



البنك
الأردني الكويتي
JORDAN KUWAIT
BANK

إذا كنت ذاهباً
فكف عن عيوني
فإنفساء الرأي
أنت تتردد

09

33rd Annual Report

The Art of Arabic Calligraphy

Some of the pages of this report exhibit quotes and sayings written in various forms and types of Arabic calligraphy to display this beautiful art which has existed for hundreds of years and remains till this day one of the most significant art forms known to mankind.

Arabic calligraphy is not simply a writing or drawing, but at the same, both an art and science. The structure and elasticity of Arabic calligraphy promoted it to become a beautiful art, drawing from the elaborate ornamentation of its letters and words. The art and beauty of Arabic calligraphy is based on specific rules emanating from the balance between the lines, dots and circles, making use of the same elements found in other art forms.

Throughout history, people learned and studied this art, which over the past

centuries has been a meeting point between science and art, deepening our understanding of its architecture and sparking our senses with its beauty. The eye is forced to follow each letter as it intertwines with the next, causing the centers of the portrait to shift continuously, with the letters appearing to be moving though stationary, thus giving the art its remarkable uniqueness.

For this reason, calligraphists were highly reputed in Arab and Islamic society, not only as calligraphists, but also as well-respected artists and scientists.

Non-Arabic speakers who find difficulty in understanding the meaning of the written quotes and sayings, may view the pictures displayed in this English version of the report as abstract artistic portraits.





البنك
الأردني الكويتي
JORDAN KUWAIT
BANK

Public Ltd. Company
Established 25/10/1976
Commercial Register Number 108
Paid-up Capital JD 100 Million (USD 141 Million)

Member of "KIPCO" Group-Kuwait

Our Vision...

" To be one of the pioneer Arab banks through offering a distinguished comprehensive banking solutions, in line with the latest developments in banking industry and e-business in the world "

Our Mission...

" We are a Jordanian banking institution which offer global services assured with high quality and professionalism by taking full advantage of the Bank's advanced technological capabilities and its staff efficiency to render qualified services to customers. JKB seeks to diversify its customer base to include various Jordanian & Arab economic sectors, in order to achieve a rewarding yield to shareholders, in addition to enhance the national economy development, and society welfare."

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يَنْهَشُ لَهْرَهُ طَائِفَةَ النَّبِيِّ فَإِنِّي

بِهِمْ وَهُمْ أَرْضِي مَرَّةً وَغَضَبًا

خَفَضْتُ لَهُمْ مِنْي جَنَائِحِي مَوْجِدَتِي

إِلَى كَفِّ عَطْفَاءِ أَهْلِكَ مَرْحَبًا



HIS MAJESTY
KING ABDULLAH II BIN AL-HUSSEIN

فَهَذَا الصَّبْحُ بِكَافٍ

وَهَذَا مِنْ كَامِرٍ وَنَصَالٍ

وَفِيهِ عَزَّةٌ حَمِيدَةٌ

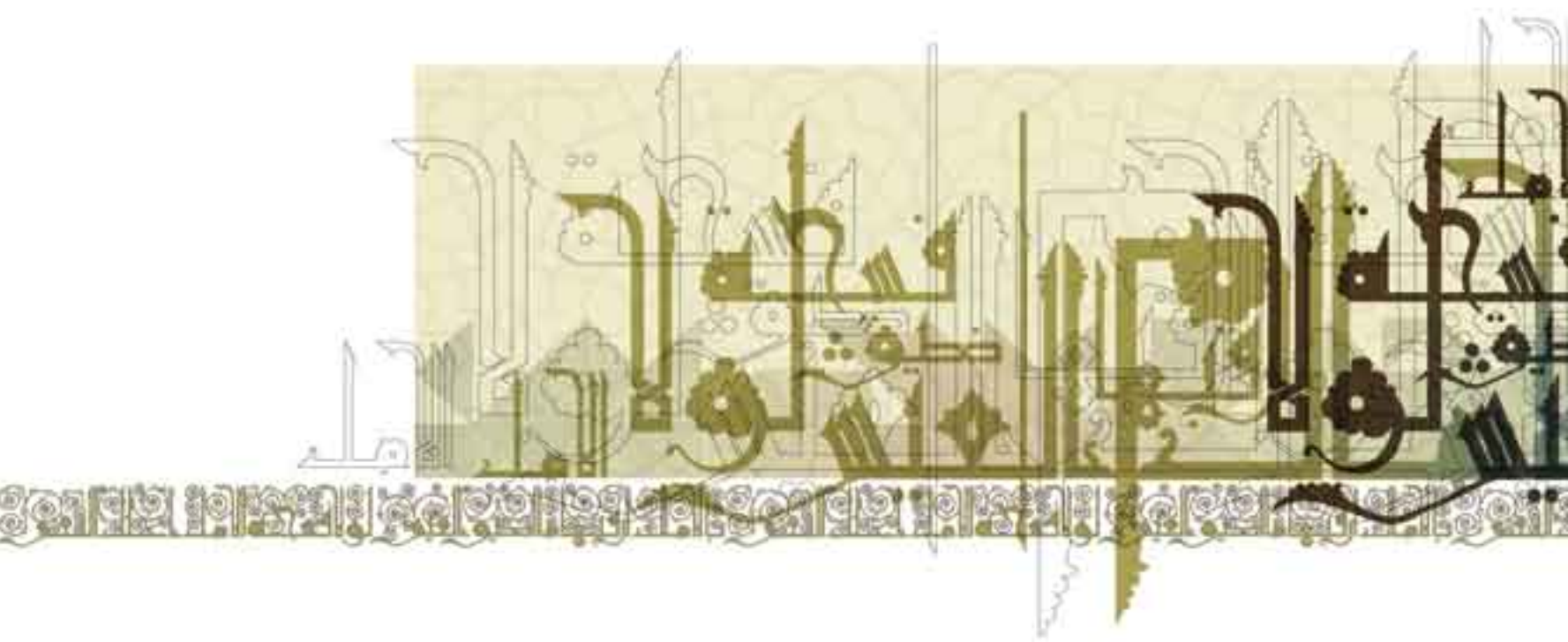
وَفِيهِ لَوِيٌّ فِي الْخِصَالِ



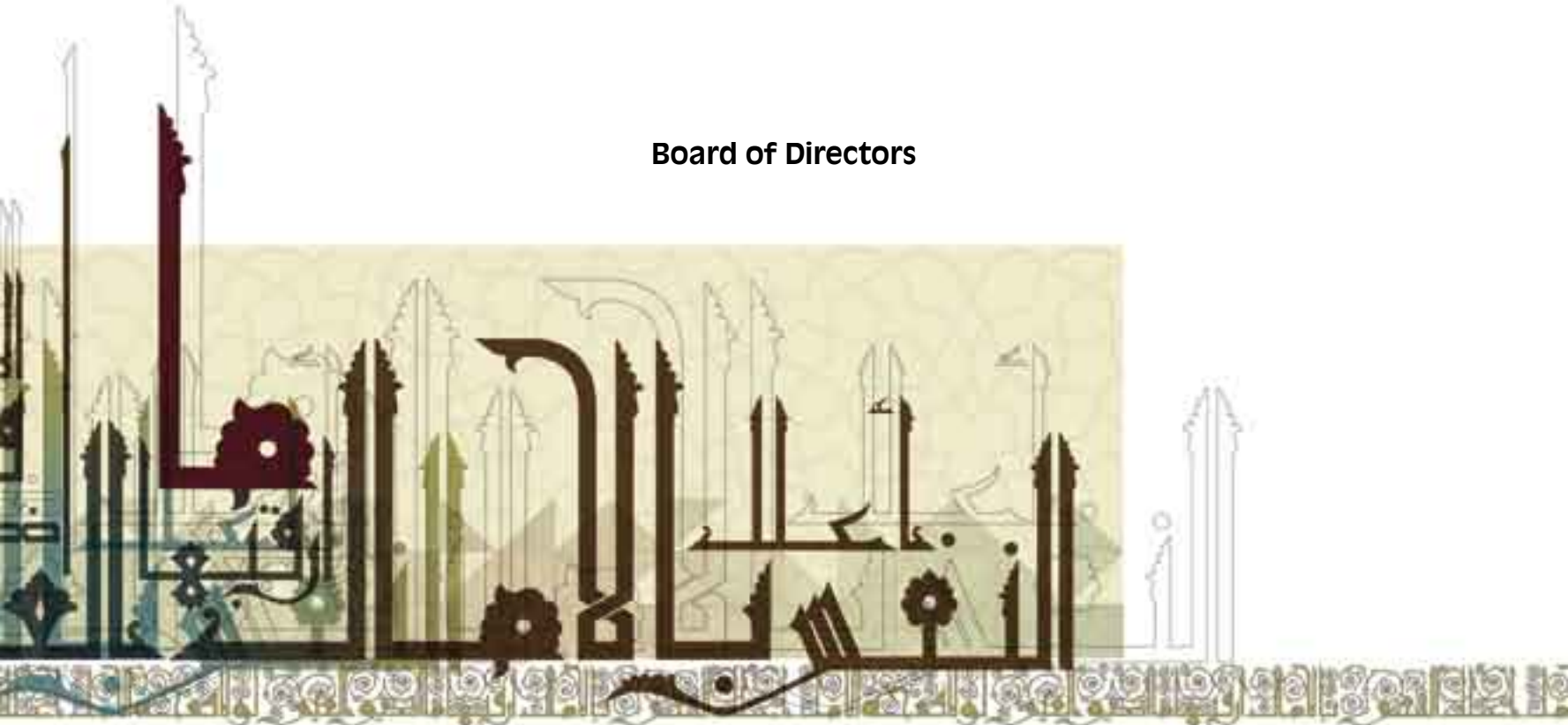
HIS HIGHNESS
SHEIKH SABAH AL-AHMAD AL-SABAH
EMIR OF THE STATE OF KUWAIT



HIS ROYAL HIGHNESS
PRINCE HUSSEIN BIN ABDULLAH II
THE CROWN PRINCE



Board of Directors



Chairman

- **H.E. Mr. Abdel Karim A. Kabariti**

Vice Chairman

- **Mr. Faisal Hamad Al-Ayyar**

Rep.: United Gulf Bank – Bahrain

Members

- **Mr. Emad Jamal Kudah**

Rep.: Social Security Corporation – Jordan

- **Mr. Moh'd Ahmad Abu Ghazaleh**

- **Mr. Masaud Mahmoud Jawhar Hayat**

Rep.: Al- Futtooh Holding Co. - Kuwait

- **Mr. Tariq Moh'd Abdul Salam**

Rep.: Kuwait Projects Co. (Holding) – Kuwait

- **Mr. Farouk Aref Al-Aref**

- **Dr. Yousef Musa Goussous**

Rep.: Burgan Bank - Kuwait

- **Mr. Mansour Ahmad Louzi**

Rep.: Strategy Co. for Investments – Jordan

Board Secretary/General Manager

- **Mr. "Moh'd Yaser" M. Al-Asmar**

Auditors

- **Deloitte & Touche** (M.E) - Jordan

مَنْ يَتَّقِ اللَّهَ يَجْعَلْ لَهُ مَخْرَجًا

وَيَرْزُقْهُ مِنْ حَيْثُ لَا يَحْتَسِبُ

وَمَا يَرْزُقُ اللَّهُ شَيْئًا إِلَّا يُضَاعِفْهُ

فَأُوْثِرُوا بِرِزْقِ اللَّهِ

أَنْ تَكُونُوا مِنْ الْخَائِبِينَ

Message from the Chairman

To the Shareholders:

On behalf of myself and my fellow board members, I am pleased to present to you the Bank's 33rd annual report, outlining the Bank's results, achievements and consolidated financial statements for the financial year ending on 31 December 2009.

By the end of 2009, 15 months had passed since the effects of the global financial crisis began to appear, impacting all aspects of the global economy, and with varying effects on most countries' economies. This crisis followed two other crises witnessed by the global economy during 2007 and 2008, represented by unprecedented increases in oil prices and spikes in the food products and commodity prices. Nonetheless, 2009 is considered among the most difficult years for the local and regional economies.

The fourth quarter of the year witnessed some positive economic indicators, signifying that leading economies began to surpass the recession, with several industrial nations recording positive growth figures. However, overall optimism was contained as the global economy continues to face a number of challenges including high unemployment levels, large budget deficits and instability in the financial markets. Economists anticipate the poor economic climate to persist throughout 2010, with no improvement expected before the end of the year, and regression remaining a possibility.

The global financial crisis uncovered the pressing need to restructure and reform the global financial system and revise the regulatory framework in order to more effectively ensure the security of financial transactions and implement early warning signals, without overcomplicating or restricting investment and capital flows. In addition, achieving financial stability is increasingly dependent on adherence to higher standards of transparency and compliance with regulatory and monitoring controls under the supervision of specialized international institutions.

Moreover, the slowdown in the global economy has signified the importance of exercising more prudence in managing activities, taking into consideration the effects of the financial crisis and allowing financial and monetary policies to play a more significant role in containing the obstacles that may face the banking system in the near future. Such policies are particularly relevant given that investors and clients will have differing perspectives and impressions guiding their investment decisions in light of the lessons learned from the financial crisis and its consequences.

Being an open economy, the Jordanian economy was not isolated from the effects of the global financial crisis that brought about the deepest recession in decades. However, due to its sound foundations, dynamic institutions and ability to adapt to changing circumstances, the country showed some signs of resistance.

In spite of the negative effects witnessed during the year, 2009 did show some positive indicators, including the drop in international prices of oil and basic goods, which reflected positively on consumers and contributed a major savings to the balance of payments. Additionally, the inflation rate dropped from 15% to nearly zero, while tourism income, expatriates' remittances and Arab investment flows remained at healthy levels, though lower than the levels witnessed during the pre-crisis boom. Meanwhile, the Jordanian Dinar exchange rate stabilized, economic growth reached 3%, and the deficits in the trade balance and the current account of the balance of payments narrowed significantly.

As for the negative indicators, the budget deficit reached approximately 9% of GDP, representing the highest level since the outset of the economic reform activities. A number of sectors were negatively impacted, particularly those undertaking large real estate projects, while a sentiment of caution and reluctance prevailed among investors and banks alike.

The Government of Jordan was not passive in its response to the new circumstances. It played an active role in reinforcing overall trust in the economy by guaranteeing all deposits with banks in Jordan without any limits. Moreover, the Government increased current and capital expenditures to compensate for stagnation in some activities, and the Central Bank of Jordan took several steps to support banks and enable them to perform their vital role in the economy.

These achievements and challenges reflected positively on the reports issued by international ratings agencies, which maintained a stable outlook for the Jordanian economy, awarding it good ratings, and underlining the strength and soundness of the banking system. Key strengths include sound management of the national economy, adherence to structural reforms, protecting gains, maintaining public debt-to-GDP levels below 60%, and retaining comfortable foreign currency reserves with the Central Bank. Conversely, weaknesses cited included the large budget deficit, low per capita income, vulnerability to external factors and relatively high levels of unemployment and poverty.

The impact on the banking sector was relatively marginal due to its large dependence on local financing, its limited exposure to complex investment products and high-risk derivatives, and the absence of high-risk loans and troubled assets. Banks fell subject to a fair amount of criticism during 2009, being accused of restricting lending during the crisis. Nonetheless, we are convinced that the banks maintained a positive and open approach and continued extending credit facilities, though employing more conservative mechanisms to hedge and mitigate risks. With local demand for credit remaining at relatively low levels, deposits at banks continued to increase.

Jordanian banks maintained positive indicators, with comfortable liquidity levels, high capital adequacy ratios and relatively small amounts of non-performing loans. During the year, banks re-priced credit risks and actively monitored their exposures in spite of their being forced to build additional provisions to support their ability to face potential difficulties ahead.

The effects of the financial crisis on various economic activities, and particularly the real estate and financial sectors, led to a decline in the financial position of a number of banks' clients, thus resulting in a drop in the quality of the assets comprising the banks' loan portfolios. Accordingly, banks were pushed to take large provisions to cover their credit risks, which had a negative effect on their overall profitability. These provisions are hoped to be translated into future profits once borrowers return to their normal levels of activity and are able to service their debts.

The unusual circumstances witnessed by the Jordanian economy were a true test that confirmed the strength and stability of the banking system under the supervision of the Central Bank, which adapted its monetary policies to prevailing conditions. As a result, banks were able to successfully face the consequences of the crisis by shifting towards greater conservatism and changing priorities to safety and security rather than profitability and expansion. As

such, international credit ratings agencies maintained healthy ratings and a stable outlook for Jordanian banks. During the year, the Central Bank took a number of steps to boost trust and support the local economy, including suspending the issuance of certificates of deposit, lowering interest rates and decreasing mandatory reserve requirements.

Furthermore, the new regulations issued by the Central Bank before the end of 2009 with respect to debts classification and provisions are viewed as positive and vital steps in addressing certain aspects of the crisis and bringing a number of sectors out of the recession experienced during the year.

JKB Results

During the year, Jordan Kuwait Bank continued its activities of extending facilities to its diverse and qualified client base, employing an in-depth analytical assessment of each facility and taking into consideration the prevailing state of uncertainty. With regard to the Bank's outstanding loans, a crisis committee was established with the objective of monitoring the Bank's credit activities on a daily basis and maintaining regular communication with its various client groups to assess their financial position and requirements and identify potential means of assistance.

Meanwhile, continuous efforts were put forth to address non-performing loans, taking into account clients' projected cash flows and in accordance with applicable regulations. Nonetheless, due to the impact of the overall economic conditions on a variety of sectors in the Kingdom, several accounts showed weak performance and, in some cases, repayments were not settled as they came due. Accordingly, such accounts were placed on a watch list and a portion of the Bank's profits was deducted as provisions related to these loans, while the Bank persisted in its endeavors to pursue and manage these accounts. Moreover, the Bank played an active role in the Government committee formed to outline an economic stimulus plan, and was able to contribute a number of ideas and proposals, the majority of which are being assessed and considered for adoption.

The Bank achieved positive results during 2009 with its balance sheet growing by 3.7% to reach USD 3.02 billion, thus building on its record of achievements realized over the past years, and taking into consideration the extraordinary circumstances that prevailed throughout the year. Net credit facilities declined by 12% compared to 2008, to stand at USD1.54 billion due to weaker demand for credit from certain sectors and continuing repayment activity. Meanwhile, customers' deposits and cash margins increased to USD1.92 billion, thus bringing liquidity ratios to comfortable levels. Net profits after tax and non-controlling interest reached USD61.85 million, representing a year-on-year drop of 5.6%. Shareholders' equity grew to USD412.9 million, of which USD404.2 million pertain to the Bank's shareholders. The Bank showed strong performance indicators and healthy returns on equity and assets, with the capital adequacy ratio recording 17.76% against 14.99% in 2008.

During 2009, joint efforts by banks of the Burgan Bank Group – Kuwait continued under the Bright Destiny project which is aimed in its first phase at ensuring alignment and coordination of policies and procedures governing the business of the group's banks. In this respect, several meetings and workshops were held between special task units and teams in the areas of audit, risk,

treasury and financial reporting, and a unified set of policies and procedures was agreed upon which is applicable at all banks within the Group as it takes into account the specific circumstances and the relevant regulatory environment in each of the countries in which the banks operate.

The second phase of the project will be completed in 2010, with the objective of aligning the banks' operational and support activities, including operations, information technology and human resources units.

In view of the results and profits achieved during 2009, the Board of Directors is pleased to propose to the General Assembly the distribution of cash dividends of 15% of the Bank's paid-up capital, equal to USD 21.16 million, and retaining the remaining earnings to support its capital base, enhance its ability to meet the funding needs of its clients, and contribute to the growth targeted for 2010.

2010 Outlook

While Jordan was not directly affected by the global financial crisis, the indirect repercussions often appear at later stages, as evidenced by the negative effects that continue after more than 15 months have passed since the outset of the crisis. Nonetheless, we believe the crisis is mostly behind us, as the shock was successfully absorbed and the impacts were clearly identified and effectively addressed. Moreover, we are confident that moving past the crisis and resuming the path towards growth and prosperity will be achieved through the widespread commitment to His Majesty King Abdullah II's direction to move forward tirelessly and to face obstacles without hesitation, with a unified team spirit and a deeper understanding of partnership, transparency and accountability, all of which were highlighted within the economic, social and political objectives for the second decade of His Majesty's reign.

2010 is expected to be better than the last, with GDP growth projected at 4%, influenced by weak growth in the regional and global economies, which is anticipated to stimulate export activity to a certain extent. This will show limited improvements in the current account and the budget deficit, provided that the prices of imports, including oil and food products, do not increase more than expected. The short-term future will be influenced by the persisting uncertainty with respect to the prices of basic goods and liquidity in the region and the Gulf States in particular, which contribute a significant portion of foreign investments in the Kingdom, in addition to expatriates' remittances, grants and tourism revenues.

During 2010, banks will be more open and willing to finance economic activity, investment projects and consumer needs, after having adapted to the current circumstances and restoring self-confidence.

As for us at Jordan Kuwait Bank, we will continue to build on the gains and achievements realized over the past years in terms of the quality and diversity of our products and services, as well as our outstanding standards of performance. We will maintain our positive outlook for 2010, avoiding both excessive optimism and pessimism, while remaining conscious of the challenges facing the macro-economy and the current and anticipated fierce competition in the banking sector.

It is worth mentioning the appreciation communicated by the regulatory authorities for the Bank's adherence to regulations, as well as the understanding of these authorities of the Bank's commitment to supporting its clients, especially those contributing to the growth and development of the national economy and adding value at the local level. The stands taken by the Bank in recent months will further reflect positively on its reputation and image, thus creating greater business opportunities and attracting new clients. We shall strive towards clearly defined goals in 2010, adopting sound business plans to meet these objectives within a specific timeframe. We will continue to cooperate with all related parties to face the remaining effects of the economic slowdown in 2010, and until the pressures facing the national economy as a whole and the banking sector in particular subside.

Finally, I express my deepest gratitude and appreciation to our esteemed shareholders for their support and to our clients for their trust and loyalty. I would also like to thank our dear brothers and partners at the Kuwait Projects Company (Holding) for their commitment to the Bank's progress and prosperity. I also extend my gratitude to the Central Bank of Jordan for its positive and balanced stance, its prudent initiatives, and its direct collaboration with the various entities of the banking system since the outset of the crisis in order to protect the banking system, address clients' circumstances, and implement measures to stimulate the national economy.

I would also like to take this opportunity to express my appreciation for my fellow colleagues for their perseverance, dedication and the vital role they play in realizing the Bank's goals and successes.

Abdel Karim A. Kabariti
Chairman





The Board of Directors' Statement on Corporate Governance

JKB adopts a Corporate Governance Manual that was prepared in late 2007 according to best international practices and the Central Bank of Jordan (CBJ) instructions. The aim of the Bank's adoption of this manual is to achieve corporate governance principles of fair treatment with all stakeholders; transparency and disclosure of JKB's actual financial and administrative standing; accountability between the Board of Directors and the executive management, between the Board and shareholders as well as between the Board and the various stakeholders; in addition to accountability through the clear segregation of duties and delegation of authority. To achieve greater level of disclosure and transparency, the Corporate Governance Manual is enclosed with this report.

The Bank's organization and administrative procedures are based on the following principles:

- A board of directors is in place that is effective and responsible.
- A clear strategic direction for business development.
- Sound accounting and information disclosure principles.
- Sound decision making mechanisms.
- Performance evaluation linked to the strategy.
- Human resources development.

Board of Directors and Board Committees

Board of Directors

The formation of the Board of Directors is governed by the Jordanian Companies Law and the Banks Law. The Board is comprised of nine members elected for tenure of four years.

The current Board of Directors was elected by the General Assembly on March 15, 2009. The Board of Directors elected H.E. Mr. Abdel Karim Kabariti as Chairman and Mr. Faisal Hamad Al-Ayyar as Vice-chairman.

The main role of the Board of Directors lies in its responsibility of ensuring the soundness of the Bank's financial standing, and fulfilling its obligations towards all stakeholders. The Board sets the Bank's strategic objectives and has oversight responsibility over the executive management. It is also accountable for ensuring the effectiveness of internal monitoring and control systems and the extent to which the Bank is abiding by the strategic plans and that written policies covering all of the Bank's activities are endorsed and in place.

The Board of Directors is also responsible for the credibility of the Bank's financial reports and ensuring the application of appropriate risks policies as well as compliance with all laws in force.

Board Meetings

The Board of Directors is comprised of nine members, their names listed below. The Board held seven meetings during 2009 on the following dates: Jan.28, Feb.5, Mar.15, Apr.8, Jul.12, Oct.22 and Nov.11, 2009. All Board members have attended all meetings as well as the General Assembly meeting held on March 15, 2009.

