954	57,500	22,488	414,232

* This item represents bonus for the years 2005, 2006, 2007 paid during the year 2008.



■ **B: Benefits and rewards enjoyed by people of senior management executive :**

Name	Salary	Bonus*	Total
Mr. Haytham Kamhiyah	214,875	156,717	371,592
Mr. Ammar Safadi	147,000	21,341	168,341
Ms. Ibtissam Al Ayoubi	122,250	17,550	139,800
Ms. Iman Al- Damen	111,250	18,850	130,100
Mr. Rafat Khalil	94,275	16,480	110,755
Mr. Sami Khair	103,750	15,988	119,738
Mr. Ibrahim Samha	67,050	21,064	88,114
Mr. Zeyad Fatayer	26,056	-	26,056
Mr. Ali Abu Sway	67,050	21,975	89,025
Mr. Mohammed Muaz	70,375	37,156	107,531
Ms. Rania Dweikat	41,850	15,106	56,956
Mr. Samer Sunkrot	117,475	18,439	135,914
Mr. Eyad Mush'al	87,590	-	87,590
Mr. Issa Abu Moukadam /Resigned	48,193	-	48,193
Mr. Rami Hadded / Resigned	67,768	43,734	111,502
Mr. Goerge Sofia / Resigned	58,481	33,354	91,835
Total	1,445,288	437,754	1,883,042

19 DONATIONS PAID BY THE BANK DURING 2008

Requesting Party	Amount
The International Academy Amman	184.000
Queen Rania's Madrasati Initiative	125.000
Jordan River Foundation / Dar Al-Aman Program	50.000
Jordan River Foundation	50.000
SOS Children's Village Association of Jordan	30.000
Charity and Good Works Campaign	23.982
King's Academy / Sponsoring one student	21.500
Young Women Muslim Association (YWMA)/sponsoring 12 students	21.000
Association for Orphan Care/ AL-Mafraq	13.000
Humanitarian aid in co-operation with Hashemite Charity Commission to support our brothers in the Gaza Strip	12.828
Sponsorship of a football match in which all the proceeds are to aid our brothers at the Gaza Strip	5.000
Jordan Youth Club	5.000
Humanitarian Aid Club	4.000
Miscellaneous	6.144
Total	551454

20 THERE ARE NO CONTRACTS OR PROJECTS OR ENGAGEMENTS TAKEN WITH THE SUBSIDIARIES COMPANIES OR THE CHAIRMAN OR THE BOARD OF DIRECTORS OR TOP MANAGEMENT OR GENERAL MANAGER OR ANY EMPLOYEE IN THE BANK OR THEIR RELATIVES.

21 BANK CONTRIBUTION FOR ENVIRONMENT PROTECTION AND COMMUNITY SERVICE

- A- Contribution and environment protection
- B- Contribution and community service



■ C – Affirmation

1. Capital Bank Board of Directors admit according to its knowledge and its belief of nonexistence of major matters that might affect the Bank's continuity during 2009.
2. Capital Bank Board its responsibility for preparation the financial data and for existence of an effective control system.

Mr. Samih Taleb Darwazeh

Al-Sheikh Nehayan
Al-Nehayan

Mr. Khaleefa Butti Omair Yousif
Ahmad

Mr. Samir Said Murad

Mr. Kim Foad Sa'd Abu Jaber

Social Security Corporation
Mr. Ayman Omran Abu- Dhaim

investment and Integrated
Industries Company
Mr. Nidal Younis Eses

Al-Jadara Company for Real
Estate Investment
Mr. Mohammed Seif Al-Seif

Hotaf Investment Company
Mr. "Mohammed Ali" Al - Husry

Al-khalil Company for Investments
Mr. Khalil Hatem Al Salem

3. The Chairman, General Manager and Financial Controller admit the accuracy and completeness of the provided information in this report.