The following list shows the name of each Board member and his representation capacity as well as Board sub-committees memberships:

Name	Representation	Membership in the Board and its committees
H.E. Mr. Abdel Karim A. Kabariti	Self / Independent	- Chairman. - Chairman, Board Credit Committee. - Chairman, Corporate Governance Committee. - Chairman, Nominations & Remuneration Committee.
Mr. Faisal H. Al-Ayyar	Rep. United Gulf Bank	- Vice Chairman. - Member, Nominations & Remuneration Committee.
Mr. Emad J. Kudah	Rep. Social Security Corp	- Board Member. - Observer, Audit & Risk Committee.
Mr. Moh'd A. Abu Ghazaleh	Self / Independent	- Board Member. - Member, Corporate Governance Committee.
Mr. Masaud M. J. Hayat	Rep. Al- Futtooh Holding Co.	- Board Member. - Member, Corporate Governance Committee. - Member, Nominations & Remuneration Committee.
Mr. Tariq M. Abdul Salam	Rep. Kuwait Projects Co. (Holding)	- Board Member. - Chairman, Audit & Risk Committee.
Mr. Farouk A. Al-Aref	Self / Independent	- Board Member. - Member, Board Credit Committee. - Member, Audit & Risk Committee.
Dr. Yousef M. Goussous	Rep. Burgan Bank	- Board Member. - Member, Audit & Risk Committee.
Mr. Mansour A. Louzi	Rep. Strategy Co. for Investments.	- Board Member. - Member, Board Credit Committee. - Member, Corporate Governance Committee. - Member, Audit & Risk Committee.

Board Committees

Corporate Governance Committee

Number of meetings in 2009: **1**

Committee members:

H.E. Mr. Abdel Karim A. Kabariti - Chairman
Mr. Mansour A. Louzi.
Mr. Mohammad A. Abu Ghazaleh.
Mr. Masaud Jawhar Hayat.

Committee's Secretary: Mr. Shaher Eid Suleiman / Head of Risk & Compliance Group.

Credit Committee

Number of meetings in 2009: **49**

Committee members:

H.E. Mr. Abdel Karim A. Kabariti - Chairman
Mr. Mansour A. Louzi
Mr. Farouk A. Al-Aref

Committee's Secretary: Mr. "Moh'd Yaser" Al-Asmar/General Manager.

Mr. Tawfiq Mukahal, Deputy General Manager/Banking Group attends the committee meetings and participates in presenting issues on the agenda.

Audit and Risk Committee

Number of meetings in 2009: **5**

Committee members:

Mr. Tariq Moh'd Abdul Salam - Chairman
Mr. Farouk A. Al-Aref
Dr. Yousef M. Goussous
Mr. Mansour A. Louzi
Mr. Emad Jamal Kudah, Observer

Committee's Secretary: Mr. "Moh'd Yaser" Al-Asmar/General Manager.

Mr. Shaher Eid Suleiman/ Head of Risk & Compliance Group is called to attend the committee meetings.

Board Members' Remuneration

Every Board member receives the sum of JD5000 (USD7,000) per year as Board membership allowance, in addition to allowances in lieu of travel, transportation and Board committees' membership.

Total remuneration paid to the Board members in 2009 amounted to USD 244, 640 as detailed below:

Board Member	Total rem. in USD
H.E. Mr. Abdel Karim A. Kabariti	120,358
Mr. Faisal H. Al-Ayyar	15,052
Mr. Emad J. Kudah	15,091
Mr. Moh'd A. Abu Ghazaleh	13,399
Mr. Masaud M. J. Hayat	15,475
Mr. Tariq M. Abdul Salam	17,167
Mr. Farouk A. Al-Aref	22,003
Dr. Yousef M. Goussous	14,245
Mr. Mansour A. Louzi	11,847
Total	244,640

Executives' Remuneration

The salaries, transportation allowance and other expenses paid to the Bank's executives during the year 2009 were declared in the disclosure statement as required by article (4) of the disclosure regulations, the accounting and auditing standards issued by the Jordan Securities Commission annexed to this report and which comprise an integral part of it.

Control Environment

Internal Controls

JKB Board of Directors and executive management are responsible for developing and maintaining the existence of internal control systems and procedures that are capable of ensuring the achievement of the following:

- Accuracy and integrity of financial and operational statements issued by the Bank
- Effectiveness and efficiency of the Bank's operational activities.
- Effectiveness of measures and procedures set to safeguard the Bank's assets and properties.
- Compatibility with policies pertinent to internal operational procedures as well as laws, legislations and regulations in force.

JKB management works constantly on monitoring and assessing the efficiency and effectiveness of internal control procedures and their ability to achieve aspired objectives and their furtherance and enhancement.

This stems from the Bank's belief in the importance of an effective internal monitoring and control system given that it is one of the key elements of sound management and the base for safeguarding the safety and quality of the Bank's transactions. The Bank has adopted a number of internal monitoring and control systems which their development, implementation, follow-up and updating is the responsibility of the executive management. The JKB management continuously monitors and assesses the efficiency and effectiveness of these systems and their ability to achieve desired objectives. It also oversees their continuous development and enhancement.

In this context, the Board of Directors adopted an internal monitoring and control policy that covered all aspects pertinent to internal control systems in terms of definition, components and implementation responsibilities of the Board of Directors and the executive management.

Internal Audit

The Internal Audit philosophy is based on its mission to provide independent and objective assurances and consultations to the Bank's management that aim to add value or enhance operations, and to assist the Bank's management achieve set goals through establishing a systematic approach to assess and improve the effectiveness of risks management process, internal controls and corporate governance.

The Internal Audit Department is administratively reporting directly to the Chairman of the Board, and functionally to the Audit and Risks Committee. It submits its reports that include the results of its work directly to the Chairman of the Board and the Board Audit and Risk Committee.

A charter was developed for the department according to international best practices. The following are the most important features of the charter:

- Provide reasonable assurance regarding the level of effectiveness and efficiency of internal audit systems at the Bank and their ability to achieve the following:
 - Integrity and reliability of financial and operational data.
 - Efficiency of operations.
 - Compatibility with the regulations, instructions and laws in force.
 - Maintaining the Bank's assets and property.
 - Business continuity under all circumstances.
- Provide reasonable assurance regarding the level of effectiveness and efficiency of the Bank's risk management systems and corporate governance processes.
- Improve and develop internal audit systems, risk management and corporate governance processes.
- Improve and develop processes and products to best serve the Bank's goals.

The department's scope of work covers all of the Bank's work centers, activities and operations including branches abroad and the Bank subsidiaries in a manner that enables it to assess the suitability and effectiveness of internal control systems, risk management and corporate governance processes, and accomplishes all the tasks and responsibilities entrusted to it. In addition, the Department carries out the following:

- Conduct periodic reviews and audits based on the priorities of the Risk-based Audit Plan adopted as part of the department's strategy which is approved by the Board of Directors and the Board Audit and Risk Committee.
- Conduct any special reviews or consultations based on the directions of the Chairman or the Board Audit and Risk Committee.
- Assist the Executive Management and the Board of Directors by providing the needed consultations according to best international standards and practices.

The concept of quality control was introduced in order to provide relevant stakeholders with reasonable assurance with regard to internal audit activities and their compatibility with internationally recognized standards both locally and internationally.

Risks Management

The various risks that the Bank is exposed to are managed by an independent Risk Management Department which reports to the Deputy General Manager – Risk Management Group; and submits its periodic reports to the Board Audit and Risk Committee.

The responsibilities of the Risk Management Department include the following:

- Identify, measure, monitor and control risks and provide recommendations to mitigate the risks that face the Bank and guarantee the highest degree of coordination with all relevant Bank operations and departments.
- Provide recommendations to define the size and type of each of the acceptable main risks by the Board of Directors and ensure that current risks are in line with planned risks (Risk Appetite).

- Develop the methodologies for measuring and controlling each type of risk.
- Provide recommendations when setting the limits of the various risks that the Bank is subjected to, review them and provide recommendation to the Board Audit and Risk Committee, as well as record cases that are exceptions to risk management policies.
- Provide the Board and Senior Executive Management with enough information regarding the Bank's risk measurements and risk profile (qualitative and quantitative statistics to be presented at each Board meeting).
- Highlight risks transparently and ensure they are clear and understood internally and disclosed to the public.
- Coordinate with Bank's committees, such as the Executive Committee, the Management Credit Committees and the Assets and Liabilities/Treasury Management Committee while conducting its tasks within the specified authorities of these committees.
- The department is responsible for raising risk awareness among the Bank's employees focusing on new methods and practices aiming at realizing the concept of comprehensive risk management.
- The department follows up on the instructions and recommendations released by the various regulators, including BASEL committee, and translates them into work plans, policies and procedures.

Compliance Control

The process of monitoring compliance is considered an independent task which aims at insuring that the Bank and its internal policies are in compliance with all the laws, regulations, instructions, directives, codes of conduct, and sound banking standards and practices issued by local and international regulators.

- The Board of Directors adopts the Bank's Compliance Policy and takes necessary measures to further the values of integrity and sound professional conduct within the Bank such that compliance with the applied laws, regulations, instructions and standards constitute a primary goal that must be achieved. It also assesses the effectiveness of compliance management at least once a year or on need basis. Furthermore, the implementation of the Compliance Policy at the Bank is monitored and followed-up by the Board of Directors through the Board Audit and Risk Committee.
- The processes of compliance monitoring are managed through an independent department, which reports directly to the Head of Risk & Compliance Group, and submits reports periodically to the Board of Directors through the Board Audit and Risk Committee.
- Non-compliance risks include the risks of not abiding by the laws, regulations, instructions and legislations issued by the various regulators, in addition to the risks of money laundering operations, reputation risks, risks of non-compliance with professional conduct charters, intellectual property rights, including systems, and any other relevant issues.
- The Compliance Department's scope of work includes non-compliance risk across all of the Bank's departments and branches in Jordan and outside as well as its subsidiaries.
- The responsibility of Compliance Management is summarized by assisting Executive Management and the Bank's employees manage non-compliance risks that face the Bank; especially the risks of money laundering operations. In addition, Compliance Management provides advice to Executive Management regarding the applied laws, regulations and standards as well as any amendments that may take place.
- The Bank informs the Central Bank of Jordan of any violations resulting from non-compliance, especially violations that subject the Bank to legal penalties or material financial or reputation losses. In addition, it informs the Anti-Money Laundering Unit at CBJ of any cases that should be reported.

Code of Conduct

The Bank adopted a code of conduct that was endorsed by the Board of Directors. JKB employees across the various administrative levels as well as the Board of Directors have pledged to commit to it.

The Code defined the ethics, values and principles of the Bank employees in four main areas which are: integrity, compliance with laws, transparency and loyalty to the Bank.

Whistle Blowing Policy

JKB maintains policy and procedures pertinent to whistle blowing. The policy aims to promote a culture of openness and to demonstrate the shared responsibility of preserving work ethics. Procedures that deal with this policy were distributed among all Bank employees to follow. The procedures clarify accountability lines for reporting issues related to unusual and/or suspected behavior that must be reported. Implementation monitoring of Whistle Blowing Policy is carried out by the Board Audit and Risk Committee.

Relation with Shareholders

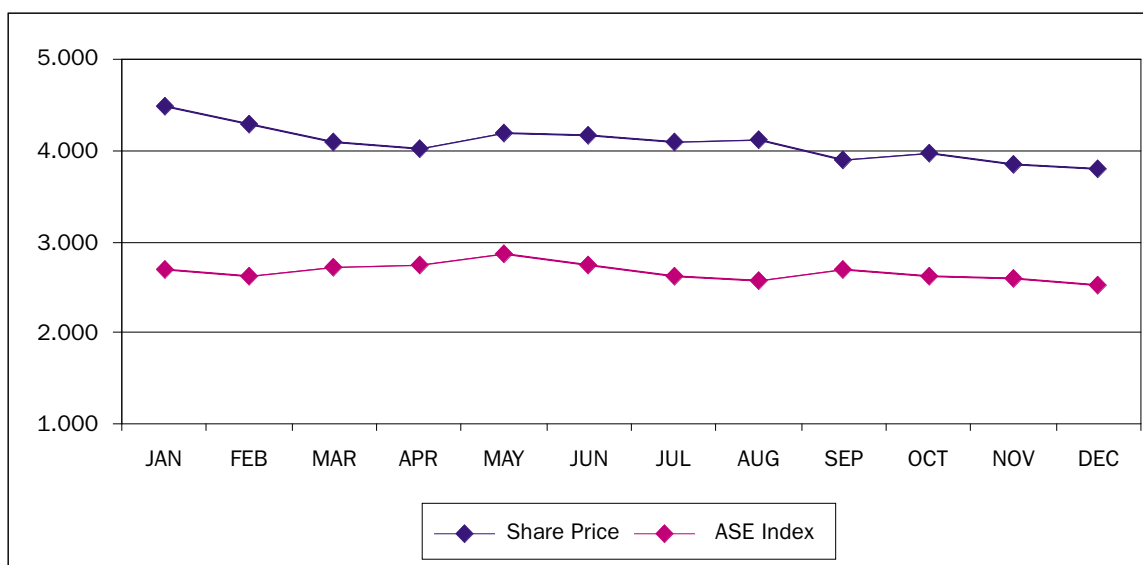
The Bank develops positive relations, based on transparency, with all its shareholders. In this regard, the Bank saves no effort to encourage all shareholders, particularly minority shareholders, to attend the General Assembly meetings and cast their votes. The Bank has a wide shareholder base of 14,945 as of 31/12/2009. The main source of information for shareholders is the Annual Report which includes, among others, the report of the Chairman of the Board as well as the audited financial statements. In addition, the un-audited quarterly and semi-annual balance sheets, profit and loss statements as well as the Chairman's report are published in local newspapers.

The complete financial statements and the Board of Directors' report are filed at the Jordan Securities Commission (JSC) and the Amman Stock Exchange, with a copy submitted to the Companies Controller. These reports are published on JKB's website (www.jkb.com) which also provides extensive information about JKB services, products, news and press releases. The Bank is committed to disclose any material information, should it occur, in accordance with the JSC instructions.

Shares / Ownership Classification

Number of Shares Held	Shareholders		Shares	
	No.	%	No.	%
Up to 500	11,278	75.463	2,372,024	2.372
501 – 1,000	1,978	13.235	1,391,108	1.391
1,001 – 5,000	1,306	8.739	2,641,916	2.642
5,001 – 10,000	179	1.198	1,275,634	1.276
10,001- 100,000	166	1.111	5,292,975	5.293
100,001 - 500,000	25	0.182	5,468,090	5.468
500,001 and more	13	0.087	81,558,253	81.558
Total	14,945	100	100,000,000	100

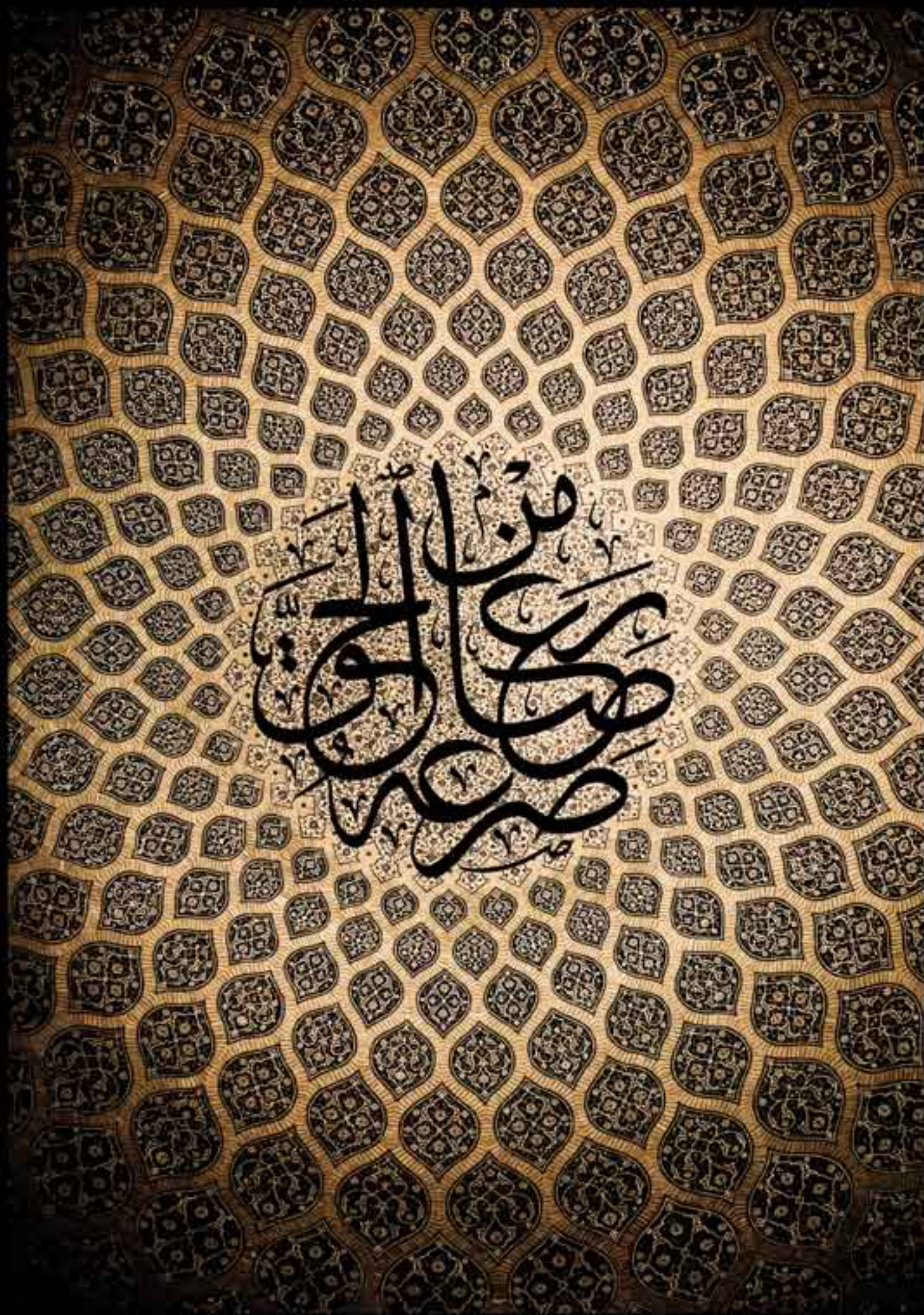
Changes in JKB Share Price (JD) vs ASE Index During 2009



Compliance Details

JKB adopts Corporate Governance Manual which was developed during the last quarter of 2007. The Bank complies with the requirements of the Jordan Securities Commission.

مَدِينَةُ الْمَدِينَةِ



Management Discussion and Analysis

The recession in the global economy had a considerable effect on the Jordanian economy in 2009, as economic activity slowed in response to weak regional and global economies, and a number of obstacles and challenges were faced. Economic growth slowed from 6.2% in 2008 to 3% in 2009, due to declining activity in the financial, trade and mining sectors. While this growth is positive in comparison to the widespread economic shrinkage globally, it was not sufficient to spur the economy as anticipated.

Last year witnessed declines in exports, transfers and foreign direct investment, in addition to the drop in tourism revenues. Moreover, the trade and service sectors were also impacted by the consequences of the crisis, and trading volumes at the Amman Stock Exchange (ASE) declined by approximately USD15 billion, (52.2%). The ASE index fell by 8.1%, while trading volumes in the real estate sector declined by 40%. Government revenues dropped drastically due to the decline in sales tax and Department of Land revenues, thus contributing to the widening budget deficit which witnessed strong pressures as a result of retracting foreign aid.

The consequences of the crisis reached various economic sectors and activities during 2009, which encouraged us to focus our efforts on retaining, servicing and supporting our existing clients within applicable limits and procedures, while reinforcing the quality of our loan portfolio by following up with the clients, assessing and strengthening collaterals to ensure sound financial positions of the clients and the quality of accounts.

Jordan Kuwait Bank achieved positive results for the year; however, the Bank's net profits fell below expectations due to the additional provisions and reserves taken in connection with certain clients facing particularly difficult circumstances. Moving into 2010, we will continue to support our clients and remain their honest partner and trustworthy advisor, cooperating for our mutual benefit and in the interest of the national economy as a whole.

Performance of the Jordanian Banking Sector (Jordan Branches) in 2009

The Jordanian banking sector maintained a relatively healthy state, compared with other countries internationally, enjoying a large surplus of liquidity. Moreover, the banks' prudence in withstanding the pressures and consequences of the crisis are worthy of recognition, as they were able to successfully contain the effects of the crisis on their activities and performance.

Total deposits in the banking sector increased from USD25.5 billion at the end of 2008 to USD28.6 billion at the end of 2009, an increase of 12.1%. Private sector deposits grew by 11.8% from USD23.4 billion to USD26.1 billion during the same period. Time deposits constituted 61.2% of total deposits, while on-demand and savings deposits accounted for 26.1% and 12.6% respectively. JKB's share of total customers' deposits in the sector amounted to 5.8% at the end of 2009.

Total credit facilities in the banking sector increased by a slight 0.9% to USD18.8 billion at the end of 2009, compared with USD18.6 billion a year earlier. Loans and advances accounted for 85.7% of total credit facilities, while overdraft credit constituted 12%, compared with 13.4% in 2008. JKB's share of total credit facilities in the banking sector reached 7.3%.

JKB Financial Performance

Operating Results: total revenues amounted to USD166.2 million in 2009 compared with USD164.6 million in 2008.

Operating Profits: operating profits reached USD85.3 million in 2009, against USD96.3 million in the previous year.

Net Interest and Commissions: net interest and commissions reached USD132 million for the year, compared with USD135 million in 2008. This slight 2% decline came as a result of the decline in total credit facilities in 2009.

Other Income: other income includes non-interest income such as fees, commissions and revenues related to credit card activities, among others. Revenues from such services totaled USD18.3 million in 2009, down from USD26.8 million a year earlier.

Operating Expenses: operating efficiency improved as operating expenses (including employee expenses, office expenses, depreciation and administrative expenses) declined by 10% to USD46 million, against USD 50.8 million in 2008.

Provision for Impairment in Direct Credit Facilities: this provision was increased from USD14.6 million in 2008 to USD33.7 million in 2009, to account for potential losses that may arise as a result of customer defaults. Such provisions may be added back to revenues as the risk of default is contained.

Financial Position

The Bank's balance sheet grew to USD3.02 billion as at 31 December 2009, compared with USD2.91 billion a year earlier, reflecting growth of 3.7%. The Bank maintains a balanced mix of assets and liabilities, with the objective of maintaining both healthy liquidity and profitability levels concurrently.

Net credit facilities witnessed a decline from USD1.75 billion in 2008 to USD1.54 billion at the end of 2009. Retail and consumer loans and loans to small and medium enterprises increased by 80.5% and 10.2% respectively, while corporate loans dropped by 20% to USD1.17 billion. In spite of the difficulties facing a number of economic sectors locally, the Bank's prudent risk management policies enabled it to maintain its ratio of non-performing loans to total credit facilities within very low limits by both local and international standards, recording a ratio of around 3% for 2009. Moreover, the Bank's strategies proved successful in maintaining a high non-performing loan coverage ratio of 115.3%.

Liabilities

Customers' deposits and cash margins constitute 73.6% of the Bank's total liabilities, and comprise savings accounts, current accounts, fixed deposits and cash margins for both retail and corporate clients. Total customers' deposits grew by 4.3% from USD1.68 billion at the end of 2008 to USD1.76 billion as at December 31, 2009.

Capital

Shareholders' equity grew by 17% from USD352.8 million as at 31 December 2008 to USD412.9 million at the end of 2009, encompassing the USD83.1 million in retained earnings for the year. The capital adequacy ratio increased from 14.99% to

17.76%, surpassing both the internationally-accepted minimum requirement of 8% and the Central Bank's minimum requirement of 12%.

Based on the recent positive developments in the leading international economies and those in the region, we expect 2010 to show further signs of the effects of the crisis abating and a gradual recovery in the national economy. These expectations are supported by the Government's commitment to facing the crisis and managing its consequences. In this respect, the Government has embarked on a series of structural and legal reforms with the objective of stimulating the economy through taxation and investment promotion. In addition, the Government has initiated active dialogues with the private sector aiming to enhance cooperation between all concerned parties within a spirit of partnership and responsibility. In any event, the Jordanian banking sector is prepared to address any new developments and continue extending banking services, pursuing its efforts and performing its role in supporting the growth and prosperity of the national economy.

JKB Achievements and Activities in 2009

Credit Facilities

Credit activity showed positive results during 2009, considering the sense of uncertainty prevailing in the market in light of the global economic crisis.

Despite the difficulties faced during the year, the Bank maintained a 7.3% share of total credit facilities in the local banking sector, while achieving an ample average return on credit facilities denominated in Jordanian Dinar and foreign currencies.

The Bank maintained its balanced credit policies and flexible standards in extending facilities of all types, taking into consideration the risks inherent within each facility in terms of competition, interest rates and exchange rate movements. Moreover, efforts were made to maintain an adequate average return on the Bank's credit portfolio, without sacrificing the quality of the portfolio and the related collaterals, while building the necessary provisions to mitigate any potential shocks. In addition, the Bank focused efforts on cross-selling opportunities between its various business units.

The Bank continued to implement its policies aiming to expand its client base, participating in new activities, entering new market segments and offering a comprehensive set of products and services to both corporate and retail clients. The Bank strived to diversify its credit portfolio both geographically and by sector, striking a balance between the market's needs and acceptable levels of risk.

A substantial portion of financing was extended to productive and large companies with an impact on the national economy, specifically in the fields of mining, transportation, plastics manufacturing, cables, grinding, telecommunications and media. Small and medium-sized projects also accounted for a fair share of the Bank's financing activities.

At the project finance level, a number of transactions were executed in the local market, and the Bank participated in several syndicated loans within the Kingdom.



Retail and Consumer Products

The Retail and Consumer Credit Department was successful in expanding its client base by diversifying its product offering, including housing loans, retail purchase agreements, consumer loans, loans to members of the Armed Forces and all types of credit cards. In addition, the Department was active in following up on and collecting due and outstanding loans.

Furthermore, the insurance limit on housing loans was increased, and credit card holders were made subject to life insurance, such that all retail clients fall under the scope of their life insurance policies.

Private Banking

The Private Banking Department participated in a number of bond issuances by large corporations during 2009, in addition to acting as paying agent, registrar and custodian for such issuances.

The Department also executed a number of successful transactions in the real estate market. Meanwhile, the Department commenced procedures to establish a real estate company to acquire existing real estate projects, and several investors were brought together as founders and shareholders.

Moreover, the Department continued to service its clients and establish its presence in the banking scene. A program was implemented to attract the high-net-worth clients banking at the various branches, and the Department successfully marketed its investment products and generated substantial commissions and profits.

Sales and Marketing

The Sales and Marketing Department played a major role in attracting many new corporate clients, opening new accounts, bringing in deposits and concluding a number of agreements, in addition to promoting bancassurance products. The Department also established selling points to display the Bank's products and services, and participated in attracting the business of the employees of the Bank's corporate clients.

The Department promoted the Bank's retail products and services to its clients and the general public. In addition, the bank collaborated with the Social Security Corporation in the issuance of a co-branded card and offering banking services to retirees, as well as implementing marketing campaigns for the Virgin Megastore cards.

Treasury and Investment

During 2009, the Treasury and Investment Department fulfilled its responsibilities in managing the Bank's assets and liabilities denominated in Jordanian Dinars and foreign currencies in accordance with the Bank's investment policy. In addition, the Department structured the components of the Bank's investment portfolio in order to achieve the highest return within the required allocations and balances.

The Bank's conservative investment policy and management's guidance, together with the Department's close monitoring of the

investment portfolio, played a vital role in limiting the negative impact of the financial crisis on the Bank's investments.

In spite of the international economic recession witnessed during 2009, the Department achieved positive performance measures in all its investment activities, maintaining its distinct competitive position in the local financial market. In addition, the Department managed the Bank's local and foreign securities portfolio, realizing profits and growth that exceeded expectations. The Department played an important role in supporting and developing the local capital market through participating in public and private sector issuances and subscribing for Jordanian Dinar Treasury bonds, thus maintaining its leading position in managing local market issuances.

Furthermore, the Department enhanced its relations with international correspondent banks, improving the quality of services offered to clients and lowering the costs of managing these accounts and increasing their returns.

With the aim of boosting collaboration between the members of the Burgan Bank Group in the area of treasury and investment, the Department further developed the procedures implemented by the investment committee, and in line with the standards set by the directive committee responsible for building cooperation within the Group. These standards were placed in accordance with international best practices, especially with respect to the activities and procedures of the asset/liability committee and the reporting and analytical methodologies employed.

Information Technology

Several new and continuing projects were concluded in the area of Information Technology during 2009; the automatic settlement system was linked with the banking system, and the customer relationship management (CRM) and ATM systems were updated to enable transfer of databases to ORACLE, in line with the Department's strategic direction.

In response to the requests and needs of clients, a number of new services were added to the Internet banking system (Netbanker), including electricity bill payment, settlement of social security dues, letters of credit, letters of guarantee, payment notifications and mechanisms to validate corporate accounts authorizations. In addition, an Arabic version of the system was implemented.

Moreover, a variety of advances were made on the IT front within Palestine branches network, including the application of the settlement and automatic reporting systems. Meanwhile, the Department began assessing the requirements for linking Palestine branches to the SWIFT network and implementing anti-money laundering and archiving systems in accordance with the requirements of the Palestinian monetary authority.

With the aim of applying international best practices, a number of improvements were made, including the implementation of the Digital Signature system at the Bank's headquarters and all branches, and moving the recovery site from Marj Al-Hamam to Al-Mafraq. In addition, the Department commenced implementation of the 3-phase COBIT project, and all ISO27001 policies and procedures were adopted.

In order to protect clients against piracy, the Bank's ATM machines were equipped with means to prevent theft of information, and

several old ATMs were replaced with newer, more advanced machines.

Amid efforts to improve credit card services, Internet inquiries were introduced, and activation of VISA and revolving cards was enabled directly through the branch offices. Furthermore, an agreement was concluded with a specialized service provider to update the Bank's card systems to meet specific confidentiality and security criteria, in line with VISA's international requirements.

The Department began updating the Management Information System (MIS) which is expected to be completed during the first quarter of 2010. The first phase of the SharePoint system was also concluded, and the transfer of the SMS and Phone Bank systems to Oracle is in the final testing stages.

Branch Management

The Branch Management Department was active in expanding and upgrading its branch network, opening a new branch near the Sports City, relocating the Amra and Madaba branches, and renovating the branch in the Central Vegetable Market.

In tandem with its goal to maintain high standards of service, the Department was able to draw in additional customer deposits, while actively extending banking services in connection with public companies' dividend distributions, IPO's subscriptions and refunds.

During the year, more than 25 new employees were trained at the simulation branch. Moreover, as part of the Bank's commitment to developing its employees' skills and maintaining high standards of service, the Bank enrolled 160 employees in a training program dedicated to customer service and sales skills.

Centralized Operations

The Centralized Operations Departments maintained its support to the various divisions and branches within the Bank through executing all types of internal operations related to the Bank's activities. The Commercial Services Department outlined standard work processes and trained Department employees on the DNFS anti-money laundering system to be implemented early in 2010. The Credit Operations Department witnessed increased activity with the growing number of executed loans of all types.

The Processes and Operational Development Department organized standard work processes and guidelines which were adopted during 2009.

The Quality Control Department underwent continuous assessments to adjust and improve the Bank's systems and implement new projects, the most significant of which include adopting the new version of the ATM management system, as well as implementing the new electronic settlement and Internet banking systems. The Quality and Electronic Environment Department completed its revision and implementation of work processes related to the general management divisions in accordance with ISO9001:2008.

Internal Audit

Adopting the Risk Based Audit model, the Internal Audit Department carries the responsibility of ensuring the efficiency

and effectiveness of the internal control systems, with the aim of achieving the goals identified within the Bank's strategy. In this respect, the Department undertook the following activities:

- Visiting all of the Bank's work centers (departments and branches) both inside and outside Jordan, and reporting to the Audit and Risk Committee on its findings and proposed corrective measures.
- Revising the Bank's internal control systems in accordance with the guidelines and instructions of the various regulatory authorities and international standards, and taking the necessary steps to ensure the Bank's sustainability and its financial well-being.
- Visiting each of the Bank's subsidiaries and conducting relevant risk evaluations.

Within its advisory role, the Internal Audit Department conducted monthly and annual assessments and analyses of the Bank's financial position and performance indicators as compared to those of its competitors. The Department also played an active role in various internal committees, in addition to participating in the assessment and development of various projects of the Bank.

The Department continued its revision of the Bank's activities, and provided management with periodic reports related to the Bank's key operations. In addition, the Department participated in the implementation of the COBIT Framework, the leading framework for assessing IT controls.

During 2009, the Department continued its cooperation with the KIPCO Group and the Burgan Bank Group, which included the following:

- Participating in periodic meetings held with internal audit managers within the KIPCO Group.
- Developing and upgrading the Department's work processes as a result of its participation in the Bright Destiny project aimed at aligning the procedures of the Burgan Bank Group in accordance with international best practices, and under the supervision of Boston Consulting Group (BCG), one of the world's leading consulting firms.
- Cooperating with RSM, the consulting firm that conducted an assessment of the Bank's internal control systems as per the requirements of the Central Bank of Kuwait, and indicating that the Bank maintains a sound system of internal controls.
- Proceeding with the implementation of the Auto Audit system offering a comprehensive system for the assessment of auditing risks and related mechanisms.

The Department focused its efforts on quality control activities in order to provide reasonable assurance to all related parties. To this end, the Department was active in the following:

- Covering all activities of the Bank and its subsidiaries.
- Continuously monitoring and analyzing the internal auditing procedures to ensure effectiveness.
- Ensuring compliance with international standards, best practices and the code of ethics.

· Internal and external assessments of the audit activities on a periodic and ongoing basis as follows:

1. Internal Assessment:

a. Ongoing Reviews:

- Utilizing standard forms to assess compliance with work processes at all stages and levels.
- Setting policies and procedures to ensure optimal performance of the relevant audit tasks.
- Soliciting feedback from executive parties to identify any inconsistencies.

b. Periodic Reviews:

- Annual review of the internal audit charter to ensure compliance with international best practices.
- Setting an annual audit plan whereby the Department's objectives and methodologies are revised and assessed.
- Preparing periodic reports outlining the Department's activities and accomplishments for review by the Board Audit Committee (BAC).

2. External Assessment:

Participating in the Bright Destiny project aimed at aligning the Burgan Bank Group's work processes, policies and procedures, which were reviewed in the context of international best practices to identify any inconsistencies. Noteworthy is that the results of the project demonstrated the Bank's compliance with best practices in all activities and functions, including the internal audit function.

Risk Management

During 2009, the Risk Management Department focused its efforts on the risk management aspects of the Burgan Bank Group alignment project, including matters related to corporate governance, organizational structures, committees, policies, support functions, procedures, forms, and analytical and regulatory reports.

In this context, the Risk Management Department was involved in the following activities:

Credit Risks and Basel II:

In addition to the various analytical and regulatory reports prepared within the early warning program, the Department proposed adjustments to the Bank's credit policies and a credit rating mechanism to measure clients' credit risk. Furthermore, the Department incorporated a new form of credit proposals and issued new periodic reports to identify, assess and control credit risks.

The Department worked to comply with the requirements of each of the Central Bank of Jordan and the Central Bank of Kuwait with respect to the implementation of Basel II. In addition, the Department led the implementation of the adjustments required to improve the efficiency in calculating capital adequacy requirements and issuing the required disclosures with greater accuracy.

In its role within the Management Credit Committee, the Risk Management Department conducts assessments and provides its opinions with respect to the Bank's credit risk exposure. Such assessments are carried out in line with international best practices by maintaining a clear distinction between sales and marketing factors on the one hand and credit analysis on the other. In addition, through its membership in the Provisions Committee, the Department plays an important role in ensuring adequate provisions are taken to face any potential decline in the quality of the loans extended to clients.

Market Risks

The Risk Management Department carried out its various responsibilities in accordance with the Bank's investment and assets/liabilities policies as approved by the Central Bank of Jordan and the Board of Directors respectively. These responsibilities include the middle office activities related to control and analysis, and issuing daily, monthly and quarterly reports, in addition to implementing the Central Bank of Jordan's stress-testing requirements.

Operational Risks

The Department concluded its implementation of the control and risk self-assessment (CRSA) system and key risk indicators (KRI's) within the Bank's new branches and its branches in Palestine. Additionally, the Department completed its revision of the risks and controls in connection with CRSA system in the Jordanian branches, and reflected these variables in the branches' risk profiles to assess their ability to withstand such risks and delineating plans to enhance controls.

Furthermore, the Bank's responsibilities and procedures handbook was revised for all departments in relation to the application of ISO 9001, in order to ensure its compliance with best practices prior to adopting it in practice.

Business Continuity and Information Systems Security

In addition to its responsibilities to ensure the security of the Bank's information systems, and in line with the Bank's policy to continuously control risks, the Risk Management Department worked alongside a specialized firm to implement the ISO 27001 project, and develop and document the related policies and procedures.

The Department was also responsible for ensuring business continuity in accordance with best practices. As such, the Department was involved in outlining the characteristics of the recovery sites and in setting up the new recovery site in Al-Mafraq. Meanwhile, work commenced to test the business continuity plan within a specified timeframe.

Furthermore, a number of training sessions and workshops were held inside and outside the Bank to spread awareness regarding the Bank's risk management activities among employees.

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Compliance Control Department

The Compliance Control Department continued to perform its duties to ensure adherence to the Bank's compliance policies, including duties related to controlling money laundering and financing of terrorism. The Department exerted efforts to follow instructions issued by the relevant regulatory authorities, and educated employees on the various departments' and branches' roles in complying with these regulations.

The Department also provided support to the Bank's departments and branches by responding to various compliance-related inquiries. In addition, the Department issued a number of information bulletins and coordinated with the Bank's training department to spread awareness among employees on compliance issues, anti-money laundering procedures and the latest developments in the area.

The Compliance Control Department continued implementation of anti-money laundering procedures to prevent dealings with suspected individuals, and employing the Bank's automated system to assist in lowering the risks of money laundering in accordance with international best practices.

Amid efforts to minimize related risks, the Department conducted continuous assessments of the anti-money laundering procedures and standards adopted by its correspondent banks to ensure adequate compliance with its requirements. In addition, the Department boosted the trust of the correspondent banks by communicating to them the compliance control policies and procedures followed by the Bank.

Moreover, the Department continued to follow up on all guidelines and instructions issued by the Central Bank of Jordan and the Palestinian Monetary Authority, and presented proposals to management to ensure compliance with such regulations, while collaborating with the individuals responsible for compliance controls within the Palestine branch network.

Finance Department

The Finance Department fulfilled its duties related to issuing monthly reports for the Central Bank of Jordan and preparing summary and detailed activity reports, as well as quarterly, semiannual and annual financial statements in accordance with the requirements of the Central Bank of Jordan and Burgan Bank. Additionally, the Department completed implementation of the new bar code system for controlling the Bank's fixed assets.

The Department also adjusted certain procedures to correspond to the developments in the Bank's activities, in addition to participating in a number of committees responsible for applying and upgrading systems in accordance with the Bank's financial policies.

Legal Department

During 2009, the Legal Department was active in protecting the interests of the Bank and shareholders. The Department managed to collect approximately USD372, 000 of written-off debts, in addition to around USD3.5 million of bad debts.

The Department continued to fulfill duties related to consultations, agreements, legal studies and following up on new laws and legislation, in addition to its efforts to collect debts under legal proceedings. The Department also participated in several training sessions and conducted workshops to spread awareness of legal issues among the Bank's employees.

Human Resources and Training

The Human Resources Department continued its efforts to develop the skills and capabilities of the Bank's employees to improve efficiency and performance levels by providing training to employees of all levels and areas of expertise.

During 2009, the Training Unit conducted 322 training activities in the fields of banking, management, finance, IT and English language, with the participation of 2542 employees. The Unit also focused on programs related to customer care, marketing, personal conduct and anti-money laundering, in addition to practical and theoretical training for new employees at the simulation branch. Examinations were conducted to assess the effectiveness of the training programs, and based on the results of the examinations; improvements were made to the methodologies and materials employed. Moreover, specialized training courses were conducted through local training institutions.

Social Responsibility

Supporting its principles of social responsibility, the Bank was active in participating in several projects and initiatives aiming to develop the local society. In 2009, the Bank supported many environment protection activities, economic conferences and educational seminars organized by local institutions, universities, schools and clubs.

The Bank's activities in 2009 included participating in the Jordan Job Fair organized by the Ministry of Labor, the National Environmental Campaign organized by the Jordanian Environmental Society and hosting the Society's activities at its auditorium, as well as sponsoring the International Traffic Day and Arab Traffic Week. In addition, donations were extended to the SOS Children's Village, orphanages and charitable societies. The Bank's employees participated in the blood donation campaigns organized by the National Blood Bank.

During the summer of 2009, the Bank organized the second special training program targeting students participating in the youth development program sponsored by the Lothan Youth Achievement Center (Loyac Jordan).

The Bank also responded to the request of the Higher Council for the Affairs of Persons with Disabilities to provide ATMs that cater to the needs of the visually impaired citizens. These machines will be installed at locations to be agreed between the Bank and the Council.

MAJOR FINANCIAL INDICATORS AND RATIOS 2009 & 2008

	Amounts in thousands US\$		
	2009	2008	Change
Major Operating Results			
Net interest and commission	132,054	134,911	-2.1%
Income before taxes	85,252	96,381	-11.5%
Income for the year-Bank Shareholders	61,849	65,501	-5.6%
Gross income	166,249	164,536	1.0%
Earnings per share-Bank Shareholders (\$)	0.62	0.65	-5.4%
Major Balance Sheet Items			
Total assets	3,016,728	2,909,437	3.7%
Total equity-Bank shareholders	1,536,176	1,745,268	-12.0%
Customers deposits and cash margins	1,916,137	1,846,798	3.8%
Total equity-Bank shareholders	404,192	337,656	19.7%
Major Financial Ratios			
Operating assets / Total assets	94.80%	90.20%	
Return on average assets	2.88%	3.36%	
Return on average Owners' equity	22.27%	28.72%	
Capital adequacy ratio	17.76%	14.99%	
Financial leverage ratio	13.69%	12.13%	
Efficiency Indicators			
Gen. & Admin. expenses / Average assets	1.40%	1.59%	
Gen. & Admin. expenses / Average earnings	17.15%	18.00%	
Non – performing loans / Gross credit facilities	3.00%	0.50%	
Non – performing loans Coverage	115.30%	253.10%	
Off - Balance sheet items	486,274	537,711	-9.57%

زوکلست پیغمبر زدی علی آخاقتی
وایقتن ان ایسج لاسک لاسک

EXECUTIVE MANAGEMENT

Mr. “Moh’d Yaser” M. Al-Asmar

General Manager

Mr. Majed F. Burjak

Deputy General Manager, Support Services Group

Mr. Tawfiq A/Q Mukahal

Deputy General Manager, Banking Group

Mr. Shafer E. Suleiman

Head of Risk Management & Compliance Group

Mr. William J. Dababneh

Asst. General Manager, Treasury & Investment Dept

Mrs. Hiyam S. Habash

Asst. General Manager, Financial Dept.

Mr. Ismail A. Abu-Adi

Asst. General Manager, Credit Dept.

Mr. Jamal M. Baker Hasan

Asst. General Manager, Branches Dept.

Mr. Abdel Hameed M. Al-Ahwal

Asst. General Manager, Operations Dept.

Mr. Haethum S. Buttikhi

Asst. General Manager, Retail & Consumer Products Dept.

Mr. Ibrahim E. Kashet

Executive Manager, Legal Dept.

Mr. Suhail M. Turki

Executive Manager, Public Relations Dept.

Mr. Sami Mousaber Al-Assaf

Executive Manager, IT Dept.

Mr. Majed Moh’d Muqbel

Executive Manager, Compliance Control Dept.

Mr. Moh’d Jameel Azem Hammad

Executive Manager, Risk Management Dept.

Mr. Zuhr bahjat Al-Jayousi

Executive Manager, Corporate Credit Dept.

Mr. Ibrahim Farid bisha

Executive Manager, Treasury Dept.

Mr. Ghassan Abdullah Al-Qasem

Executive Manager, Branches Dept.

Mr. Hassan Yassin Al-Takrouri

Executive Manager, Financial Dept.

*In addition to Mr. Sa’ed Mahmoud Tu’meh, Executive Manager/ Internal Audit Dept. who reports to the Board of Directors Audit Committee and to the Chairman.



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2010 Business Plan

In line with the Bank's strategic plan for 2007-2011, and in view of the results achieved by the Bank amidst the difficult economic circumstances which prevailed during 2009, the Bank's plan for 2010 will entail the following:

1. Maintaining a positive perspective in light of the existing conditions and offering practical solutions to face any new developments, placing the interests of the Bank, its clients and shareholders at forefront of its priorities.
2. Continuing support for clients within sectors impacted by the financial crisis with a sense of partnership and responsibility, and in particular, supporting productive initiatives that contribute to the growth of the economy, while striving to attract new clients and explore new opportunities.
3. Enhancing the quality of products and services offered by the Bank, with a focus on the retail sector and small projects.
4. Actively participating in the efforts of the Burgan Bank Group to align and coordinate the policies and procedures adopted by the members of the Group.
5. Implementing the branch network expansion plan by opening 5 new branches in selected locations in Amman and throughout the Kingdom, and continuing the renovation plan for the existing branches.
6. Concentrating efforts to develop the skills and competencies of the Bank's employees with the aim of improving efficiency and performance.
7. Controlling general and administrative expenses to the extent possible, without impacting the Bank's development plans or the outstanding image and quality of its locations, services and employees.

INDEPENDENT AUDITOR'S REPORT

AM / 8702

To the Shareholders
Jordan Kuwait Bank
Amman - Jordan

We have audited the accompanying consolidated financial statements of Jordan Kuwait Bank (A Public Shareholding Company), which comprise of the consolidated statement of financial position as of December 31, 2009, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in owners' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is 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 consolidated 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.