Chairman
Mr. Samih Taleb Darwazeh

General Manager
Mr. Haytham Kamhiyah

Financial Controller
Mr. Ibrahim Samha



■ D - Branches

Branch	Address
Main Branch Telephone: Fax: P.O.Box: E- mail:	Shmesani - Esam Al- ajlony street +962-6-5100200 +962-6-5692062 Amman 941283 jordan 11194 Main@capitalbank.jo
Shmesani Branch Telephone: Fax: P.O.Box: E- mail:	Shmesani - Esam Al- ajlony street +962-6-5100200 +962-7-5695942 Amman 941283 jordan 11194 Shmesani@capitalbank.jo
Madina Street Branch Telephone: Fax: P.O.Box: E- mail:	Madina Monawarh Street +962-6-5529994 +962-6-5549252 Amman 941283 jordan 11194 Madinah@capitalbank.jo
Sweifeyeh Branch Telephone: Fax: P.O.Box: E- mail:	Cross Tareq Aljondy street with Nasooth Altaher street +962-6-5833799 +962-6-5885176 Amman 941283 jordan 11194 Sweifeyeh@capitalbank.jo
Dabouq Branch Telephone: Fax: P.O.Box: E- mail:	King Abdullah II St. +962 6 5413338 +962 6 5412637 Amman 941283 jordan 11194 Dabouq@CapitalBank.jo
Bayader Branch Telephone: Fax: P.O.Box: E- mail:	Bayader Industrial Area +962 6 5833300 +962 6 5885298 Amman 941283 jordan 11194 Bayader@capitalbank.jo
Majdi Mall Branch Majdi Mall - First Floor Telephone: Fax: P.O.Box: E- mail:	Queen Rania Al Abdulla St. +962 6 5331500 +962 6 5357614 Amman 941283 jordan 11194 majdimall@capitalbank.jo
Wehdat Branch Telephone: Fax: P.O.Box: E- mail:	Madaba street +962-6-4750801 +962-6-4750845 Amman 941283 jordan 11194 wehdat@capitalbank.jo
Zarqa Branch Telephone: Fax: P.O.Box: E- mail:	Prince Shaker street +962-5-3979295 +962-5-3979103 Amman 941283 jordan 11194 zarqa@capitalbank.jo

Branch	Address
Free Zone / Zarqa Branch Telephone: Fax: P.O.Box: E- mail:	Vehicle Licensing Area +962 5 3825533 +962 5 3824722 Amman 941283 jordan 11194 freezone@capitalbank.jo
Irbid Branch Telephone: Fax: P.O.Box: E- mail:	Alkoba Circle +962-2-7246280 +962-2-7395803 Amman 941283 jordan 11194 irbid@capitalbank.jo
Aqaba Branch Telephone: Fax: P.O.Box: E- mail:	Alnahda Street +962-3-2039990 +962-3-2039949 Amman 941283 jordan 11194 Aqaba@capitalbank.jo
Aqaba office Telephone: Fax: P.O.Box: E- mail:	Airport Street +962-3-2039710 +962-3-2039711 Amman 941283 jordan 11194 Aqaba@capitalbank.jo
Gardens Branch Telephone: Fax: P.O.Box: E- mail:	Wassfi Al-Tal St. - Bldg. #115 +962 6 5540444 +962 6 5527834 Amman 941283 jordan 11194 algardenzbranch@capitalbank.jo
Al-Hurreyah St. Branch Telephone: Fax: P.O.Box: E- mail:	Al-Muqabalen - opposite to Abu Zaghlal Restaurant +962 6 4201616 +962 6 4204227 Amman 941283 jordan 11194 alhorriyah@capitalbank.jo
Dahiet Al-Yasmeen Branch Telephone: Fax: P.O.Box: E- mail:	Al-Yasmeen Circle - Jabal Arafat St. +962 6 4200200 +962 6 5732689 Amman 941283 jordan 11194 alyasmeen@capitalbank.jo
Marj Al-Hamam Branch Telephone: Fax: P.O.Box: E- mail:	Main St.- Beside Jordan Ahli Bank +962 6 5715252 +962 6 5732689 Amman 941283 jordan 11194 MarjElhamam@capitalbank.jo
New Zarka Branch Telephone: Fax: P.O.Box: E- mail:	New Zarka - 36 St. Al-Kurdi Plaza Complex +962 5 3933555 +962 5 3856009 Amman 941283 jordan 11194 NewZarqa@capitalbank.jo