Auditor's 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 auditor's judgment, 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 Bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Jordan Kuwait Bank as of December 31, 2009, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Report on Other Legal and Regulatory Requirements

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

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

Amman – Jordan
January 31, 2010


Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
Public Accountants
Amman - Jordan

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS IN DECEMBER 31, 2009 AND 2008

IN US DOLLARS

	Note	2009	2008
ASSETS			
Cash and balances at central banks	4	572,980,719	388,534,506
Balances at banks and financial institutions	5	208,926,798	284,188,257
Deposits at banks and financial institutions	6	160,339	17,151,622
Trading financial assets	7	2,419,069	529,759
Direct credit facilities	8	1,536,176,092	1,745,267,549
Available-for-sale financial assets	9	500,377,962	321,882,646
Held-to-maturity financial assets	10	137,857,819	64,337,326
Property and equipment - net	11	16,558,172	18,223,814
Intangible assets - net	12	1,795,135	2,269,742
Deferred tax assets	19	12,001,632	8,062,921
Other assets	13	27,474,260	58,989,382
TOTAL ASSETS		3,016,727,997	2,909,437,524
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES			
Banks and financial institutions deposits	14	455,456,518	414,936,639
Customers deposits	15	1,755,391,357	1,683,418,210
Cash margins	16	160,744,986	163,380,506
Borrowed funds	17	21,303,457	21,303,457
Provisions	18	8,500,656	23,329,756
Provision for income tax	19	23,603,087	32,052,639
Deferred tax liabilities	19	2,114,910	-
Other liabilities	20	176,713,133	218,186,063
TOTAL LIABILITIES		2,603,828,104	2,556,607,270
OWNERS' EQUITY			
EQUITY - BANK SHAREHOLDERS:			
Paid-up capital	21	141,043,724	141,043,724
Share premium reserve	21	7,052,186	7,052,186
Statutory reserve	22	56,074,721	47,693,467
Voluntary reserve	22	95,863,818	79,101,310
General banking risks reserve	22	13,395,953	16,759,291
Cumulative change in fair value - net of tax	23	7,648,900	(11,143,783)
Retained earnings	24	83,113,078	57,149,267
TOTAL EQUITY - BANK SHAREHOLDERS		404,192,380	337,655,462
Non-controlling interest		8,707,513	15,174,792
TOTAL OWNERS' EQUITY		412,899,893	352,830,254
TOTAL LIABILITIES AND OWNERS' EQUITY		3,016,727,997	2,909,437,524

THE ACCOMPANYING NOTES FROM (1) TO (49) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

		IN US DOLLARS	
	Note	2009	2008
Interest income	26	187,814,354	205,701,324
Less: Interest expense	27	73,952,399	89,342,809
Net Interest Income		113,861,955	116,358,515
Commission income-net	28	18,192,179	18,552,797
Net Interest and Commission		132,054,134	134,911,312
Foreign exchange income	29	4,041,794	5,806,410
(Losses) from trading financial assets	30	(56,848)	(305,649)
Gain from available-for-sale financial assets	31	2,038,401	2,320,504
Gain from sale of subsidiary's shares	9	14,633,511	-
Impairment (losses) on available-for-sale financial assets		(4,994,315)	(5,029,885)
Other income	32	18,532,652	26,832,927
Gross Income for the Year		166,249,329	164,535,619
Employees' expenses	33	25,862,843	28,820,568
Depreciation and amortization	11 & 12	4,800,431	5,164,746
Other expenses	34	15,338,750	16,877,000
Provision for impairment in direct credit facilities	8	33,652,051	14,572,999
Other provisions		1,342,268	65,435,313
Total Expenses		80,996,343	68,154,541
Income for the Year before Taxes		85,252,986	96,381,078
Less: Income tax expense	19	(21,963,928)	(27,162,472)
Income for the Year		63,289,058	69,218,606
Pertains to:			
Bank Shareholders		61,848,606	65,501,280
Non-Controlling Interest		1,440,452	3,717,326
Earnings per Share (Bank's Shareholders) :			
Basic & Diluted	35	0/619	0/655

THE ACCOMPANYING NOTES FROM (1) TO (49) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

IN US DOLLARS

	2009	2008
Income for the year	63,289,058	69,218,606
Comprehensive Income Items:		
Net change in fair value for available - for - sale financial assets	18,792,683	(13,337,537)
Implementation effect of new and amended international standards for subsidiary	-	104,831
Total Comprehensive Income for the Year	82,081,741	55,985,900
Total Comprehensive Income for the Year Pertains to:		
Bank shareholders	80,641,289	52,822,358
Non-controlling interest	1,440,452	3,163,542
	82,081,741	55,985,900

THE ACCOMPANYING NOTES FROM (1) TO (49) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

IN US DOLLARS

Description	Equity - Bank Shareholders'									
	Paid-up Capital	Share Premium Reserve	Reserves			Cumulative Change in Fair Value - Net of Tax	Retained Earnings	Total Equity Bank Shareholders	Non-controlling Interest	Total Owners' Equity
			Statutory	Voluntary	General Banking Risks Reserve					
Year 2009										
Balance - beginning of the year	141,043,724	7,052,186	47,693,467	79,101,310	16,759,291	(11,143,783)	57,149,267	337,655,462	15,174,792	352,830,254
Income for the year	-	-	-	-	-	-	61,848,606	61,848,606	1,440,452	63,289,058
Net change in fair value - net of tax	-	-	-	-	-	23,786,998	-	23,786,998	-	23,786,998
Impairment loss on available-for-sale financial assets transferred to statement of income	-	-	-	-	-	(4,994,315)	-	(4,994,315)	-	(4,994,315)
Total Comprehensive Income for the Year	-	-	-	-	-	18,792,683	61,848,606	80,641,289	1,440,452	82,081,741
Dividends	-	-	-	-	-	-	(14,104,371)	(14,104,371)	-	(14,104,371)
Net change in non-controlling interest	-	-	-	-	-	-	-	-	(7,907,731)	(7,907,731)
Transferred to reserves	-	-	8,381,254	16,762,508	(3,363,338)	-	(21,780,424)	-	-	-
Balance - End of the Year	141,043,724	7,052,186	56,074,721	95,863,818	13,395,953	7,648,900	83,113,078	404,192,380	8,707,513	412,899,893
Year 2008										
Balance - beginning of the year	105,782,793	42,313,117	38,427,092	60,568,560	14,062,363	1,604,291	43,231,447	305,989,663	12,435,539	318,425,202
Income for the year	-	-	-	-	-	-	65,501,280	65,501,280	3,717,326	69,218,606
Net change in fair value - net of tax	-	-	-	-	-	(7,718,189)	-	(7,718,189)	(589,464)	(8,307,653)
Impairment loss on available-for-sale financial assets transferred to statement of income	-	-	-	-	-	(5,029,885)	-	(5,029,885)	-	(5,029,885)
Implementation effect of new and amended international standards*	-	-	-	-	-	-	69,152	69,152	35,680	104,832
Total Comprehensive Income for the Year	-	-	-	-	-	(12,748,074)	65,570,432	52,822,358	3,163,542	55,985,900
Increase in capital	35,260,931	(35,260,931)	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(21,156,559)	(21,156,559)	(564,112)	(21,720,671)
Net change in non-controlling interest	-	-	-	-	-	-	-	-	139,823	139,823
Transferred to reserves	-	-	9,266,375	18,532,750	2,696,928	-	(30,496,053)	-	-	-
Balance - End of the Year	141,043,724	7,052,186	47,693,467	79,101,310	16,759,291	(11,143,783)	57,149,267	337,655,462	15,174,792	352,830,254

- Out of retained earnings, there is an amount of USD 12,001,632 as of December 31, 2009, restricted according to the Central Bank of Jordan regulations, against deferred tax assets (USD 8,062,921 as of December 31, 2008).

- Out of retained earnings, there is an amount of USD zero as of December 31, 2009, restricted according to the Securities Commission instructions, against the negative change in fair value (USD 11,143,783 as of December 31, 2008).

- Use of the General Banking Risks Reserve is restricted and requires the prior approval of the Central Bank of Jordan.

* This account represents the effect of implementing IAS (12) for the first time on the financial statements of the subsidiary (Arab Orient Insurance Company) which have been adjusted to comply with the International Financial Reporting Standards during the year 2008.

THE ACCOMPANYING NOTES FROM (1) TO (49) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

	Note	IN US DOLLARS	
		2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the year before taxes		85,252,986	96,381,078
Adjustments:			
Depreciation and amortization		4,800,430	5,164,746
Provision for impairment in direct credit facilities		33,652,052	14,572,999
Provision for employees end-of-service indemnity		1,257,642	2,634,602
Provision for lawsuits against the bank		84,626	84,626
Loss (gain) on sale of properties seized by the Bank		52,457	(41,980)
Loss (gain) on sale of property, plant & equipment		4,430	(61,984)
(Gain) from sale of subsidiary's shares		(14,633,511)	-
Loss on trading financial assets		33,033	234,079
(Gain) from sale of available - for - sale financial assets		(35,291)	(1,395,883)
Impairment (loss) on available - for - sale financial asset		4,994,315	5,029,884
Effect of exchange rate fluctuations on cash and cash equivalents		(241,071)	(5,487,525)
Technical provisions related to subsidiary sold during the year		(15,236,891)	3,008,475
Total		99,985,207	120,123,117
Changes in Assets and Liabilities:			
(Increase) decrease in cash and balances at banks due after 3 months		(535,000)	81,805,360
Decrease (increase) in deposits at banks and financial institutions		16,991,283	(12,992,494)
Decrease (increase) in direct credit facilities		175,439,405	(166,883,571)
(Increase) in trading financial assets		(1,922,343)	(1,875,449)
Decrease in other assets		14,567,676	15,838,824
(Decrease) in banks and financial institutions deposits due after three months		(7,052,186)	(1,410,437)
Increase in customers deposits		67,723,170	141,870,935
(Decrease) in cash margins		(3,835,447)	(22,047,368)
(Decrease) in other liabilities		(37,189,290)	(139,578,852)
Net Cash Flow from Operating Activities before Staff Indemnities Paid, Provision for Lawsuits Paid and Income Tax Paid		324,172,475	14,850,065
Staff indemnities paid		(903,894)	(561,784)
Provision for lawsuits paid		(30,583)	(4,094)
Income tax paid		(33,620,441)	(26,660,072)
Net Cash Flows from (used in) Operating Activities		289,617,557	(12,375,885)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) in held-to-maturity investments		(73,520,494)	(5,583,360)
(Increase) in available-for-sale financial assets		(156,729,554)	(57,824,856)
(Increase) in property and equipment		(2,417,759)	(3,205,272)
(Increase) in intangible assets		(1,092,310)	(1,265,987)
(Decrease) in investment in subsidiary		(11,991,413)	-
Proceeds from selling subsidiary's shares		26,624,924	-
Net Cash Flows (used in) Investing Activities		(219,126,606)	(67,879,475)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in non-controlling interest		4,173,899	2,739,254
Dividends paid		(13,828,231)	(20,659,811)
Net Cash Flows (used in) Financing Activities		(9,654,332)	(17,920,557)
Effect of exchange rate fluctuations on cash and cash equivalents		241,071	5,487,525
Net Increase (Decrease) in Cash and Cash Equivalents		61,077,690	(92,688,392)
Cash and cash equivalents - beginning of the year		263,627,821	356,316,213
Cash and Cash Equivalents - End of the Year	36	324,705,511	263,627,821

THE ACCOMPANYING NOTES FROM (1) TO (49) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

JORDAN KUWAIT BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

- Jordan Kuwait Bank was established as a Jordanian public shareholding company under number (108) at October 25, 1976 in accordance with the Companies Law no. (13) for the year 1964. The Bank's main branch address is Omayya Bin Abdshams Street, Abdali, Tel. 5629400, P.O. Box 9776, Amman – 11191 Jordan.
- The Bank is engaged in banking and related financial operations through its branches totaling 48 in the Hashemite Kingdom of Jordan, three overseas and one subsidiary company.
- Jordan Kuwait Bank is listed as a public shareholding company in Amman Stock Exchange.
- The consolidated financial statements have been approved by the Bank's Board of Directors in their meeting No. (1/2010) held on January 11, 2010 and the Shareholders General Assembly on March 4, 2010

2. Significant Accounting Policies

Basis of Preparation

- The accompanying consolidated financial statements of the Bank and its subsidiary companies are prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the Committee of the IASB.
- The consolidated financial statements are prepared under the historical cost convention except for financial assets / liabilities held for trading, financial assets available - for - sale, and financial derivatives stated at fair value on the date of the consolidated financial statements. Hedged assets and liabilities are also stated at fair value.
- The reporting currency of the consolidated financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
- The accounting policies applied in the consolidated financial statements for the current year are consistent with those used in the year ended December 31, 2008 except for the effect of the following standards and interpretations :
- IFRS (7) 'Financial Instruments: Disclosures'

The IASB published amendments to IFRS 7 in March 2009, which became effective in 2009. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the financial position and the comprehensive income of the Bank and its subsidiaries.

- IFRS (8) – Operating Segments. This standard, which replaced International Accounting Standard No. (14) "Segment reporting", (effective for annual periods on or after January 1, 2009) requires the adoption of the "management style in the presentation of internal reports" in the presentation of operating segments. This resulted in the presentation of additional operating segments. Moreover, these operating segments will be presented in a manner consistent with internal reports presented to decision makers. This standard has had no impact on the financial position and results of operations of the Bank and its subsidiaries.
- IAS (1) (2007) Presentation of Financial Statements (effective for annual periods on or after January 1, 2009). The amendment to IAS 1 has led to some changes including amended titles for the financial statements in addition to some changes in their presentation and disclosure. However, this standard has had no effect on the results of operations and financial position of the Bank. The adjusted standard requires that all changes in non-equity holders' accounts (i.e. comprehensive income) be disclosed separately within the statement of comprehensive income.

- Fair value hierarchy

The Bank is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

Basis of Consolidation

- The consolidated financial statements include the financial statements of the Bank and companies controlled by it. Control exists when the Bank has the ability to control the financial and operating policies of the subsidiary companies in order to achieve financial benefits out of their operations. All inter-company transactions between the Bank and its subsidiaries are excluded.
- The financial statements of the subsidiaries relating to the same financial year of the Bank are prepared using the same accounting policies adopted by the Bank. In case the accounting policies applied by the subsidiaries are different from those adopted by the Bank, then the necessary adjustments to the financial statements of the subsidiaries are effected in order to match those applied by the Bank. Furthermore, the subsidiary company "Arab Orient Insurance Company" applies IFRSs and the format prescribed by the Insurance Commission.
- Non-controlling interest represents the portion of the subsidiaries' equity not owned by the Bank.

The Bank owns the following subsidiary as of December, 31 2009:

Company's Name	Paid-up Capital	Ownership	Nature of Operation	Location	Date of Acquisition
United Financial Investments Co.	7,052,186	50/01	Financial Brokerage	Amman	2002

And the following subsidiaries as of December 31, 2008:

Company's Name	Paid-up Capital	Ownership	Nature of Operation	Location	Date of Acquisition
Arab Orient Insurance Co.*	15,514,809	65/69	Insurance	Amman	2001
United Financial Investments Co.	7,052,186	50/46	Financial Brokerage	Amman	2002

* Results of operations are consolidated in the statement of income from the date of acquisition which represents the date when control is passed on to the Bank. Moreover, results of operations of the disposed of subsidiaries are consolidated in the statement of income until the disposal date which represents the date when the Bank loses control over the subsidiaries. On April 23, 2009, the Bank sold 5,932,835 shares of the its shares in Arab Orient Insurance Company, bringing its ownership in Arab Orient Insurance Company to 11/76% of its paid-up capital as of December 31, 2009. The results of the operations of the company have been consolidated with those of the Bank until April 23, 2009, which is the date the Bank lost control of the subsidiary company. The remaining shares amounted to 1,511,450 shares were classified as available-for-sale financial assets (Note 9).

Segments Information

- A business segment is a distinguishable component of an entity engaged in providing an individual product or service or a group of related products or services subject to risks and returns different from those of other business segments.
- A geographical segment is a distinguishable component of an entity engaged in providing products or services within a particular economic environment subject to risks and returns different from those of components operating in other economic environments.

Trading Financial Assets

Trading financial assets represent investments in stocks and bonds of companies in active markets. Moreover, the purpose of keeping these investments is to generate profits from the fluctuation in short-term market prices or a trading profit margin.

- Trading financial assets are initially recognized at fair value when purchased (acquisition expenses are booked in the consolidated statement of income when purchased). They are subsequently re-measured to fair value, and the resulting change is included in the consolidated statement of income in the period in which it arises. Moreover, fair value differences resulting from the translation of foreign currency non-monetary assets are taken to the consolidated statement of income.
- Distributed income or realized interest is recorded in the consolidated statement of income.

Direct Credit Facilities

- A provision for the impairment in direct credit facilities is recognized when it is obvious that the financial assets of the Bank can not be recovered, there is an objective evidence of the existence of an event negatively affecting the future cash flows of the direct credit facilities, and the impairment amount can be estimated. The provision is taken to the consolidated statement of income.

- Interest and commission on non-performing credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan.

- Impaired credit facilities, for which specific provisions have been taken, are written off by charging the provision after all efforts have been made to recover the assets. Any surplus in the provisions is taken to the consolidated statement of income, while debt recoveries are taken to income.

Available-for-Sale Financial Assets

Available-for-sale financial assets are those financial assets held by the Bank and classified as neither trading nor held-to-maturity financial assets.

- Available-for-sale financial assets are initially recorded at fair value including acquisition costs. They are subsequently re-measured to fair value. Moreover, changes in fair value are presented in a separate item within owners' equity. When these assets are fully or partially sold, or impaired, the income or losses are recorded in the consolidated statement of income, including the related amounts previously recorded within the consolidated statement of comprehensive income / owners' equity are reversed when it is objectively evident that the increase in their fair value occurred after the losses had been recognized. Impairment losses resulting from the decline in the value of debt instruments are impairment loss recorded previously in the statement of income can be reversed through the consolidated statement of income, while impairment loss in companies shares is reversed through the consolidated comprehensive income.

- Income and losses resulting from the foreign exchange of interest-bearing debt instruments are included in the consolidated statement of income. The differences in the foreign currency of equity instruments are included in the cumulative change in fair value within the consolidated statement of shareholders' equity / consolidated statement of comprehensive income.

- Interest from available-for-sale financial instruments is recorded in the consolidated statement of income using the effective interest method. Impairment in assets is recorded in the consolidated statement of income when incurred.
- Financial instruments for which fair value can not be reliably determined are shown at cost. The impairment is recorded in the consolidated statement of income.

Held-to-Maturity Financial Assets

Financial assets with fixed or determinable payments and fixed maturity dates the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity financial assets.

- Held-to-maturity financial assets are recorded at cost (fair value) plus acquisition costs. Premiums and discounts are amortized in the consolidated statement of income according to the effective interest rate method. Provisions associated with irrecoverable impairment in their value are deducted. Any impairment in assets is recorded in the consolidated statement of income when incurred.

Fair Value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements.

In case declared market prices do not exist, active trading of some financial assets and derivatives is not available, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.

The valuation methods aim at providing a fair value reflecting the expectations of the market, expected risks and expected benefits.

Financial assets, the fair value of which cannot be reliably measured, are stated at cost less any impairment.

Impairment in the Value of Financial Assets

The Bank reviews the values of financial assets on the date of the consolidated statement of financial position in order to determine if there are any indications of impairment in their value individually or in the form of a portfolio. In case such indications exist, the recoverable value is estimated so as to determine the impairment loss.

The impairment is determined as follows:

- Impairment in financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.
- Impairment in the financial assets available-for-sale recorded at fair value represents the difference between their book value and fair value.
- Impairment in the financial assets recorded at cost is determined on the basis of the present value of the expected cash flows discounted at the market interest rate of similar instruments.

The impairment in value is recorded in the consolidated statement of income. Any surplus in the following period resulting from previous declines in the fair value of financial assets is taken to the consolidated statement of income except for the impairment in available-for-sale equity securities which is reversed through the cumulative change in fair value.

Property and Equipment

- Property and equipment are stated at cost net of accumulated depreciation. Moreover, property and equipment (except for land) are depreciated according to the straight-line method over their estimated useful lives using the following annual rates:

	%
Buildings	3
Furniture's, fixtures and equipment	9 – 15
Vehicles	15
Computers	20
Building improvements	20

- When the carrying amounts of property and equipment exceed their recoverable values, assets are written down, and impairment losses are recorded in the consolidated statement of income.
- The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being a change in estimate.
- Property and equipment are derecognized when disposed of or when there is no expected future benefit from their use.

Provisions

- Provisions are recognized when the Bank has an obligation on the date of the consolidated statement of income as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provision for Employees' End-of-Service Indemnities

- The employees' end-of-service indemnities provision is estimated on the basis of one month salary for each year of service less the Bank's contribution for social security.
- Payments to departing employees are deducted from the employees' end-of-service indemnities provision while the required provision for end-of-service indemnities for the year is recorded in the consolidated statement of income.

Income Tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. Moreover, income subject to tax differs from income declared in the consolidated financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions of the countries where the Bank operates.
- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.
- Deferred tax assets are reviewed as of the date of the consolidated financial statements, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

Costs of Issuing or Purchasing the Bank's Shares

Costs of issuing or purchasing the Bank's shares are recorded in retained earnings (net of the tax effect of these costs). In case, the issue or purchase process is incomplete, these costs are charged to the consolidated statement of income as an expense.

Accounts Managed on Behalf of Customers

This item represents the accounts managed by the Bank on behalf of its customers and is not part of the Bank's assets. The fees and commissions for managing these accounts are shown in the consolidated statement of income. Furthermore, a provision is taken against the decline in the value of capital-guaranteed portfolios managed on behalf of customers.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the consolidated statement of financial position only when there are legal rights to offset the recognized amounts, the Bank intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Recognition of Income and Realization of Expenses

- Interest income is realized and recognized based on the effective interest method, except for interest and commission on non-performing facilities which are not recognized as revenue but taken to the interest and commission in suspense account until they are received in cash.
- Expenses are recognized on the accrual basis.
- Commission is recorded as revenue when the related services are rendered, and dividend revenue from companies is recognized when earned (or when approved by the shareholders general assembly.)

Recognition of Financial Assets

Purchase and sale of financial assets are recognized on the trade date (the date the Bank is liable to sell or purchase the financial asset).

Financial Derivatives and Hedge Accounting

Financial Derivatives Hedge

For hedge accounting purposes, the financial derivatives are stated at fair value.

Hedges are classified as follows:

- Fair value hedge

Hedge for the change in the fair value exposures of the Bank's assets and liabilities.

When the conditions of effective fair value hedge are met, the resulting gain or loss from re-measuring the fair value hedge is recognized in the consolidated statement of income.

When the conditions of effective portfolio hedge are met, the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio are recorded in the consolidated income statement for the same period.

- Cash flow hedge:

Hedge for the change in the current and expected cash flows exposures of the Bank's assets and liabilities.

When the conditions of effective cash flow hedge are met, the gain or loss of the hedging instruments is recognized in the consolidated statement of comprehensive income / owners' equity. Such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

- Hedge for net investment in foreign entities

When the conditions of the hedge for net investment in foreign entities are met, fair value is measured for the hedging instrument of the hedged net assets. In case of an effective relationship, the effective portion of the loss or profit related to the hedging instrument is recognized in the consolidated statement of comprehensive income / consolidated statement of owners' equity while the ineffective portion is recognized in the consolidated statement of income. Moreover, the effective portion is recorded in the consolidated statement of income when the investment in foreign entities is sold.

- When the conditions of the effective hedge do not apply, gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income in the same period.

Financial Derivatives for Trading

The fair value of financial derivatives for trading such as forward foreign currency contracts, future interest rate contracts, swap agreements, and foreign currency options is recorded in the consolidated statement of financial position under other assets or other liabilities as the case may be. Fair value is measured according to the prevailing market prices, and if they are not available, the measurement method should be disclosed. The change in their fair value is recognized in the consolidated statement of income.

Repurchase and Resale Agreements

- Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the consolidated financial statements as a result of the Bank's continuous control over these assets and as the related risks and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.

- Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the consolidated financial statements because the Bank has no control over such assets and the related risks and benefits are not transferred to the Bank upon occurrence. Payments related to these contracts are recorded under deposits with banks and other financial institutions or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recorded as interest revenue amortized over the life of the contract using the effective interest method.

Properties Seized by the Bank

Properties seized by the Bank are shown under "other assets" at the acquisition value or fair value, whichever is lower. As of the consolidated statement of financial position date, these properties are revalued individually at fair value. Any decline in their market value is taken to the consolidated statement of income whereas any such increase is not recognized. A subsequent increase is taken to the consolidated statement of income to the extent it does not exceed the previously recorded impairment.

Intangible Assets

A- Goodwill:

- Goodwill is recorded at cost, and represents the excess of the amount paid to acquire or purchase the investment in an associate or a subsidiary on the date of the transaction over the fair value of the net assets of the associate or subsidiary at the acquisition date. Goodwill resulting from the investment in a subsidiary is recorded as a separate item as part of intangible assets, while goodwill resulting from the investment in an affiliated company constitutes part of the investment in that company. The cost of goodwill is subsequently reduced by any decline in the value of the investment.

- Goodwill is distributed over the cash generating unit(s) for the purpose of testing the impairment in its value.

- The value of goodwill is tested on the date of each consolidated statement of financial position. Goodwill value is reduced when there is evidence that its value has declined or the recoverable value of the cash generating unit(s) is less than book value. The decline in value is recorded in the consolidated statement of income as an impairment loss.

B- Other Intangible Assets

- Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Other intangible assets purchased other than through acquisition are recorded at cost.

- Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the financial statements date, and impairment loss is treated in the consolidated statement of income as an expense for the period.

- No capitalization of intangible assets resulting from the Banks' operations is made. They are rather recorded as an expense in the consolidated statement of income for the period.
- Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.
- The following are the accounting policies for each item of the intangible assets owned by the Bank:
Software and computer programs are amortized over their estimated economic useful lives at an annual rate of 20%.

Foreign Currencies

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.
- Financial assets and financial liabilities denominated in foreign currencies are translated at the average exchange rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan
- Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.
- Gains or losses resulting from foreign currency translation are recorded in the consolidated statement of income.
- Translation differences for non-monetary assets and liabilities denominated in foreign currencies are recorded as part of the change in fair value.
- When consolidating the financial statements, assets and liabilities of the branches and subsidiaries abroad are translated from the primary currency to the currency used in the financial statements using the average exchange rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan. Revenue and expense items are translated using the average exchange rates during the year, and exchange differences are shown in a separate item within consolidated statement of shareholders' equity. In case of selling one of the subsidiaries or branches, the related amount of exchange difference is booked in revenues\expenses in the consolidated statement of income.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash balances with central banks and balances with banks and financial institutions maturing within three months, less balances due to banks and financial institutions maturing within three months and restricted funds.

3. Accounting Estimates

Management, through applying the accounting policies, uses assumptions and estimates with material impacts on the recognition of the balances recorded in the consolidated financial statements. Some of these assumptions are as follows:

- A provision is set for lawsuits raised against the Bank. This provision is subject to an adequate legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed on a frequent basis.
- A provision for loans is taken on the bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRS). The outcome of these bases and estimates is compared against the adequacy of the provisions as per the Central Banks. The strictest outcome that conforms with (IFRS) is used for the purpose of determining the provision.
- Impairment loss for the acquired assets is taken after a sufficient and recent evaluation of the acquired properties has been conducted by approved surveyors. The impairment loss is reviewed periodically.
- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general status of these assets and the assessment of their useful economic lives expected in the future. Impairment loss is taken to the consolidated statement of income.
- Management performs a frequent review of the financial assets stated at cost to estimate any decline in their value. Impairment loss is taken to the consolidated statement of income.
- A provision for income tax is taken on the current year's profit and for accrued and assessed tax for the prior year in case of differences exceeding the provision due to not reaching a final settlement with the tax authorities for that year.
- Fair value hierarchy

The Bank is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

4. Cash and Balances at Central Banks:

This item consists of the following:

USD

	2009	2008
Cash in vaults	33,959,396	34,550,814
Balances at central banks:		
Current accounts	53,461,209	26,805,520
Time and notice deposits	384,617,825	132,484,763
Mandatory cash reserve	100,942,289	134,044,608
Certificates of deposit	-	60,648,801
	572,980,719	388,534,506

- Except for the mandatory cash reserve, there are no restricted balances as of December 31, 2009 and 2008.

5. Balances at Banks and Financial Institutions

This item consists of the following:

USD

	Local Banks & Financial Institutions		Banks & Financial Institutions Abroad		Total	
	2009	2008	2009	2008	2009	2008
Current accounts	198,757	223,942	53,925,597	150,832,973	54,124,354	151,056,915
Deposits due within 3 months	30,602,025	43,183,291	122,200,419	89,948,051	152,802,444	133,131,342
Certificates of deposit	-	-	2,000,000	-	2,000,000	-
	30,800,782	43,407,233	178,126,016	240,781,024	208,926,798	284,188,257

- Non-interest bearing balances at banks and financial institutions amounted to USD 8,394,903 as of December 31, 2009 against USD 1,033,207 as of December 31, 2008.

- Restricted balances amounted to USD 1,745,489 as of December 31, 2009 against USD 1,210,489 as of December 31, 2008.

6. Deposits at Banks and Financial Institutions

This item consists of the following:

USD

	Local Banks & Financial Institutions		Banks & Financial Institutions Abroad		Total	
	2009	2008	2009	2008	2009	2008
Deposits	-	-	160,339	15,151,622	160,339	15,151,622
Certificates of deposit	-	-	-	2,000,000	-	2,000,000
	-	-	160,339	17,151,622	160,339	17,151,622

- Restricted deposits amounted to USD 25,000 as of December 31, 2009 and 2008.

7. Trading Financial Assets

This item consists of the following:

USD

	2009	2008
Quoted shares	2,419,069	529,759

8 . Direct Credit Facilities

This item consists of the following:

USD

	2009	2008
Individuals (retail):		
Current accounts	3,662,945	2,692,347
Loans and promissory notes*	36,585,303	31,091,643
Credit cards	4,915,509	5,409,776
Real estate loans	202,938,300	98,222,680
Companies		
Large Companies		
Current accounts	133,097,255	150,893,377
Loans and promissory notes*	1,038,699,472	1,320,812,941
Medium and small companies		
Current accounts	17,845,467	18,312,701
Loans and promissory notes*	34,908,142	52,640,622
Government and public sector	122,128,536	87,712,812
	1,594,780,929	1,767,788,899
Less: Provision for impairment in direct credit facilities **	54,931,371	21,601,530
Suspended interest	3,673,466	919,820
Net Credit Facilities	1,536,176,092	1,745,267,549

* Net after deducting interest and commissions received in advance of USD 2,757,341 as of December 31, 2009 against USD 3,891,639 as of December 31, 2008.

** The above provisions include an amount of USD 31,710,028 as of December 31, 2009 (USD 18,634,004 as of December 31, 2008) against loans and credit facilities totaling USD 209,124,984, (USD 106,830,121 as of December 31, 2008) and representing facilities under the watch list, and its related interest has not been suspended.

- Non-performing credit facilities amounted to USD 51,332,334 which is equivalent to (3/2%) of total direct credit facilities as of December 31, 2009 against USD 9,453,690 which is equivalent to (-/5%) of total credit facilities as of December 31, 2008.

- Non-performing credit facilities excluding interest and commissions in suspense amounted to USD 47,658,867 which is equivalent to (3%) of total direct credit facilities as of December 31, 2009 against USD 8,533,870 which is equivalent to (-/5%) of total credit facilities as of December 31, 2008.

- Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to USD 13,839,076 which is equivalent to (-/9%) of total direct facilities as of December 31, 2009 against USD 13,830,852 which is equivalent to (-/8%) at the end of the prior year.

Provision for Impairment in Direct Credit Facilities

The movement on the provision for impairment in direct credit facilities was as follows:

USD

2009	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
Balance – beginning of the year	818,657	322,931	20,120,877	339,065	-	21,601,530
Provision for the year taken from revenues	21,208	7,411,458	25,201,434	1,017,951	-	33,652,051
Used during the year (written-off)	109,867	-	-	212,343	-	322,210
Balance – End of the Year	729,998	7,734,389	45,322,311	1,144,673	-	54,931,371

2008	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
Balance – beginning of the year	665,510	232,828	6,075,238	447,590	-	7,421,166
Provision for the year taken from revenues	243,230	99,591	14,184,690	45,488	-	14,572,999
Used during the year (written-off)	90,083	9,488	139,051	154,013	-	392,635
Balance – End of the Year	818,657	322,931	20,120,877	339,065	-	21,601,530

- The disclosure above relates to provisions against debts which are calculated on the basis of the individual customer.

- The provisions no longer needed due to settlements or repayments of debts which were transferred against other debts amounted to USD 1,494,630 as of December 31, 2009 (USD 4,919,496 for the previous year).

Interest in Suspense

- The movement on interest in suspense was as follows:

USD

2009	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
Balance – beginning of the year	93,722	115,058	394,087	316,952	-	919,819
Add: Interest in suspense for the year	50,859	879,355	9,272,172	143,443	-	10,345,829
Less: Interest taken to income	104,062	15,973	6,945,200	81,313	-	7,146,548
Interest and commission in suspense written-off	6,090	-	266,066	173,478	-	445,634
Balance - End of the Year	34,429	978,440	2,454,993	205,604	-	3,673,466

2008	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
Balance – beginning of the year	5,693	67,893	544,810	330,395	-	948,791
Add: Interest in suspense for the year	113,925	61,444	106,186	116,038	-	397,593
Less: Interest taken to income	20,896	5,804	27,429	119,050	-	173,179
Interest and commission in suspense written-off	5,000	8,475	229,480	10,430	-	253,385
Balance - End of the Year	93,722	115,058	394,087	316,953	-	919,820

9. Available-for-Sale Financial Assets

The details of this item are as follows:

USD

	2009	2008
Quoted Available-for-Sale Financial Assets:		
Governmental bonds and guaranteed by the Government*	215,823,134	214,027,927
Companies bonds and debentures	52,997,169	47,229,437
Companies shares	19,817,481	13,844,282
Total Quoted Available-for-Sale Financial Assets	288,637,784	275,101,646
Unquoted Available-for-Sale Financial Assets:		
Local treasury bills *	109,176,845	10,639,436
Governmental bonds and guaranteed by the Government	21,607,898	14,104,372
Companies bonds and debentures	22,971,862	5,923,836
Other bonds	19,746,121	4,401,818
Companies shares **	38,237,452	11,711,538
Total Unquoted Available-for-Sale Financial Assets	211,740,178	46,781,000
Total Available-for-Sale Financial Assets	500,377,962	321,882,646
Bonds and Bills Analysis:		
Fixed return	368,994,540	247,786,550
Flouting	73,328,489	48,540,276
	442,323,029	296,326,826

- Some available-for-sale financial assets are recorded at cost/amortized cost as their fair values cannot be reliably determined. These assets amounted to USD 211,740,178 as of December 31, 2009 (against USD 46,781,000 as of December 31, 2008).

* This item includes treasury bills and bonds in the amount of to USD 109,176,845 as of December 31, 2009 purchased by the Bank from the Social Security Corporation on December 17, 2009 (against USD 67,056,925 as of December 31, 2008), and pledged for sale to the Social Security Corporation by the Bank according to a sale agreement. The last payment of USD 18,237,334, is due on February 20, 2010.

** This item includes the cost of investment in the "Kingdom Electricity Company" in the amount of USD 16,972,708, equivalent to 19% of the Company's paid-up capital. The Bank owned this investment against partial collection of the credit facilities granted to a customer by the Bank. The agreement includes the seller's right to exercise the purchase option during a period of 24 months starting from the date of the agreement on April 27, 2009, so that the net price is made up of the sale price plus interest rate of 10% annually divided on the total price. The main articles of this of the agreement includes the following:

a. Any cash dividends or bonus shares, or shares granted at discount from the date of ownership's transfer are a prerogative right for the seller and the Bank undertakes to transfer all dividends to the company's account.

b. During the period of the right to purchase above, the seller is obligated to pay 10% annually on the total price paid by the Bank.

- During the first half of the year 2009, the Bank sold 5,932,835 shares of its shares in Arab Orient Insurance Company to Gulf Insurance Company (A Public Shareholding Company) in Kuwait (related party company) with a total value of USD 26,624,924, and its details are as follows:

USD

	2009
Proceeds from sale of shares	26,624,924
Net book value sold*	11,991,413
Gain from sale of subsidiary	14,633,511

* Have been calculated using the equity method as of April 23, 2009.

The remaining shares of 1,511,450 shares, representing 11/76% of the total paid-up capital of Arab Orient Insurance Company, were reclassified as available - for - sale financial assets.

The result of the conversion is recognition of a positive change in fair value of USD 2,176,217 net of tax as at the selling date which value has declined to USD 780,877 net of tax as of December 31, 2009.

10. Held-to-Maturity Financial Assets

This item consists of the following:

USD

	2009	2008
Quoted Financial Assets:		
Companies bonds and debentures	17,059,216	9,916,000
Total Quoted Financial Assets	17,059,216	9,916,000
Unquoted Financial Assets:		
Treasury bills	106,694,231	38,553,907
Companies bonds and debentures	14,104,372	16,015,938
Total Unquoted Financial Assets	120,798,603	54,569,845
Total Held-to-Maturity Financial Assets	137,857,819	64,485,845
Less: Impairment losses *	-	(148,519)
Net Held-to-Maturity Financial Assets	137,857,819	64,337,326
Bonds Return Analysis:		
Fixed	125,291,821	54,421,326
Floating	12,565,998	9,916,000
	137,857,819	64,337,326

* During the year 2009, the Bank wrote off companies bonds in the amount of USD 148,519, as management is certain of their uncollectibility.

- Held-to-maturity bonds mature over several payments the last of which matures on October 13, 2016.

11 Property and Equipment - Net

a. The details of this item are as follows:

USD

	Land	Buildings	Furniture, Fixtures and Equipment	Vehicles	Computers	Buildings Improvement	Total
Year 2009							
Cost:							
Balance - beginning of the year	2,883,874	5,442,578	9,534,975	1,012,611	11,489,841	9,137,401	39,501,280
Additions	384,873	2,680	673,965	120,498	1,063,444	1,088,878	3,334,338
Disposals *	-	-	527,341	340,072	421,804	3,473	1,292,690
Balance - End of the year	3,268,747	5,445,258	9,681,599	793,037	12,131,481	10,222,806	41,542,928
Accumulated Depreciation:							
Balance - beginning of the year	-	1,591,945	5,452,089	555,906	9,089,281	5,734,447	22,423,668
Additions	-	162,551	960,391	93,389	992,371	1,345,536	3,554,238
Disposals *	-	-	281,676	152,447	324,993	2,058	761,174
Balance - End of the year	-	1,754,496	6,130,804	496,848	9,756,659	7,077,925	25,216,732
Net Book Value of Property and Equipment	3,268,747	3,690,762	3,550,795	296,189	2,374,822	3,144,881	16,326,196
Down payments on property and equipment purchases	-	-	231,976	-	-	-	231,976
Balance - End of the Year	3,268,747	3,690,762	3,782,771	296,189	2,374,822	3,144,881	16,558,172

	Land	Buildings	Furniture, Fixtures and Equipment	Vehicles	Computers	Buildings Improvement	Total
Year 2008							
Cost:							
Balance - beginning of the year	2,792,196	5,269,941	8,860,360	986,518	11,211,365	8,129,096	37,249,476
Additions	91,678	240,564	938,340	26,093	374,866	1,008,305	2,679,846
Disposals	-	67,927	263,725	-	96,391	-	428,043
Balance - End of the year	2,883,874	5,442,578	9,534,975	1,012,611	11,489,840	9,137,401	39,501,279
Accumulated Depreciation:							
Balance - beginning of the year	-	1,464,667	4,813,262	431,762	8,072,343	4,384,718	19,166,752
Additions	-	158,523	881,528	124,144	1,112,812	1,349,729	3,626,736
Disposals	-	31,245	242,701	-	95,874	-	369,820
Balance - End of the year	-	1,591,945	5,452,089	555,906	9,089,281	5,734,447	22,423,668
Net Book Value of Property and Equipment	2,883,874	3,850,633	4,082,886	456,705	2,400,559	3,402,954	17,077,611
Down payments on property and equipment purchases	-	-	1,146,203	-	-	-	1,146,203
Balance - End of the Year	2,883,874	3,850,633	5,229,089	456,705	2,400,559	3,402,954	18,223,814
Depreciation percentage %	-	3	9 - 15	15	20	20	

* This item includes disposals related to a sold subsidiary company during the year 2009.

b- Property and equipment as of December 31, 2009 include an amount of USD 8,522,436, representing fully depreciated property and equipment against USD 7,409,807 as of December 31, 2008.

12. Intangible Assets

This item consists of the following:

USD

	2009			
	Computer Software and Applications	Goodwill	Other	Total
Balance-beginning of the year	1,951,017	318,725	-	2,269,742
Additions	705,295	-	66,291	771,586
Amortization for the year	861,177	318,725	66,291	1,246,193
Balance-End of the Year	1,795,135	-	-	1,795,135
Amortization percentage %	20	-	-	
	2008			
	Computer Software and Applications	Goodwill	Other	Total
Balance-beginning of the year	2,223,039	318,725	-	2,541,764
Additions	891,517	-	374,471	1,265,988
Amortization for the year	1,163,539	-	374,471	1,538,010
Balance-End of the Year	1,951,017	318,725	-	2,269,742
Amortization percentage %	20	-	-	

13. Other Assets

This item consists of the following:

	USD	
	2009	2008
Accrued interest	11,582,157	13,833,207
Prepaid expenses	995,660	897,339
Properties seized by the Bank against debts - net *	914,882	1,953,214
Unrealized gains from financial derivatives (Note 37)	-	1,458,969
Accounts receivable **	2,917	13,382,948
Clearing checks	11,552,265	20,287,495
Other **	2,426,379	7,176,210
	27,474,260	58,989,382

* According to the Jordanian Banks Law, buildings and plots of land seized by the Bank against debts due from customers are to be paid within two years from the ownership date. For exceptional cases, the Central Bank of Jordan can extend this period for two consecutive years at maximum.

** Accounts receivable and other assets include balances relating to the subsidiary company in the amount of USD 39,629 as of December 31, 2009 against USD 13,381,251 as of December 31, 2008 related to subsidiary companies.

- The movement on properties seized by the Bank against debts was as follows:

	USD	
	2009	2008
Balance - beginning of the year	1,953,214	2,890,966
Additions	133,609	19,245
Disposals	1,171,941	956,997
Balance - End of the Year	914,882	1,953,214

14. Banks and Financial Institutions Deposits

This item consists of the following :

	2009			2008		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
Current and call accounts	48,133,449	407,323,069	455,456,518	2,609,674	24,141,972	26,751,646
Time deposits *	-	-	-	17,668,547	370,516,446	388,184,993
	48,133,449	407,323,069	455,456,518	20,278,221	394,658,418	414,936,639

* These are no time deposits due within a period exceeding 3 months as of December 31, 2009 against USD 7,052,186 as of December 31, 2008.

15. Customers Deposits

This item consists of the following :

USD

	2009				
	Individuals	Large Companies	Small and Medium Companies	Government and Public Sector	Total
Current and call accounts	237,727,884	70,874,216	166,636,416	33,358,262	508,596,778
Saving deposits	101,038,951	894,588	2,798,371	192,020	104,923,930
Time deposits subject to notice	668,812,285	141,309,134	195,147,838	132,377,268	1,137,646,525
Certificates of deposits	4,155,327	-	68,797	-	4,224,124
	1,011,734,447	213,077,938	364,651,422	165,927,550	1,755,391,357
	2008				
	Individuals	Large Companies	Small and Medium Companies	Government and Public Sector	Total
Current accounts and demand deposits	200,636,310	65,996,599	148,352,341	30,111,137	445,096,387
Saving deposits	88,785,138	311,738	2,965,245	149,443	92,211,564
Time deposits subject to notice	620,371,733	188,244,996	242,064,395	85,232,241	1,135,913,365
Certificates of deposits	8,428,419	-	1,768,475	-	10,196,894
	918,221,600	254,553,333	395,150,456	115,492,821	1,683,418,210

- The Government of Jordan and the public sector deposits inside Jordan amounted to USD 165,927,550, which is equivalent to (9/5%) of total customers' deposits as of December 31, 2009 (against USD 115,492,821, which is equivalent to (6/9%) of total customers' deposits as of December 31, 2008).

- Non-interest bearing deposits amounted to USD 432,409,568, which is equivalent to (24/6%) of total customers' deposits as of December 31, 2009 (against USD 377,318,498 as of December 31, 2008, which is equivalent to (22/4%) of total customers' deposits).

- Restricted deposits amounted to USD 28,451,317 which is equivalent to (1/6%) of total customers' deposits as of December 31, 2009 (against USD 25,223,588, which is equivalent to (1/5%) as of December 31, 2008).

- Dormant deposits amounted to USD 23,708,870 as of December 31, 2009 (against USD 23,328,076 as of December 31, 2008).

16. Cash Margins

This item consists of the following:

USD

	2009	2008
Cash margins on direct credit facilities	118,046,164	118,713,732
Cash margins on indirect credit facilities	42,034,731	44,601,695
Marginal deposits	654,881	24,908
Other margins	9,210	40,171
	160,744,986	163,380,506

17. Borrowed Funds

This item consists of the following:

USD

		Amount	Frequency of Installments	Guarantees	Interest Rate %
Year 2009					
Jordan Mortgage Refinance Company	(a)	7,199,085	Set at the end of each period	Endorsement of real estate bonds	8/20
Jordan Mortgage Refinance Company	(b)	14,104,372	One installment when due	Endorsement of real estate bonds	8/60
Total		21,303,457			

		Amount	Frequency of Installments	Guarantees	Interest Rate %
Year 2008					
Jordan Mortgage Refinance Company	(a)	7,199,085	Set at the end of each period	Endorsement of real estate bonds	8/20
Jordan Mortgage Refinance Company	(b)	14,104,372	One installment when due	Endorsement of real estate bonds	8/60
Total		21,303,457			

a. On August 27, 2001, the Bank obtained a loan from Jordan Mortgage Refinance Company for USD 14,104,372 at an annual interest rate of 6/25% for the first three years to be reconsidered afterwards. The loan is to be repaid over a period of 10 years commencing from the date the agreement was signed, the first and last installments being due on August 27, 2004 and August 27, 2011, respectively.

b. On June 28, 2007, the Bank obtained a loan from the Jordan Mortgage Refinance Company for USD 14,104,372 at an interest rate of 8/6% and for a period of 5 years. The loan is due in one payment on the maturity date of June 28, 2012.

18. Provisions

This item consists of the following:

USD

	Beginning Balance	Additions	Disposals	Ending Balance
Year 2009				
Provision for staff indemnity	7,707,205	1,257,642	903,894	8,060,953
Provision for lawsuits against the Bank and probable claims	385,660	84,626	30,583	439,703
Technical provisions related to a subsidiary sold during the year	15,236,891	-	15,236,891	-
Total	23,329,756	1,342,268	16,171,368	8,500,656
Year 2008				
Provision for staff indemnity	5,634,387	2,634,602	561,784	7,707,205
Provision for lawsuits against the Bank and probable claims	305,128	84,626	4,094	385,660
Technical provisions relating to a subsidiary	12,228,415	3,008,476	-	15,236,891
Total	18,167,930	5,727,704	565,878	23,329,756

19. Income Taxes

a) Provision for income tax

The movement on provision for income tax was as follows:

USD

	2009	2008
Beginning balance	32,052,639	25,860,828
Income tax paid	(32,292,453)	(25,017,092)
Down payment	(2,059,738)	(1,642,980)
Income tax for the year	25,902,639	32,851,883
Ending Balance	23,603,087	32,052,639

- Income tax for the year consists of the following:

USD

	2009	2008
Income tax for the year	25,902,639	32,851,883
Deferred tax assets for the year *	(5,070,079)	(5,880,514)
Amortization of deferred tax assets *	1,131,368	191,103
	21,963,928	27,162,472

* Deferred tax assets have been calculated based on a percentage of 30% as of December 31, 2009 instead of 35% as of December 31, 2008 according to the new income tax rate applied to operating Jordanian banks effective January 1, 2010.

This resulted in a change of USD 787,640, recorded as an expense in the consolidated statement of income.

- The income tax rate in Jordan amounted to 35% whereas the income tax rate in other countries where the bank has branches range between 10% and 16% as of December 31, 2009.

- Moreover, the income tax returns for the Bank and its foreign branches have been submitted up to the year 2008 and a final tax settlement has been reached for Jordan branches up to the year 2008 and for the Bank's branches in Palestine up to the year 2007.

- A final settlement with the Income Tax Department for the United Financial Investment Company has been reached up to the year 2007. Moreover, the tax returns of the subsidiary companies have been submitted up to the year 2008 and the related tax has been paid. The Management and the Bank's Tax Consultant believe that the income tax liability will not exceed the provisions taken.

b- Deferred Tax Assets / Liabilities:

The details of this item are as follows:

USD

Accounts Included	2009				2009	2008
	Beginning Balance	Amounts Released	Additions	Balance End of the Year	Deferred Tax	Deferred Tax
Amounts						
a- Deferred Tax Assets						
Provision for staff indemnity	7,484,000	783,212	1,136,128	7,836,916	2,351,075	2,585,512
Impairment loss in real estate	75,951	57,162	-	18,789	5,636	26,583
Facilities provision	13,741,994	336,937	18,304,973	31,710,030	9,513,010	4,809,698
Provision for lawsuits against the Bank	385,660	30,583	84,626	439,703	131,911	134,982
Provision for doubtful debts	736,248	736,248	-	-	-	184,062
Provision for unreported compensations	1,288,337	1,288,337	-	-	-	322,084
	23,712,190	3,232,479	19,525,727	40,005,438	12,001,632	8,062,921
b- Deferred Tax Liabilities *						
Cumulative change in fair value	(11,143,783)	1,030,508	21,938,102	9,763,811	2,114,910	-
	(11,143,783)	1,030,508	21,938,102	9,763,811	2,114,910	-

* Deferred tax liabilities amounted to USD 2,114,910 as of December 31, 2009 (USD zero as of December 31, 2008) resulting from the revaluation gains on available-for-sale financial assets presented at a net amount within the cumulative change in fair value under equity.

- The movement on deferred tax assets / liabilities was as follows:

USD

Description	2009		2008	
	Assets	Liabilities	Assets	Liabilities
Beginning balance	8,062,921	-	2,268,261	562,202
Additions during the year	5,070,079	2,114,910	5,985,763	265,276
Deductions	1,131,368	-	191,103	827,478
Ending Balance	12,001,632	2,114,910	8,062,921	-

C- A summary of the reconciliation between declared income and taxable income:

USD

	2009	2008
Declared income	85,252,986	96,381,078
Tax exempted income	20,352,233	13,486,625
Un-deductible expenses	12,762,252	27,842,958
Taxable income	77,663,005	110,737,411
Income Tax Rates:		
Bank- Jordan	35%	35%
Bank- Palestine	16%	16%
Bank- Cyprus	10%	10%
Subsidiary companies	25%	25%
Percentage of deferred taxes-Jordan	30%	35%
Percentage of deferred taxes of a subsidiary / subsidiaries	24%	25%

20. Other Liabilities

This item consists of the following:

USD

	2009	2008
Accrued interest	12,343,958	9,296,062
Cash margins and acceptable checks	1,461,255	1,625,587
Accounts payable (e)	3,574,566	15,414,200
Accrued expenses	1,613,738	5,032,951
Temporary deposits - customers	2,780,464	3,609,433
Temporary deposits (a)	20,422,361	90,071,241
Shareholders' deposits (b)	3,513,608	4,029,214
Time deposits - treasury bills and bonds sales agreement (c)	109,176,845	67,054,364
Accepted and certified checks	8,607,197	7,399,228
Safe boxes deposits	128,694	110,901
Subscriptions deposits (d)	554,361	701,468
Down payments of capital subscriptions	763,618	1,405,330
Sale real estates deposits	12,694	24,795
Unrealized losses from financial derivatives (Note 37)	10,399	1,008,516
Amounts in transit	21,819	1,779,789
Other liabilities (e)	11,727,556	9,622,984
	176,713,133	218,186,063

a. This item represents temporary payment deposits to public shareholding and other companies.

b. This item represents the net balance resulting from selling unsubscribed shares totaling 1,136,495 shares at market price during the year 2006. The difference between the sale proceeds and issue price of the share of USD 4.23 has been recorded as shareholders' deposits.

c. This item represents the total amounts borrowed from the Social Security Corporation as a result of the treasury bills sale repurchase agreement.

d. This item represents refunds of subscriptions in public shareholding companies under establishment.

e. Other liabilities and accounts payable include balances related to the subsidiary company of USD 3,492,773 as of December 31, 2009 (against USD 11,162,157 as of December 31, 2008).

21. Capital and Share Premium Reserve

Subscribed capital amounted to USD 141 million, divided into 100 million shares at a par value of USD 1.41 per share as of December 31, 2009. The share premium reserve amounted to USD 7 million at the end of 2009 and 2008.

22. Reserves

The details of the reserves as of December 31, 2009 are as follows:

a- Statutory Reserve

This account represents the accumulated amount of the appropriations from income before tax at 10% per year according to the Banks Law and Jordanian companies law. This amount is not to be distributed to shareholders.

b- Voluntary Reserve

This account represents the accumulated amount of appropriations from income before tax at a maximum rate of 20% per year. The voluntary reserve is to be used according to a resolution by the Board of Directors. The General Assembly has the right to distribute this reserve or any portion there from as dividends to shareholders.

c- General Banking Risks Reserve

This reserve represents the general banking risks reserve in accordance with the Central Bank of Jordan regulations.

The following represents the distribution of the general Banking risks reserve, based on the Central Bank of Jordan instructions.

	USD	
	2009	2008
Jordan branches	11,488,203	14,335,694
Palestine branches	37,869	223,997
Cyprus branches	1,869,881	2,199,600
	13,395,953	16,759,291

The following are the restricted reserves:

Description	2009	2008	Nature of Restriction
General banking risks reserve	13,395,953	16,759,291	According to the Central Bank of Jordan regulations
Statutory reserve	56,074,721	47,693,467	According to the Jordanian Companies Law and the Banks Law

23. Cumulative Change in Fair Value - Net

This item consists of the following:

	2009			2008		
	Available-for-Sale Financial Assets			Available-for-Sale Financial Assets		
	Shares	Bonds	Total	Shares	Bonds	Total
Beginning balance	(2,591,173)	(8,552,609)	(11,143,782)	4,705,432	(3,101,141)	1,604,291
Unrealized profits (losses)	4,708,451	7,030,911	11,739,362	(8,318,501)	(9,679,845)	(17,998,346)
Deferred tax liabilities	(1,258,130)	(856,780)	(2,114,910)	827,478	(265,276)	562,202
Transferred to statement of income	(144,251)	(280,969)	(425,220)	(332,755)	-	(332,755)
Impairment booked in the statement of income	3,735,275	5,858,175	9,593,450	527,172	4,493,653	5,020,825
Ending Balance *	4,450,172	3,198,728	7,648,900	(2,591,174)	(8,552,609)	(11,143,783)

* The cumulative change in fair value is presented as a net amount. Deferred tax liabilities amounted to USD 2,114,910 as of December 31, 2009 against USD zero as of December 31, 2008.

24. Retained Earnings

Included in retained earnings is an amount of USD 12,001,632 as of December 31, 2009 restricted by the Central Bank of Jordan against deferred tax assets against USD 8,062,921 as of December 31, 2008. Also included in this item is an amount of USD zero as of December 31 2009 (USD 11,143,783 as of December 31, 2008) restricted as per the Securities Commissions Regulations against the negative cumulative change in fair value shown in the consolidated statement of changes in owners' equity.

25. Proposed Dividends

The Board of Directors recommended that the General Assembly of Shareholders approve the distribution of 15% of paid-up capital equivalent to USD 21,156,558 as cash dividends against dividends paid to shareholders for the previous year at 10% of paid-up capital equivalent to USD 14,104,372 .

26. Interest Income

This item consists of the following:

	USD	
	2009	2008
Direct credit facilities:		
Individuals (retail):		
Current accounts	9,076	53,550
Loans and promissory notes	3,290,135	2,811,144
Credit cards	1,026,086	889,907
Real - estate loans	15,169,161	7,734,714
Companies		
Large companies		
Current accounts	15,076,831	22,026,680
Loans and promissory notes	87,748,695	105,366,787
Medium and small companies		
Current accounts	2,158,986	2,735,553
Loans and promissory notes	4,380,602	5,549,063
Government and public sector	13,096,283	7,141,440
Balances at central banks	10,886,427	11,477,595
Balances and deposits at banks and financial institutions	6,766,606	15,203,932
Available-for-sale financial assets	21,620,539	19,017,941
Held-to-maturity financial assets	6,573,915	5,271,835
Other	11,012	421,183
	187,814,354	205,701,324

27. Interest Expense

This item consists of the following:

	USD	
	2009	2008
Deposits at banks and financial institutions	9,702,342	17,573,412
Customers deposits:		
Current and call accounts	1,140,694	2,349,797
Saving accounts	420,642	901,243
Time and notice deposits	46,186,473	47,715,140
Certificates of deposits	468,660	744,471
Cash margins	7,731,322	10,719,530
Borrowed funds	1,828,346	1,833,355
Loan guarantee fees	2,786,960	2,260,244
Other	3,686,960	5,245,617
	73,952,399	89,342,809

28. Net Commission Income

This item consists of the following:

USD

	2009	2008
Interest income:		
Direct credit facilities	6,370,941	7,658,907
Indirect credit facilities	6,112,827	7,682,825
Other commissions	5,708,411	3,211,065
Net Commissions	18,192,179	18,552,797

29. Foreign Exchange Income

This item consists of the following:

USD

	2009	2008
Foreign currencies trading	3,800,723	318,886
As a result of revaluation	241,071	5,487,524
	4,041,794	5,806,410

30. (Loss) from Trading Financial Assets

This item consists of the following:

USD

	Realized (Loss)	Unrealized (Loss)	Shares dividends Returns	Total
2009				
Companies shares	(105,607)	(33,032)	81,791	(56,848)
2008				
Companies shares	(159,767)	(234,079)	88,197	(305,649)

31. Gain from Available-for-Sale Financial Assets

This item consists of the following:

	2009	2008
Dividends income	2,003,110	924,621
Income from the sale of available-for-sale financial assets	35,291	1,395,883
	2,038,401	2,320,504

32. Other Income

This item consists of the following:

USD

	2009	2008
Rental of safe deposit boxes	91,467	81,599
Stamps income	91,398	115,678
Credit cards income	2,584,508	2,297,608
Recovery of debts previously written-off	372,470	746,415
Trading in shares and bonds revenue - subsidiary company	4,221,481	8,428,128
Profit from sale of properties seized by the Bank	-	41,980
Rental income	89,051	89,559
Telecommunication income	492,489	543,893
Transfers income	1,292,999	1,313,835
Insurance income	3,944,673	9,301,457
Others	5,352,116	3,872,775
	18,532,652	26,832,927

33. Employees Expenses

This item consists of the following:

USD

	2009	2008
Salaries, bonuses and employees' benefits	22,413,782	24,908,189
Bank's contribution in social security	1,369,219	1,521,951
Medical expenses	834,411	871,852
Staff training expenses	424,420	493,958
Travel expenses	500,075	730,496
Employees life insurance	104,888	75,364
Value added tax	77,367	80,078
Employees benefits - subsidiary company *	138,681	138,680
	25,862,843	28,820,568

* This item represents the period's share from share based payment related to the subsidiary company, United Financial Investments Company. In an extraordinary meeting of the General Assembly of Shareholders, the United Financial Investments Company, the subsidiary company, resolved to grant its senior employees 3% from the approved share dividends of 3 million shares. According to International Financial Reporting Standard No. (2) relating to share based payments, this expense has been recognized on the basis of the fair value of shares when granted and upon the approval of the Securities Exchange Commission to increase capital. The details are as follows:

Number of shares due to top management employees	90,000 shares **	(Matured during the year 2009)
Fair value of share	USD 6	As of June 14, 2006
Full shares expense to be incurred by the subsidiary company	USD 554,725	
Expense recognized for the period	USD 138,681	
Date of vesting by top management employees	January 1, 2010	

** According to a resolution by the General Assembly of Shareholders, these shares are restricted for a period of four years, starting from the beginning of 2006, this restriction has ended during the year 2009.

34. Other Expenses

This item consists of the following:

USD

	2009	2008
Rent	1,269,264	1,280,252
Stationary	755,935	1,068,819
Advertisements	1,011,100	1,748,334
Subscriptions	114,537	224,502
Telecommunication expenses	1,141,986	1,234,914
Maintenance and repair	2,221,959	2,190,564
Insurance expenses	539,931	436,999
Legal fees	193,849	182,591
Water, electricity and heating	687,860	724,801
Fees, taxes and stamps	356,653	657,113
Professional fees	201,970	222,599
Visa services expenses	1,146,739	1,010,898
Hospitality	95,984	152,485
Transportation	151,711	182,803
Correspondents services	144,030	112,532
Security	177,468	174,193
Donations	252,815	258,446
Jordanian universities fees	656,694	852,117
Scientific research and vocational training fees	656,694	852,117
Technical and Vocational Education and Training Support Fund fees	513,092	493,296
Board of Directors' remunerations	100,987	140,480
Loss from sale of properties seized by the Bank	52,457	-
Others	2,895,035	2,676,145
	15,338,750	16,877,000

35. Earnings Per Share - Bank Shareholders

The details of this items are as follows:

USD

	2009	2008
Income for the year pertains to Bank shareholders	61,848,608	65,501,279
	Share	Share
Weighted average number of shares	100,000,000	100,000,000
	Share / USD	Share / USD
Earnings per share (Bank's shareholders):		
Basic & Diluted	0/619	0/655

36. Cash and Cash Equivalents

The details of this items are as follows:

USD

	2009	2008
Balances at central banks due within 3 months	572,980,719	388,534,506
Add: Balances at banks and financial institutions due within 3 months	208,926,798	284,188,257
Less: Banks and financial institutions deposits due within 3 months	455,456,517	407,884,453
Restricted balances	1,745,489	1,210,489
	324,705,511	263,627,821

37. Financial Derivatives

This item consists of the following:

USD

	Maturity of Nominal Value						
	Positive Fair Value	Negative Fair Value	Total Nominal Amounts	Within 3 Months	More than 3 Months up to 12 Months	From 1 Year up to 3 Years	More than 3 Years
2009							
Trading Derivatives:							
Forward sales contracts in foreign currencies	-	(10,399)	(5,055,786)	(5,055,786)	-	-	-
Futures contracts	-	-	-	-	-	-	-
	-	(10,399)	(5,055,786)	(5,055,786)	-	-	-
Forward purchase contracts in foreign currencies	-	-	5,045,387	5,045,387	-	-	-
Futures contracts	-	-	-	-	-	-	-
	-	-	5,045,387	5,045,387	-	-	-
Total	-	(10,399)	(10,399)	(10,399)	-	-	-

	Maturity of Nominal Value						
	Positive Fair Value	Negative Fair Value	Total Nominal Amounts	Within 3 Months	More than 3 Months up to 12 Months	From 1 Year up to 3 Years	More than 3 Years
2008							
Trading Derivatives:							
Forward sales contracts in foreign currencies	-	(1,008,516)	(56,961,086)	(56,961,086)	-	-	-
Futures contracts	-	-	-	-	-	-	-
	-	(1,008,516)	(56,961,086)	(56,961,086)	-	-	-
Forward purchase contracts in foreign currencies	1,458,969	-	56,510,633	56,510,633	-	-	-
Futures contracts	-	-	-	-	-	-	-
	1,458,969	-	56,510,633	56,510,633	-	-	-
Total	1,458,969	(1,008,516)	(450,453)	(450,453)	-	-	-

The nominal value represents the value of the deals outstanding at year-end and does not represent market risks or credit risks.

38. Transactions with Related Parties

The Bank entered into transactions with subsidiary companies, sister companies, major shareholders, Board of Directors, and executive management within the normal banking practice and according to the normal interest rates. All of the credit facilities granted to related parties are considered to be performing facilities and no impairment provisions have been taken.

The following is a summary of the transactions with related parties during the year: USD

	Related Party			Total	
	Major Shareholders	Board of Directors Members	Executive Managers	2009	2008
On-Statement of Financial Position Items:					
Credit facilities *	-	3,532,630	1,069,020	4,601,650	12,230,838
Available-for-sale financial assets	12,566,000	-	-	12,566,000	3,443,281
Net held-to-maturity financial assets	12,466,906	-	-	12,466,906	9,916,000
Banks and financial institutions deposits	200,117,395	-	-	200,117,395	210,347,961
Deposits	34,406,123	19,623,549	1,179,386	55,209,058	24,735,887
Cash margins	-	-	280,424	280,424	150,293
Off-Statement of Financial Position Items:					
Letters of guarantee	14,217	12,835	-	27,052	12,835
Letters of credit	61,570	-	-	61,570	-
				Total	
				2009	2008
Statement of Income items:					
Interest and commission received	798,979	123,557	60,121	982,657	1,006,440
Interest and commission paid	4,355,998	908,402	26,303	5,290,703	8,279,726

* Included in direct credit facilities granted to the Board of Directors members is an amount of USD 1,742,520 representing credit facilities granted to the subsidiary companies board of directors and their related parties (against USD 9,490,993 for 2008).

-The Bank has two members on the Board of Directors of the subsidiary company the United Financial Investments Company.

Executive Management Remunerations:

Executive management remunerations for the Bank and the subsidiary companies amounted to USD 3,691,116 for 2009 against USD 3,623,216 for 2008, excluding performance bonuses and productivity - related incentives.

39. Fair Value of Financial Assets and Financial Liabilities not Shown at Fair Value in the Financial Statements

There are no significant differences between the book value and fair value of the financial assets and liabilities as of year – end 2009 and 2008.

40. Risks Management

The Board of Directors performs its role in ensuring that the Bank manages the various risks and adopts the policies and procedures that streamline the Bank's risks management through the Risks and Audit Committee. Moreover, the Bank sets the risks acceptable limits (risk appetite). The Risks Management Department evaluates, controls, and recommends mitigating risks, and submits the necessary reports to higher management independently from the other Bank's departments (risk takers) which perform other banking activities in order to ensure the objectivity of the Risks Management Department in analyzing the various risk types.

Furthermore, the Risks Management Department is responsible for the market operating, credit, and liquidity risks (within the Assets and Liabilities Model) of the Bank's local and external branches. It submits its reports to the Risks and Audit Committee within the Board of Directors. These reports are audited by the Internal Audit Department.

40.a. Credit Risk

Credit risk refers to the risk that a counterparty will default on its credit terms and/or its creditworthiness deteriorates resulting in financial loss to the Bank.

The Board of Directors periodically reviews the credit risk management policies compatible with the laws and the Central Bank of Jordan instructions after being prepared by the concerned departments. Moreover, the Board of Directors ensures that management of the Bank works according to their policies and executes the related requirements. These policies include the Bank's credit policy through which many factors are determined such as:

- Setting clear requirements, policies, and decision-making procedures relating to the new or to be renewed credit facilities or any material amendment thereon within specified authorities that match the size and specifications of the credit facilities. Among the factors taken into consideration when granting credit are the purpose of the credit facilities and payment sources.
- Taking decisions within qualified management levels. Moreover, the Bank has various credit committees at the executive management level and the Board of Directors level. This is done away from the impact of conflict of interest and in a manner that guarantees the soundness and independence of the evaluation procedures of the customer requesting credit and the related compatibility with the Bank's credit policy requirements.
- Laying out clear and effective policies and procedures for managing and executing credit including continuous analysis of the ability and readiness of the borrower to pay according to contractual terms, monitoring the credit documentation and any credit terms and covenants, and continuously controlling and evaluating guarantees.

- Establishing adequate policies and procedures to ensure evaluation and management of non-performing credit and its classification in addition to evaluating the adequacy of the provisions monthly based on the instructions of the Central Bank of Jordan and other regulatory authorities under which the Bank operates. This is in addition to a clear policy for writing off debt. Moreover, the Board of Directors approves the adequacy of these provisions.
- Having an independent department that follows up on troubled debts through amicable settlements prior to dealing with them legally.
- Determining the type and size of the required guarantee based on the customer's credit risk evaluation according to clear acceptance procedures and customers evaluation standards.
- Periodically monitoring the fair value of the guarantees. In case their value becomes less than what is specified in the loan terms, the customer is required to provide more guarantees. Upon assessing the adequacy of the provisions, the necessary evaluation of the guarantees is performed.
- Disposing of any guarantee owned after repayment of the customer's debts. In general, seized real estates are not used for the Bank's operations.
- Having an internal credit rating system for its customers documented and approved by the Board of Directors. Any factor contributing to the customer's default is considered in a manner that helps in measuring and rating the customer's risks, and consequently, facilitating the decision-making process and the pricing of credit facilities.
- Having clear rating standards taking into consideration the various financial and non-financial factors. The credit rating system is reviewed and evaluated independently from the credit department through the Risks Management Department in coordination with the concerned departments.
- Having specified and documented controls and ceilings with clear policies and procedures that guarantee commitment to these ceilings and the necessity to obtain prior approvals for any excesses. These controls and ceilings are reviewed and amended periodically, if necessary. Moreover, there are ceilings specified and approved by the Board of Directors relating to dealing with the various banks, countries, and economic sectors.
- Providing the Board of Directors with a clear picture and analysis of the credit portfolio through the Risks Management Department that clarifies its quality and its various classifications and any concentrations therein, in addition to historical and banking benchmarks. The Bank adheres to the instructions of the Central Bank of Jordan relating to credit concentration and its customers. The Bank deals with them on an aggregate basis and accords them special care, excersizes control, and expresses explicit and clear disclosure thereon when preparing the Bank's consolidated financial statements. The required credit facilities are presented by the related parties to the Board of Directors provided that the persons granted the credit facilities have no influence over the Board of Directors, and receive no preferential treatment over the Bank's customers.

Credit risk exposure (less the impairment provision and before guarantees and other risk - mitigating factors): USD

	2009	2008
On Statement of Financial Position items		
Cash and balances at the Central Bank	539,021,323	353,983,693
Balances at banks and financial institutions	208,926,798	284,188,257
Deposits at banks and financial institutions	160,339	17,151,622
Direct credit facilities		
Individuals	44,399,330	38,281,386
Property loans	194,225,471	97,784,691
Companies		
Large Companies	1,124,019,423	1,451,191,351
Small and medium institutions (SMES)	51,403,331	70,297,307
Government and public sector	122,128,536	87,712,812
Bonds and Bills:		
Included in available-for-sale financial assets	442,323,030	296,326,827
Included in held-to-maturity financial assets	137,857,819	64,337,326
Other assets	23,137,339	47,503,650
Total	2,887,602,739	2,808,758,922
Off Statement of Financial Position items		
Letters of guarantee	254,927,719	261,531,742
Letters of credit	87,033,810	102,263,011
Letters of acceptance	18,666,272	28,404,693
Unutilized credit facilities ceilings	124,518,272	144,806,288
Total	485,146,073	537,005,734
Total	3,372,748,812	3,345,764,656

Credit exposures according to the degree of risk are categorized according to the following table:

USD

	Individuals	Real Estate Loans	Companies		Government and Public Sector	Banks and Other Financial Institutions	Total
			Large	Small and Medium			
2009							
Low risk	517,085	3,205,705	26,892,028	2,469,422	13,839,076	539,021,323	585,944,639
Acceptable risk	42,487,135	165,773,877	929,437,609	41,412,214	108,289,460	209,087,137	1,496,487,432
Of which is due:*							
within 30 days	1,884,664	105,382	4,753,554	804,251	-	-	7,547,851
from 31 to 60 days	3,088,374	1,849,756	15,052,924	1,559,491	-	-	21,550,545
Watch list	1,363,059	19,362,193	180,340,041	8,059,691	-	-	209,124,984
Non-performing:							-
Below level	330,660	5,335,062	3,222,075	188,155	-	-	9,075,952
Allowance provided	98,685	7,292,367	22,878,032	199,786	-	-	30,468,870
Bad debt	367,133	1,969,099	9,026,942	424,341	-	-	11,787,515
Total	45,163,757	202,938,303	1,171,796,727	52,753,609	122,128,536	748,108,460	2,342,889,392
Less: Impairment provision	729,999	7,734,389	45,322,312	1,144,673	-	-	54,931,373
Less: Interest in suspense	34,429	978,440	2,454,993	205,605	-	-	3,673,467
Net	44,399,329	194,225,474	1,124,019,422	51,403,331	122,128,536	748,108,460	2,284,284,552
	Individuals	Real Estate Loans	Companies		Government and Public Sector	Banks and Other Financial Institutions	Total
			Large	Small and Medium			
2008							
Low risk	2,555,979	712,814	25,209,643	2,893,766	13,830,852	353,983,693	399,186,747
Acceptable risk	30,722,148	96,465,828	1,343,154,072	62,078,025	73,881,961	301,339,879	1,907,641,913
Of which is due:*							
within 30 days	1,447,368	110,537	6,004,058	1,050,351	-	-	8,612,314
from 31 to 60 days	2,569,838	1,892,351	20,013,021	2,573,537	-	-	27,048,747
Watch list	4,452,728	174,491	97,017,983	5,184,920	-	-	106,830,122
Non-performing:							
Below level	459,299	-	3,096,924	-	-	-	3,556,223
Allowance provided	165,501	174,900	-	59,076	-	-	399,477
Bad debt	838,116	694,647	3,227,691	737,536	-	-	5,497,990
Total	39,193,771	98,222,680	1,471,706,313	70,953,323	87,712,813	655,323,572	2,423,112,472
Less: Impairment provision	818,657	322,931	20,120,877	339,065	-	-	21,601,530
Less: Interest in suspense	93,722	115,058	394,087	316,952	-	-	919,819
Net	38,281,392	97,784,691	1,451,191,349	70,297,306	87,712,813	655,323,572	2,400,591,123

* The whole debt balance becomes due when one of the installments or interest is due. Moreover, the overdraft account is considered due when it exceeds the ceiling.

Credit exposures according to the degree of risk are categorized according to the following table:

USD

	Individuals	Real Estate Loans	Companies		Government and Public Sector	Total
			Large	Small and Medium		
2009						
Guarantees against:						
Low risk	521,906	3,205,705	27,283,034	2,469,422	-	33,480,067
Acceptable risk	23,517,934	161,380,006	362,050,326	39,119,846	24,000,000	610,068,112
Under watch	320,523	19,362,193	78,265,269	6,371,874	-	104,319,859
Non-performing:						
Below level	816,155	3,084,670	-	134,904	-	4,035,729
Allowance provided	1,352,250	516,738	11,778,652	104,819	-	13,752,459
Bad debt	913,760	1,969,096	3,579,202	144,687	-	6,606,745
Total	27,442,528	189,518,408	482,956,483	48,345,552	24,000,000	772,262,971
Of it:						
Cash margins	5,873,219	3,205,705	31,136,157	5,520,661	-	45,735,742
Accepted letters of guarantee	-	-	9,565,120	-	-	9,565,120
Real estate	6,629,484	186,312,702	231,367,384	22,171,127	24,000,000	470,480,697
Trade stocks	2,338,774	-	202,614,553	19,757,058	-	224,710,385
Vehicles and equipment	12,601,051	-	8,273,269	896,707	-	21,771,027
2008						
Guarantees against:						
Low risk	2,690,821	712,814	25,226,207	3,077,075	-	31,706,917
Acceptable risk	22,152,354	96,389,492	603,555,405	40,462,030	-	762,559,281
Under watch	557,066	174,491	56,292,984	2,333,896	-	59,358,437
Non-performing:						
Below level	6,958	-	1,266,408	-	-	1,273,366
Allowance provided	176,237	105,870	-	-	-	282,107
Bad debt	298,757	694,647	2,276,183	553,795	-	3,823,382
Total	25,882,193	98,077,314	688,617,187	46,426,796	-	859,003,490
Of it:						
Cash margins	2,033,783	712,814	47,157,255	8,108,388	-	58,012,240
Accepted letters of guarantee	-	-	10,240,903	47,410	-	10,288,313
Real estate	3,185,717	97,364,501	350,516,176	25,857,587	-	476,923,981
Trade stocks	3,005,557	-	275,248,300	4,261,661	-	282,515,518
Vehicles and equipment	17,657,137	-	5,454,553	8,151,749	-	31,263,439

Rescheduled Debts

Scheduled debts are debts that have been previously classified as a non-performing credit facilities but taken out from that category due to proper rescheduling and have been classified as "debts under watch". Rescheduled debts amounted to USD 71,398,997 as of December 31, 2009 against USD 203,770 as of the previous year-end.

Restructured Debts

Restructured debts amounted to USD 56,616,330 as of December 31, 2009 (against USD 10,521,922 as of December 31, 2008).

Bonds, Bills, and Debentures

The following table illustrates the classification of bonds, bills, and debentures according to external rating institutions: USD

Rating Grade	Rating Institution	Within Trading Financial Assets	Within Available-for- Sale Financial Assets	Within Held-to- Maturity Financial Assets	Total
A-	S&P	-	858,560	-	858,560
B	S&P	-	612,000	-	612,000
CCC-	S&P	-	4,500,000	-	4,500,000
CCC+	S&P	-	504,650	-	504,650
B1	MOODY'S	-	7,608,440	-	7,608,440
C	MOODY'S	-	1,525,155	779,382	2,304,537
Ba1	MOODY'S	-	2,955,000	12,565,999	15,520,999
Ba3	MOODY'S	-	2,770,020	575,000	3,345,020
Aa3	MOODY'S	-	1,632,477	-	1,632,477
Aa2	MOODY'S	-	-	3,138,834	3,138,834
C	FITCH	-	130,000	-	130,000
Cl	FITCH	-	1,743,372	-	1,743,372
AA	FITCH	-	3,142,501	-	3,142,501
B-	FITCH	-	4,187,501	-	4,187,501
A	FITCH	-	2,899,171	-	2,899,171
BBB+	FITCH	-	12,225,573	-	12,225,573
Unclassified	-	-	27,221,862	14,104,372	41,326,234
Governmental	-	-	367,806,749	106,694,233	474,500,982
	Total	-	442,323,031	137,857,820	580,180,851

Credit Risk Exposure According to Geographical Areas:

USD

Geographical Area	Inside Jordan	Middle East Countries	Europe	Asia *	Africa *	America	Other Countries	Total
Balances at Central banks	481,071,111	48,899,688	9,050,523	-	-	-	-	539,021,323
Balances at banks & financial institutions	20,492,063	106,782,305	46,774,688	1,094,073	-	33,783,669	-	208,926,798
Deposits at banks and financial institutions	-	135,339	-	25,000	-	-	-	160,339
Credit facilities:								
Individuals	44,181,794	217,536	-	-	-	-	-	44,399,330
Real estate loans	193,970,135	255,336	-	-	-	-	-	194,225,471
Companies :								
Large companies	894,683,319	574,158	228,761,946	-	-	-	-	1,124,019,423
Small to medium size companies	51,172,512	230,819	-	-	-	-	-	51,403,331
Government and public sector	122,128,536	-	-	-	-	-	-	122,128,536
Bonds, bills, and debentures:								
Within available-for-sale- financial assets	390,538,071	39,712,633	-	11,437,676	-	634,650	-	442,323,030
Within held-to-maturity financial assets	120,798,604	15,704,834	-	1,354,382	-	-	-	137,857,819
Other assets	23,073,488	36,245	-	20,261	-	7,344	-	23,137,339
Total for the current year	2,342,109,633	212,548,893	284,587,158	13,931,392	-	34,425,663	-	2,887,602,739
Total/comparative figures	2,374,660,830	181,578,863	102,651,690	9,356,433	-	140,511,106	-	2,808,758,922

* Excluding Middle East Countries.

Exposure according to Economic Sector:

USD

Economic Sector	Financial	Industrial	Services	Trade	Real-estate	Agricultural	Shares	Individuals	Government & Public Sector	Total
Balances at central banks	-	-	-	-	-	-	-	-	539,021,323	539,021,323
Balances at banks & financial institutions	208,926,798	-	-	-	-	-	-	-	-	208,926,798
Deposits at banks & financial institutions	160,339	-	-	-	-	-	-	-	-	160,339
Credit facilities	137,870,731	244,893,558	301,566,647	390,680,548	194,225,470	13,340,257	87,983,677	43,486,666	122,128,536	1,536,176,090
Bonds, bills and debentures:										
Within available-for-sale financial assets	18,941,921	-	53,474,148	-	-	-	-	-	369,906,961	442,323,030
Held-to-maturity financial assets	14,104,372	-	3,138,834	-	-	-	-	-	120,614,614	137,857,820
Other assets	12,213,717	-	5,371,210	-	-	-	-	-	5,552,412	23,137,339
Total for the current year	392,217,878	244,893,558	363,550,839	390,680,548	194,225,470	13,340,257	87,983,677	43,486,666	1,157,223,846	2,887,602,739
Total/comparative figures	875,825,470	313,957,471	449,667,117	448,172,210	115,940,908	18,088,389	104,835,262	35,687,460	446,584,635	2,808,758,922

40.b. Market Risk

Market risk is the potential losses that may arise from the changes in market prices such as the change in interest rates, foreign currency exchange rates, equity instrument prices, and consequently, the change in the fair value of the cash flows of the on-and off – statement of financial position financial instruments.

The Bank has specified policies and procedures through which market risks are identified, measured, monitored and controlled. These policies and procedures are reviewed periodically. Moreover, the Investment Policy Committee studies and recommends them after ensuring their compatibility with the instructions of the Central Bank of Jordan. After that, they are approved by the Board of Directors.

The acceptable risks policy is set within the Treasury operations and includes ceilings that govern market risks. These ceilings are adopted and their application is ensured periodically and constantly through monitoring their implementation by the risks management and submitting various periodic reports to the Assets and Liabilities Committee as well as to the Board of Directors.

The Bank has no trading portfolio and adopts the sensitivity analysis method thereon whereby present risks are measured according to the Standardized Approach for calculating minimum capital based on Basel Committee recommendations.

Moreover, the trading financial assets balance shown in the consolidated financial statements of the Bank and amounting to USD 2,419,069 as of December 31, 2009 entirely relates to the subsidiary company «The United Company for Financial Investments».

- Interest Rate Risk:

Interest rate risk results from the potential change in interest rates, and consequently, the potential impact on the cash flows or the fair value of financial instruments.

The Bank is exposed to interest rate risks as a result of the timing gaps of repricing assets and liabilities. These gaps are periodically monitored by the Assets and Liabilities Committee. Moreover, various hedging methods are used to remain within the acceptable interest rate gap limits.

Sensitivity analysis :

USD

2009			
	Increase in Interest Rate%	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
US Dollar	1	2,321,818	(5,489,793)
Euro	1	206,042	(28,615)
GBP	1	1,463	(2,355)
Yen	1	10,056	-
Other currencies	1	(2,925)	(6,526)
	(Decrease) in Interest Rate%	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
US Dollar	1	(2,321,818)	2,530,337
Euro	1	(206,042)	3,519
GBP	1	(1,463)	22,202
Yen	1	(10,056)	-
Other currencies	1	2,925	3,519
2008			
	Increase in Interest Rate%	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
US Dollar	1	(24,227)	(5,667,044)
Euro	1	(153,690)	(19,161)
GBP	1	32,278	(40,621)
Yen	1	2,829	-
Other currencies	1	64,011	(4,794)
	(Decrease) in Interest Rate%	Interest Income Sensitivity (Gain / Loss)	Owners' Equity Sensitivity
US Dollar	1	24,227	N/A
Euro	1	153,690	19,599
GBP	1	(32,278)	42,166
Yen	1	(2,829)	-
Other currencies	1	(64,011)	4,913

- Foreign currencies risk

The following table illustrates the currencies to which the Bank is exposed and the potential and reasonable change in their rates against the Jordanian Dinar and related impact on the profit and loss statement. The currencies positions are monitored daily to ensure that they are within the determined limits. Moreover, the related reports are submitted to the Assets and Liabilities Committee and Board of Directors.

USD

	Change in Foreign Currency Rate%		Effect on Profit and Loss		Effect on Owners' Equity	
	2009	2008	2009	2008	2009	2008
Euro	5	5	(20,073)	(20,073)	-	-
GBP	5	5	(1,575)	(1,575)	-	-
Yen	5	5	1,196	1,196	-	-
Other currencies	5	5	109,831	109,831	-	-

- Risks of Changes in Shares Prices:

This represents the risk resulting from the decline in the fair value of the investment portfolio of the shares due to the changes in the value of the shares indicators and the change in the value of shares individually.

USD

Indicator of	Change in Indicator %	Effect on Profit and Loss	Impact on Owners' Equity
Amman Stock Exchange	5	157,714	72,035
Palestine Stock Exchange	5	4,292	-
Kuwait Stock Exchange	5	77,425	-
Dubai Stock Exchange	5	41,159	-
Indicator of	Change in Indicator %	Effect on Profit and Loss	Impact on Owners' Equity
Amman Stock Exchange	(5)	(453,904)	(72,035)
Palestine Stock Exchange	(5)	(4,292)	-
Kuwait Stock Exchange	(5)	(77,425)	-
Dubai Stock Exchange	(5)	(41,159)	-

Interest Rate Repricing Gap

The Bank adopts the assets - liabilities compatibility principle and the suitability of maturities to narrow gaps through categorizing assets and liabilities into various maturities or price review maturities, whichever are nearer, to lower risks in interest rates, studying gaps in the related interest rates, and using hedging policies through the adoption of advanced financial instruments such as derivatives.

USD

	Interest Rate Sensitivity							Total
	Less than One Month	More than 1 Month Up to 3 Months	More than 3 Months Up to 6 Months	More than 6 Months Up to 1 Year	From 1 Year Up to 3 Years	More than 3 Years	Non-Interest Bearing	
Year 2009								
Assets:								
Balances at central banks	331,645,161	-	-	-	-	-	241,335,559	572,980,720
Balances at banks and financial institutions	196,458,564	4,073,331	-	-	-	-	8,394,903	208,926,798
Deposits at banks and financial institutions	-	-	160,339	-	-	-	-	160,339
Trading financial assets	-	-	-	-	-	-	2,419,069	2,419,069
Direct credit facilities - net	338,619,661	155,030,340	176,203,365	758,380,580	41,872,896	58,309,157	7,760,093	1,536,176,092
Available-for-sale financial assets	85,335,733	62,828,913	37,440,910	27,808,360	163,582,454	65,326,660	58,054,932	500,377,962
Held-to-maturity financial assets	15,380,085	25,801,941	54,286,034	28,285,388	14,104,372	-	-	137,857,820
Property and equipment - net	-	-	-	-	-	-	16,558,172	16,558,172
Intangible assets	-	-	-	-	-	-	1,795,135	1,795,135
Deferred tax assets	-	-	-	-	-	-	12,001,632	12,001,632
Other assets	307,556	3,074,323	487,042	225,893	-	-	23,379,444	27,474,258
Total Assets	967,746,760	250,808,848	268,577,690	814,700,221	219,559,722	123,635,817	371,698,939	3,016,727,997
Liabilities:								
Banks and financial institutions deposits	389,586,121	64,216,519	-	-	-	-	1,653,877	455,456,517
Customers' deposits	773,589,271	286,450,564	138,821,975	121,038,512	3,081,467	-	432,409,568	1,755,391,357
Cash margins	42,623,890	28,894,192	28,567,142	27,317,110	-	-	33,342,652	160,744,986
Borrowed funds	-	7,199,085	14,104,372	-	-	-	-	21,303,457
Provisions	-	-	-	-	-	-	8,500,656	8,500,656
Income tax provision	-	-	-	-	-	-	23,603,087	23,603,087
Deferred tax liabilities	-	-	-	-	-	-	2,114,910	2,114,910
Other liabilities	22,636,719	1,397,165	-	-	-	-	152,679,248	176,713,132
Total Liabilities	1,228,436,001	388,157,525	181,493,489	148,355,622	3,081,467	-	654,303,998	2,603,828,102
Interest Rate Repricing Gap	(260,689,241)	(137,348,677)	87,084,201	666,344,599	216,478,255	123,635,817	(282,605,059)	412,899,895
Year 2008								
Total Assets	551,610,405	319,715,205	489,072,011	966,265,475	135,076,836	113,930,999	333,766,592	2,909,437,523
Total Liabilities	1,401,901,044	300,153,819	90,809,928	138,133,399	13,916,757	16,750,099	594,942,223	2,556,607,269
Interest Rate Repricing Gap	(850,290,639)	19,561,386	398,262,083	828,132,076	121,160,079	97,180,900	(261,175,631)	352,830,254

b. Concentration in foreign currencies risk:

USD

	US Dollar	Euro	Sterling Pound	Japanese Yen	Others	Total
2009						
Assets:						
Cash and balances at the Central Bank	53,204,134	10,310,183	1,033,611	-	1,975,598	66,523,526
Balances at banks and financial institutions	149,774,962	8,735,819	17,655,819	1,094,324	9,947,859	187,208,783
Deposits at banks and financial institutions	25,000	-	-	-	135,339	160,339
Direct credit facilities	363,890,443	16,433,924	45,320	651,327	296,836	381,317,850
Available-for-sale financial assets	78,548,807	1,695,963	3,431,791	-	21,009,102	104,685,663
Held-to-maturity financial assets	16,279,834	779,382	-	-	-	17,059,216
Property and equipment	201,994	-	-	-	-	201,994
Intangible assets	19,643	-	-	-	-	19,643
Other assets	5,159,512	143,110	11,340	-	47,735	5,361,697
Total Assets	667,104,329	38,098,381	22,177,881	1,745,651	33,412,469	762,538,711
Liabilities:						
Banks and financial institutions deposits	345,868,392	-	216	-	-	345,868,608
Customers' deposits	298,229,007	37,908,869	19,730,330	1,623,673	14,160,932	371,652,811
Cash margins	39,757,625	940,171	211,650	46,984	240,992	41,197,422
Other liabilities	6,675,512	106,306	34,907	1,179	169,027	6,986,931
Total Liabilities	690,530,536	38,955,346	19,977,103	1,671,836	14,570,951	765,705,772
Net Concentration on-Balance Sheet for the Current Year	(23,426,207)	(856,965)	2,200,778	73,815	18,841,518	(3,167,061)
Off-statement of financial position Contingent Liabilities for the Current Year	156,614,394	36,228,113	1,517,578	981,643	13,125,307	208,467,035
2008						
Assets:						
Cash and balances at the Central Bank	60,675,320	11,156,155	39,330	-	2,824,843	74,695,648
Balances at banks and financial institutions	210,208,889	3,935,496	16,729,141	-	9,823,951	240,697,477
Deposits at banks and financial institutions	17,025,000	-	-	-	126,622	17,151,622
Direct credit facilities	430,549,244	19,429,195	-	763,399	453,110	451,194,948
Available-for-sale financial assets	53,328,056	1,043,818	3,267,405	-	11,822,485	69,461,764
Held-to-maturity financial assets	9,916,000	-	-	-	-	9,916,000
Property and equipment	221,042	-	-	-	-	221,042
Intangible assets	20,528	-	-	-	-	20,528
Other assets	5,606,044	117,389	27,069	952	(161,928)	5,589,526
Total Assets	787,550,123	35,682,053	20,062,945	764,351	24,889,083	868,948,555
Liabilities:						
Banks and financial institutions deposits	283,795,031	171,973	129,388	959,726	-	285,056,118
Customers' deposits	418,955,609	30,480,224	17,406,172	35,814	13,098,220	479,976,039
Cash margins	77,331,118	2,953,966	268,485	80,288	219,866	80,853,723
Income tax provision	37,446	726,041	-	-	-	763,487
Other liabilities	12,230,061	140,458	131,756	5,315	(260,549)	12,247,041
Total Liabilities	792,349,265	34,472,662	17,935,801	1,081,143	13,057,537	858,896,408
Net Concentration on-Statement of Financial Position for the Current Year	(4,799,142)	1,209,391	2,127,144	(316,792)	11,831,546	10,052,147
Off-Statement of Financial Position Contingent Liabilities for the Current Year	202,220,592	35,451,683	2,317,377	1,259,087	4,032,599	245,281,338

40. C. Liquidity Risk:

First : The following table illustrates the distribution of liabilities (undiscounted) on the basis of the remaining period to the contractual maturity at the date of the financial statements.

Liquidity risk is defined as the loss to which the Bank might be exposed due to the inavailability of the necessary funds to finance its increased operations or obligations upon their maturity at the appropriate cost and time (considered as part of the Assets and Liabilities Management {ALM}).

The Bank adheres to the liquidity ratios set by the Central Bank of Jordan and other regulatory authorities under which the Bank's external branches operate. Liquidity is monitored daily by the Bank.

Liquidity is also monitored by the Assets and Liabilities Management Committee headed by the General Manager through periodic reports.

								USD
	Less than One Month	More than 1 Month up to 3 Months	More than 3 Months up to 6 Months	More than 6 Months up to 1 Year	From 1 Year Up to 3 Years	More than 3 Years	Non-Interest Bearing	Total
2009								
Liabilities:								
Banks and financial institutions deposits	412,981,598	20,444,401	4,395,360	17,635,159	-	-	-	455,456,518
Customers' deposits	1,205,902,429	286,450,570	138,821,982	121,134,910	3,081,467	-	-	1,755,391,358
Cash margins	75,966,542	28,894,192	28,567,142	27,317,110	-	-	-	160,744,986
Borrowed funds	-	-	-	-	21,303,457	-	-	21,303,457
Provisions	-	-	-	-	-	-	8,500,656	8,500,656
Income tax provision	23,603,087	-	-	-	-	-	-	23,603,087
Deferred tax liabilities	-	-	-	-	2,114,910	-	-	2,114,910
Other liabilities	94,750,724	45,694,728	9,822,587	13,293,381	10,393,485	2,758,228	-	176,713,133
Total Liabilities	1,813,204,380	381,483,891	181,607,071	179,380,560	36,893,319	2,758,228	8,500,656	2,603,828,105
Total Assets	1,160,334,838	136,822,291	231,781,274	224,134,884	451,068,838	733,619,496	78,966,375	3,016,727,996
2008								
Liabilities:								
Banks and financial institutions deposits	369,295,150	37,069,969	7,052,186	1,519,334	-	-	-	414,936,639
Customers' deposits	1,262,179,315	225,246,381	72,057,968	114,921,512	6,367,309	2,645,726	-	1,683,418,211
Cash margins	93,425,932	36,211,883	11,699,774	21,692,553	350,364	-	-	163,380,506
Borrowed funds	-	-	-	-	7,199,085	14,104,372	-	21,303,457
Provisions	-	-	-	-	-	-	23,329,756	23,329,756
Income tax provision	32,052,639	-	-	-	-	-	-	32,052,639
Deferred tax liabilities	-	-	-	-	-	-	-	-
Other liabilities	108,869,629	24,204,148	63,092,061	20,931,556	244,097	571,636	272,935	218,186,062
Total Liabilities	1,865,822,665	322,732,381	153,901,989	159,064,955	14,160,855	17,321,734	23,602,691	2,556,607,270
Total Assets	778,620,824	167,979,141	186,593,083	497,961,425	456,801,310	773,719,488	47,762,252	2,909,437,523

Second: the following table summarizes the maturities of financial derivatives on the basis of the remaining period of the contractual maturity date from the date of the financial statements:

USD

	Up to One Month	From One Month to 3 Months	From 3 Months to 6 Months	Total
2009				
Trading derivatives:				
Currency	5,045,386	-	-	5,045,386
2008				
Trading derivatives:				
Currency	56,510,633	-	-	56,510,633

Third : Off-balance sheet items:

USD

	Up to One Year	From One Year to 5 Years	More than 5 Years	Total
2009				
Letters of credit and acceptances	106,828,062	-	-	106,828,062
Unutilized credit facilities ceilings	124,518,272	-	-	124,518,272
Guarantees	249,857,755	5,069,965	-	254,927,719
Operating lease contract liabilities	51,834	1,069,041	3,118,420	4,239,295
Total	481,255,922	6,139,006	3,118,420	490,513,348
2008				
Letters of credit and acceptances	131,372,661	-	-	131,372,661
Unutilized credit facilities ceilings	144,806,288	-	-	144,806,288
Guarantees	242,872,231	18,659,511	-	261,531,742
Operating lease contract liabilities	38,787	619,252	3,817,151	4,475,190
Total	519,089,967	19,278,763	3,817,151	542,185,881

41. Information on the Bank's Business Activities

a. The Bank is organized, for managerial purposes, into three major sectors. Moreover, the Bank owns one subsidiary in the financial brokerage sector:

- Individual accounts: include following up on individual customers deposits, and granting them loans, credit, credit cards, and other services.
- Corporate accounts: include following up on deposits, credit facilities, and other banking services related to customers from corporates.
- Treasury: include providing dealing services and managing the Bank's funds.
- Insurance services: include most insurance services up to April 23, 2009.
- Financial brokerage services: include practicing most of the brokerage and financial consultation services.

The following table represents information on the Bank's sectors according to activities:

USD

	Individuals	Corporations	Treasury	Insurance Services *	Brokerage	Others	Total	
							2009	2008
Gross income	7,168,368	97,396,083	45,969,924	3,735,189	4,170,977	7,808,787	166,249,328	164,535,618
Provision for credit facilities granted to customers	7,432,667	26,219,385	-	-	-	-	33,652,052	14,572,999
Results of Business Sector	(264,299)	71,176,698	45,969,924	3,735,189	4,170,977	7,808,787	132,597,276	149,962,619
Expenditures not distributed over sectors	-	-	-	2,495,635	1,496,265	43,352,391	47,344,291	53,581,542
Income before Taxes	(264,299)	71,176,698	45,969,924	1,239,554	2,674,712	(35,543,604)	85,252,985	96,381,077
Less: Income tax	-	-	-	451,982	615,939	20,896,007	21,963,928	27,162,472
Income (loss) for the Year	(264,299)	71,176,698	45,969,924	787,572	2,058,773	(56,439,611)	63,289,057	69,218,605
Sector's Assets	139,461,056	1,402,529,279	1,422,722,707	-	21,660,014	-	2,986,373,056	2,842,731,800
Eliminating inter-sector assets and liabilities	-	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	-	-	-
Assets not distributed over sectors	-	-	-	-	-	30,354,939	30,354,939	-
Total Assets	139,461,056	1,402,529,279	1,422,722,707	-	21,660,014	30,354,939	3,016,727,995	2,842,731,800
Sector's Liabilities	1,044,346,852	904,401,896	588,051,729	-	4,251,367	-	2,541,051,844	2,484,416,133
Liabilities not distributed over sectors	-	-	-	-	-	62,776,260	62,776,260	72,191,137
Total Liabilities	1,044,346,852	904,401,896	588,051,729	-	4,251,367	62,776,260	2,603,828,104	2,556,607,270
Capital Expenditures						2,679,272	2,679,272	2,995,937
Depreciation and amortization						4,800,430	4,800,430	5,164,746

* Up to April 23, 2009.

b. Information on the geographical allocation:

This sector represents the geographical distribution of the Bank's operations. The Bank performs its operations mainly in the Kingdom which represent local operations. Moreover, the Bank conducts international operations through its branches in Palestine and Cyprus.

The following is the Bank's revenue, assets, and capital expenditures geographical allocation: USD

	Inside Kingdome		Outside Kingdome		Total	
	2009	2008	2009	2008	2009	2008
Total Revenue	210,232,179	222,581,691	35,020,711	36,632,269	245,252,890	259,213,960
Total Assets	2,512,967,580	2,283,536,245	503,760,416	625,901,278	3,016,727,996	2,909,437,523
Capital Expenditures	2,679,272	2,980,489	-	15,447	2,679,272	2,995,936

42 - Capital Management

a. Description of Capital

Capital is categorized into paid-up capital, economic capital, and regulatory capital. Moreover, regulatory capital is defined, according to the Banks Law, as the total value of the items determined by the Central Bank for control purposes to meet the requirements of the capital adequacy ratio required by the Central Bank of Jordan instructions. Furthermore, regulatory capital consist of two parts: Primary Capital (tier 1) made up of paid-up capital, declared reserves, (including statutory reserve, voluntary reserve, share premium, and treasury share premium), and retained earnings, excluding restricted and non-controlling interests amounts net of loss for the period, costs of the acquisition of treasury shares, deferred provisions approved by the Central Bank, and goodwill; and support capital (tier 2) consisting of the foreign currencies translation differences, general banking risks reserve, instruments with debt-equity shared characteristics, support debts and 45% of the cumulative change in fair value, if positive, and 100%, if negative.

A third part of capital (tier 3) might be formed in case the capital adequacy ratio goes below 12% due to factoring capital adequacy ratio into market risks.

Investments in subsidiary banks and financial institutions are deducted (if their financial statements are not consolidated). Moreover, investments in the capitals of banks and other financial institutions are deducted.

b. The requirements of the regulatory parties concerning capital and the manner in which they are met.

Instructions of the Central Bank require that paid-up capital be not less than USD 56 million and equity-to-assets ratio be not less than 6%. Moreover, the Central Bank owners' instructions require that the ratio of regulatory capital to assets weighted by risks and market risks (capital adequacy ratio) be not less than 12%, which is considered by the Bank.

The Bank complies with Article (62) of the Banks Law which requires the Bank to appropriate 10% of its annual net profits in the Kingdom and continue to do so until the reserve equals the Bank's paid-up capital. This meets the requirements of the statutory reserve prescribed by the Companies Law.

The Bank complies with Article (41) of the Banks Law which requires adherence to the limits set by the Central Bank of Jordan relating to:

1. The percentage of risks relating to its assets and assets weighted by risks, elements of capital, reserves, and contra accounts.
2. Ratio of total loans to regulatory capital the Bank is allowed to grant to one person, his allies, or to related stakeholders.
3. Ratio of total loans granted to the major ten customers of the Bank to total loans extended by the Bank.

c. Method of Achieving Capital Management Goals.

The Bank considers the compatibility of the size of its capital with the size, nature, and complexity of the risk the Bank is exposed to in a manner that does not contradict the prevailing regulations and instructions. This is reflected in its strategic plans and annual budgets. To be more conservative in hedging against surrounding conditions and economic cycles, the Board of Directors decided, within the Bank's strategy, that capital adequacy ratio be not less than 14%.

When entering into investments, the impact on capital adequacy ratio is considered. Moreover, capital and its adequacy are monitored periodically as capital adequacy ratio is monitored at the Group level and the individual Bank every quarter. Furthermore, capital adequacy is reviewed by internal audit, in addition monthly control capital ratios. Such ratios are financial leverage, shareholders' equity to assets, shareholders' equity to customers' deposits, internal growth of capital, provisions, and free capital to achieve the appropriate financial leverage, and consequently, the targeted return on shareholders' equity not less than 20% as prescribed by the Bank's strategy.

No dividends are paid to shareholders out of the regulatory capital if such payment leads to inadherence to the minimum capital requirement. The Bank concentrates on the internal generation of capital and can resort to public subscriptions to meet expansionary needs and future plans, or the requirements of the regulatory bodies according to specified studies.

Capital is allocated to work lines and various functions according to assets weighted by risks (capital allocation) and as per the decisions of Basel Committee and the Central Bank of Jordan instructions.

d. Capital Adequacy

Capital adequacy ratio is calculated according to the Central Bank of Jordan instructions based on Basel Committee resolutions. The following is the capital adequacy ratio compared with the previous year:

	USD	
	2009	2008
	USD (Thousand)	USD (Thousand)
Core Capital Items		
Subscribed capital	141,044	141,044
Statutory reserve	56,075	47,693
Voluntary reserve	95,863	79,101
Share premium	7,052	7,052
Surplus of the regulatory capital of the subsidiary insurance company sold during the year 2009	-	2,496
Retained earnings (after deduction proposed dividends and deferred tax assets)	49,954	35,186
Non controlling interests	8,708	8,213
Less:		
Restricted amounts	-	-
Goodwill and intangible assets	1,795	1,949
50% from the investment in insurance companies, financial companies and significant investments in other companies	1,466	4,538
Total Core Capital	355,435	314,300
Supplementary Capital Items		
General banking risks reserve	13,396	16,758
Cumulative change in the fair value of available- for-sale assets at 100% of the negative change or 45% of the positive change	3,441	(10,726)
Less:		
Investments in banks and financial subsidiary company	-	-
Investments in banks capitals and other financial institutions capitals	-	-
50% of investments in insurance companies, financial institutions and significant investments in other companies	1,467	4,537
Total Regulatory Capital	370,805	315,795
Total risks weighted assets	2,088,359	2,106,307
Ratio of regulatory capital (%)	17/76%	14/99%
Core capital ratio (%) *	17/02%	14/92%

* Core capital has been calculated net of investments in banks and financial subsidiary company as their financial statements have not been incorporated.

43. Accounts Managed on Behalf of Customers

There are no investment portfolios managed by the Bank on behalf of customers.

44. Analysis of the Maturities of Assets and Liabilities

The following table illustrates the analysis of assets and liabilities according to the expected period of their recoverability or settlement:

USD

	Up to One Year	More than One Year	Total
2009			
ASSETS			
Cash and balances at central banks	572,980,719	-	572,980,719
Balances at banks and financial institutions	208,926,798	-	208,926,798
Deposits at banks and financial institutions	160,339	-	160,339
Trading financial assets	2,419,069	-	2,419,069
Direct credit facilities	1,428,233,946	107,942,145	1,536,176,091
Available-for-sale financial assets	161,671,924	338,706,038	500,377,962
Held-to-maturity financial assets	106,694,233	31,163,587	137,857,820
Property and equipment - net	-	16,558,172	16,558,172
Intangible assets	-	1,795,135	1,795,135
Deferred tax assets	-	12,001,632	12,001,632
Other assets	23,849,922	3,624,336	27,474,258
TOTAL ASSETS	2,504,936,950	511,791,045	3,016,727,995
LIABILITIES			
Banks and financial institutions deposits	455,456,518	-	455,456,518
Customers deposits	1,752,309,890	3,081,467	1,755,391,357
Cash margins	160,744,986	-	160,744,986
Borrowed funds	-	21,303,457	21,303,457
Provisions	-	8,500,656	8,500,656
Provision for income tax	23,603,087	-	23,603,087
Deferred tax liabilities	-	2,114,910	2,114,910
Other liabilities	163,561,419	13,151,714	176,713,133
TOTAL LIABILITIES	2,555,675,900	48,152,204	2,603,828,104
NET ASSETS	(50,738,950)	463,638,841	412,899,891

	Up to One Year	More than One Year	Total
2008			
ASSETS			
Cash and balances at central banks	388,534,506	-	388,534,506
Balances at banks and financial institutions	284,188,257	-	284,188,257
Deposits at banks and financial institutions	15,151,622	2,000,000	17,151,622
Trading financial assets	529,759	-	529,759
Direct credit facilities	721,208,358	1,024,059,190	1,745,267,548
Available-for-sale financial assets	130,542,261	191,340,385	321,882,646
Held-to-maturity financial assets	40,316,953	24,020,372	64,337,325
Property and equipment - net	-	18,223,814	18,223,814
Intangible assets	-	2,269,742	2,269,742
Deferred tax assets	-	8,062,921	8,062,921
Other assets	50,682,756	8,306,626	58,989,382
TOTAL ASSETS	1,631,154,472	1,278,283,050	2,909,437,522
LIABILITIES			
Banks and financial institutions deposits	414,936,639	-	414,936,639
Customers deposits	1,674,405,175	9,013,035	1,683,418,210
Cash margins	163,030,142	350,364	163,380,506
Borrowed funds	-	21,303,457	21,303,457
Provisions	-	23,329,756	23,329,756
Provision for income tax	32,052,639	-	32,052,639
Other liabilities	217,097,392	1,088,670	218,186,062
TOTAL LIABILITIES	2,501,521,987	55,085,282	2,556,607,269
NET ASSETS	(870,367,515)	1,223,197,768	352,830,253

45. Fair Value Hierarchy

The table below analyzes financial instruments carried at fair value by the valuation method. The different levels have been defined as follows:

- Level (1): quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level (2): inputs other than quoted prices included within level (1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level (3): inputs for the asset or liability that are not based on observable market data (unobservable inputs).

USD

	Level (1)	Level (2)	Level (3)	Total
2009				
Financial Assets Instruments:				
Trading financial assets	2,419,069	-	-	2,419,069
Available-for-sale financial assets	288,637,784	211,740,177	-	500,377,961
Held-to-maturity financial assets	17,059,215	120,798,603	-	137,857,818
Total Financial Assets Instruments	308,116,068	332,538,780	-	640,654,848
Financial Liabilities Instruments:				
Financial derivatives instruments	10,399	-	-	10,399
Total Financial Liabilities Instruments	10,399	-	-	10,399

46. Commitments and Contingent Liabilities (Off-Statement of Financial Position)

a- Credit commitments and contingencies:

USD

	2009	2008
Letters of credit	88,161,790	102,967,969
Acceptances	18,666,272	28,404,693
Letters of guarantee:		
Payments	99,931,162	108,732,276
Performance bonds	96,497,202	89,642,966
Other	58,499,355	63,156,499
Unutilized credit facilities ceilings	124,518,272	144,806,288
	486,274,053	537,710,691

b- Contractual obligations:

USD

	2009	2008
Contracts to purchase property and equipment	1,067,563	1,460,381
Construction contracts	921,441	814,440
Other purchases contracts	690,268	721,116
	2,679,272	2,995,937

c- Operating leases amounted to USD 4,239,295 with periods ranging from 1 to 12 years (against USD 4,475,190 as of December 31, 2008).

d- Unpaid investment participations on companies capital amounted to USD 541,691 (against USD 576,691 as of December 31, 2008).

The details are as follows:

USD

Company's Name	Total Investment	Remaining Obligation	Settlement Date
Jordan Investment Fund	1,000,000	203,000	Upon demand
Palestine Company for Industrial Zones Development and Construction	255,102	1,269	Upon demand
Agricultural Products Exporting Company	450,000	337,422	Upon demand

47. Lawsuits Against the Bank

a - The Bank is a defendant in lawsuits amounting to USD 7,393,137 as of December 31, 2009 (against to USD 6,907,236 as of December 31, 2008). In the opinion of the Bank's management and its legal advisor, no liabilities shall arise against the Bank exceeding the existing provision of USD 439,704 as of December 31, 2009 (against USD 385,660 as of December 31, 2008).

b - As of December 31, 2009 and 2008, there were no lawsuits against the subsidiary company United Financial Investment Company.

c - There were lawsuits against the subsidiary company Arab Orient Insurance Company in relation to various accidents claiming compensations in courts with the amount of USD 1,532,045 as of December 31, 2008.

48. Adoption of New and Revised International Financial Reporting Standards (IFRSs)

48.1 Standards affecting presentation and disclosure :

The following new and revised standards have been adopted in these financial statements for the current period. The details of other Standards and Interpretations that have been adopted but that have had no effect on the financial statements are set out in section 48.2 below.

<ul style="list-style-type: none"> • IAS 1 (as revised in 2007) Presentation of Financial Statements. 	IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
<ul style="list-style-type: none"> • Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures). 	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Bank has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.
<ul style="list-style-type: none"> • IFRS 8 Operating Segments. 	IFRS 8 is a disclosure standard that has resulted in re-designation of the Bank's reportable segments.

48.2 Standards and Interpretations adopted with no effect on the financial statements :

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

<ul style="list-style-type: none"> • Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures). 	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.
<ul style="list-style-type: none"> • IFRS 8 Operating Segments. 	IFRS 8 is a disclosure Standard that requires re-designation of the Bank's reportable segments based on the segments used by the Chief Operating Decision Maker to allocate resources and assess performance. [There was no material impact of this Standard on the previous disclosures and reported results or the financial position of the Bank since the business segments reported earlier as per the requirements of IAS 14 Segment Reporting are also used by the General Management to allocate resources to the segments and to assess their performance.
<ul style="list-style-type: none"> • IFRS for SMEs Small and Medium-sized Entities. 	This Standard is available immediately but its adoption has to be decided by the regulatory authorities.
<ul style="list-style-type: none"> • Amendments to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations. 	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions and clarify the accounting treatment for cancellations.
<ul style="list-style-type: none"> • IAS 23 (as revised in 2007) Borrowing Costs. 	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Bank's accounting policy to capitalise borrowing costs incurred on qualifying assets.
<ul style="list-style-type: none"> • Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation. 	The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
<ul style="list-style-type: none"> • IFRIC 13 Customer Loyalty Programmes. 	The Interpretation provides guidance on how entities should account for customer loyalty programmes by allocating revenue on sale to possible future award attached to the sale.
<ul style="list-style-type: none"> • IFRIC 15 Agreements for the Construction of Real Estate. 	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognised.
<ul style="list-style-type: none"> • IFRIC 16 Hedges of a Net Investment in a Foreign Operation. 	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
<ul style="list-style-type: none"> • IFRIC 18 Transfers of Assets from Customers (adopted in advance of effective date of transfers of assets from customers received on or after July 1, 2009). 	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit recognised as revenue in accordance with IAS 18 Revenue.
<ul style="list-style-type: none"> • Improvements to IFRSs (2008). 	Amendments to IFRS 3, IFRS 5, IFRS 36, IAS 1, IAS 16, IAS 19, IAS 20, IAS 27, IAS 28, IAS 29, IAS 31, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41 resulting from May and October 2008 Annual Improvements to IFRSs the majority of which is effective for annual periods beginning on or after January 1, 2009.

48.3 Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following new and revised Standards and Interpretations were in issue but not yet effective:

New Standards and Amendments to Standards:

• IFRS 1 (revised) First time Adoption of IFRS and IAS 27 (revised) Consolidated and Separate Financial Statements – Amendment relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.	Effective for years beginning on or after July 1, 2009.
• IFRS 3 (revised) Business Combinations – Comprehensive revision on applying the acquisition method and consequential amendments to IAS 27 (revised) Consolidated and Separate Financial Statements, IAS 28 (revised) Investments in Associates and IAS 31 (revised) Interests in Joint Ventures.	July 1, 2009.
• IAS 39 (revised) Financial Instruments: Recognition and Measurement – Amendments relating to Eligible Hedged Items (such as hedging inflation risk and hedging with options).	July 1, 2009.
• IFRS 1 (revised) First time Adoption of IFRS – Amendment on additional exemptions for First-time Adopters.	January 1, 2010.
• IFRS 2 (revised) Share-based payment – Amendment relating to Bank cash-settled Share-based payments.	January 1, 2010.
• IAS 32 (revised) Financial Instruments: Presentation – Amendments relating to classification of Rights Issue.	February 1, 2010.
• IAS 24 Related Party Disclosures – Amendment on disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a Government.	January 1, 2011.
• IFRS 9 Financial Instruments: Classification and Measurement (intended as complete replacement for IAS 39 and IFRS 7).	January 1, 2013.
• Amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 28, IAS 36, IAS 38 and IAS 39 resulting from April 2009 annual improvements to IFRSs.	Majority effective for annual periods beginning on or after 1 January 2010.

New Interpretations and amendments to Interpretations:

	Effective for annual periods beginning on or after
• IFRIC 17: Distributions of Non-cash Assets to Owners.	July 1, 2009.
• IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments.	July 1, 2010.
• Amendment to IFRIC 14: IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.	January 1, 2011.
• Amendment to IFRIC 16: Hedges of a Net Investment in a Foreign Operation.	July 1, 2009.
• Amendment to IFRIC 9 (revised): Reassessment of Embedded Derivatives relating to assessment of embedded derivatives in case of reclassification of a financial asset out of the 'FVTPL' category.	January 1, 2013.

The Bank's management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Bank in the period of initial application, except for the following :

IFRS (9) Financial Instruments

The application of the current version of IFRS (9) would mainly result in applying different classification and measurement criteria for financial instruments. The requirements of IFRS 9 apply a consistent approach to classifying financial instruments and replace the numerous categories of financial instruments in IAS (39). They also result in one impairment method, replacing the numerous impairment methods in IAS (39) that arise from the different classification categories.

IFRS (3) and IAS (27), (28) and (31) - Revised

The application of these revised standards would mainly result in applying new policies regarding the Bank's new investments in associates and subsidiaries, partial disposal of its shares in associates and subsidiaries, and the increase in current investments in associates and subsidiaries.

49. Comparative Figures

Some of the comparative figures for the year 2008 have been reclassified to correspond with the year 2009 presentation. Such reclassifications do not affect the reported prior year results.

Jordan Kuwait Bank

Statement of Disclosure for the Financial Year ending 31/12/2009, in accordance with article (4) of the disclosure regulations, the accounting and auditing standards issued by the Jordan Securities Commission.

Item

4a: Chairman's Statement: Included in the report.

4b/1: Description of main activities: Included in the report.

The Bank operates through its head office in Abdali - Amman and 48 branches and cash offices in Jordan, in addition to two branches in Palestine and one branch in Cyprus. Total capital expenditure for the year 2009 amounted to USD3.4 million. The table below shows the Bank's locations and the number of staff at each.

Location	No. of Staff	Location	No. of Staff	Location	No. of Staff
Head Office	392	Shmeissani Branch	15	Irbid Branch	13
Main Branch	18	Al-Rabiyah Branch	8	Wadi Saqra Branch	6
Abdali Branch	17	Vegetable Market Branch	9	Al-Husson St. Branch- Irbid	7
Jabal Amman Branch	12	Madina Munawarah St. Branch	13	Yarmouk University Branch- Irbid	6
Wehdat Branch	12	Sweifiyah Branch	13	Al-Mafraq Office	5
Tla' El 'Ali Branch	14	Nazzal Branch	9	Al-Karak Office	4
Jabal Al-Husseini Branch	12	Mecca Mall Branch & Office	12	Aqaba Branch	11
Commercial Center Branch	10	Petra University Office	3	Zarqa Branch	12
Abu-Alanda Branch	10	Abdullah Ghousheh St. Branch	8	Russaifeh Branch	8
Yarmouk Branch	10	Al-Mougablain Branch	7	Zarqa Free Zone Branch	8
Wadi El-Seir Branch	11	Marj El-Hamam Branch	6	New Zarqa Branch	7
Jubaiha Branch	13	Sweileh Office	4	Al-Madineh Al-Riyadeah Branch	7
Amra Branch	10	Amman Ahliyyah University Office	4	Regional Management -Palastine	7
Abdoun Branch	11	Baq'ah Branch	7	Nablus Branch	13
Abu-Nsair Branch	5	Madaba Branch	8	Ramallah Branch	8
Marka Branch	10	Al-Salt Office	4	Cyprus Branch	5
Ibn Khaldoun Branch	7	King Abdullah Bureau Office	2	United Financial Investments Co. (Subsidiary)	16
Dabouq Branch	6	City Mall Branch	7		

4b /2: Subsidiaries:

United Financial Investments Company:

United Financial Investments (UFICO) was established in 1980. In 1996 the company was restructured as a public shareholding company.

The company enjoys a leading position among the major top firms operating in the ASE. UFICO provides financial services, which are directly connected with local and international financial markets.

In 2002, UFICO became a subsidiary of Jordan Kuwait Bank. The Bank holds 50.01% of the company's capital of JD5 million (USD7.05m) as at December 2009.

The Company's H.Q. is located in Shmeissani, Amman with 16 working employees.

4b/3: Executives' Biography:

1- Members of the Board of Directors:

1. H. E. Mr. Abdel Karim A. Kabariti

Chairman

Date of membership: 15/7/1997

Date of Birth: 1949

Education: Bachelor degree in Business and Finance with Honors from St. Edwards University-USA, 1973.

Experiences:

Past Official & Governmental Positions:

- Member of the Jordanian Senate, Head of the Economics & Finance Committee (2005-2007).
- Member of the Jordanian Senate, First Deputy to the Speaker (2000 – 2002).
- Chief of the Royal Court, (4/3/1999 - 13/1/2000).
- Member of the Twelfth and the Eleventh Jordanian Parliaments (1993 – 1997) and (1989 – 1993) / Head of the Economics & Finance Committee (1993 – 1995).
- Prime Minister, Minister of Foreign Affairs and Minister of Defense (4/2/1996 - 20/3/1997).
- Minister of Foreign Affairs (8/1/1995 - 4/2/1996).
- Minister of Labor (1991 - 1993).
- Minister of Tourism (1989 - 1991).

Present Administrative Positions:

- Chairman of the Board of Trustees, Amman Ahliyyah University.
- Chairman, United Financial Investments Company.
- Chairman, Gulf Algeria Bank - Algiers.
- Board Member, Jordan Dairy Company.
- Board Member, Burgan Bank – Kuwait.
- Board Member, Jordan International Bank - London.

Previous Experiences:

- He worked at many financial institutions / private business (1973 – 1989).

2. Mr. Faisal Hamad Al -Ayyar

Vice Chairman/ Representative of United Gulf Bank - Bahrain.

Date of membership: 15/7/1997

Date of Birth: 1954

Education: Studied Aviation and worked as fighter pilot in the Kuwait Air Force.

Experiences:

- Chairman, United Gulf Bank- Bahrain.
- Managing Director & CEO, Kuwait Projects Co. (Holding).
- Chairman, National Mobile Telecommunications Company- Kuwait.
- Board Member, Saudi Dairy & Foodstuff Co (SADAFCO).
- Vice Chairman, Gulf Insurance Company - Kuwait, United Assets Management Company- Luxembourg.
- Board Member, Gulf Egypt for Hotels & Tourism Company.
- Member on Board of Trustees, American University of Kuwait.
- Holder of the Jordanian Medal of Independence of the First Order.
- Winner of Arab Bankers Association of North America Achievement Award in 2005.

3. Mr. Emad Jamal Kudah

Board Member / Representative of the Social Security Corporation - Jordan.

Date of Membership: 1/9/2006

Date of Birth: 1961

Education: MBA, Sul Ross State University, Texas-USA, 1985

Experiences:

- Manager, Treasury Dept. - Social Security Investment Unit, (2002 – Present).
- Board Member, Jordan Post Co. (2007).
- Acting Chief Executive Officer, Social Security Investment Unit (2005-2006).
- Portfolio Manager, Foreign Investments Dept., Central Bank of Jordan (2000-2002).
- Chief Dealer, Foreign Investment Dept., Central Bank of Jordan (1996-2000).
- Deputy Manager, Central Accounting Division, Central Bank of Jordan (1989-1991).
- Member of the Jordanian FOREX Association.

4. Mr. Moh'd Ahmad Abu Ghazaleh

Board Member

Date of Membership: 15/2/2004

Date of Birth: 1942

Education: Bachelor degree in Business Administration, American University- Cairo, 1964.

Experiences:

- Chairman and CEO, Del Monte Fresh Produce (NYSE).
- Chairman, National Poultry Company.
- Chairman, Royal Jordanian Aviation Academy.
- Chairman, Arab Wings Co.
- Chairman, Queen Nour Civil Aviation Technical College.
- Deputy Chairman, International General Insurance Co. Ltd.
- Board Member, United Cables Industries Company.
- Board Member, Misr Lebanon Bank.
- Member of the Board of Trustees, American University in Cairo.

5. Mr. Masaud Jawhar Hayat

Board Member / Representative of Al- Futtooh Holding Co.- Kuwait.

Date of Membership: 20/2/2001

Date of Birth: 1953

Education: Bachelor degree in Accounting with a major in Economics, Kuwait University, 1973 and a High Diploma in Banking Studies.

Experiences:

- Chairman, KIPCO Asset Management Co. (KAMCO).
- Managing Director, United Gulf Bank - Bahrain.
- Chairman & Head of the Executive Committee, Tunis International Bank - Tunis.
- Deputy Chairman & Head of the Executive Committee, Algeria Gulf Bank - Algeria.
- Chairman, United Gulf Financial Services Co. - Qatar.
- Chairman, Syria Gulf Bank - Syria.
- Board Member & Head of Audit Committee, International Investor Co. – Kuwait.

- Board Member, United Fisheries Co. – Kuwait.
- Board Member, International Investor Co. - Kuwait.
- Board Member, National Telecommunications Co. - Algeria.
- Board Member & Treasurer, Investment Companies Union – Kuwait.
- Board Member, Bank of Baghdad - Iraq.
- Board Member & Head of Executive Committee, North African Co.
- Board Member, Tunis Arab International Bank (1986 – 1996).
- Board Member & Deputy of the Head of the Executive Committee, Bahrain and Kuwait Bank (1986 – 1995).
- Board Member, Industrial Investments Co. (1993 – 2001).
- Board Member, Gulf Insurance Company plc (1997 – 2001).
- Started his banking career in 1974 at the National Bank of Kuwait and occupied several positions till he was appointed as acting chief general manager in 1992, then appointed as consultant to the board of directors from 1993 till 1996.

6. Mr. Tariq Moh'd. Abdul Salam

Board Member / Representative of Kuwait Projects Company (Holding) – Kuwait.

Date of Membership: 15/7/1997

Date of Birth: 1965

Education: Bachelor degree in Accounting, Kuwait University.

Experiences:

- Chairman, Burgan Bank- Kuwait.
- Vice Chairman, Kuwait Clearing Co. – Kuwait.
- Board Member, KIPCO Asset Management Co. (KAMCO).
- CEO, United Real Estate Company-Kuwait.
- Assistant CEO, Trading and Investment Portfolio Management, Kuwait Projects Co.-Kuwait (1996 – 1998).
- Manager, Trading and International Investment Portfolio Management, Kuwait Projects Co.-Kuwait (1992-1996).
- Manager, Accounts Department, International Financial Investment Company (1987-1989).

7. Mr. Farouk Aref Al -Aref

Board Member

Date of Membership: 15/7/1997

Date of Birth: 1938

Education: Bachelor degree in International Relations, University of Chicago-USA.

Experiences:

- CEO, Gulfcom Telecommunications.
- Head of Management Committee, Jordan SADAFCO Food Co. (till May 1, 2009)
- Deputy General Manager, Al Razi Pharmaceutical Company (1993-1999).
- Deputy General Manager, Jordan Kuwait Bank (1988-1993).
- General Manager, Nayef Al Dabbous & Sons Co. - Kuwait (1970-1988).
- Administration Manager, Ministry of Public Works - Kuwait (1961-1966).

8. Dr. Yousef Musa Goussous

Board Member / Representative of Burgan Bank – Kuwait.

Date of Membership: 20/2/2001

Date of Birth: 1939

Education: Bachelor degree in medicine, Ain Shams University-Egypt, 1965 and then Completed his specialization in heart diseases at Houston University, Texas-USA, 1973.

Experience in the medical field:

- Lecturer on heart disease at the University of Jordan and at the Jordan University for Science and Technology.
- Senior consultant at Queen Alia Center for Heart Disease and Surgery.
- Served as Manager of Al Hussein Medical Center and Chief of the Royal Medical Services.
- Fellow of several distinguished British and American medical institutions.
- Holder of several elite civil, military and medical medals of achievement in Jordan and abroad.
- Deputy Head of Management Committee, Amman Surgical Hospital.

9. Mr. Mansour Ahmad Louzi

Board Member / Representative of Strategy Company for Investments.

Date of Membership: 15/3/2009

Date of Birth: 1961

Education: Bachelor degree in Business Administration, St. Edwards University, Texas -USA, 1983.

Experiences:

- Board Member, United Financial Investments Co. / Representative of Jordan Kuwait Bank.
- Vice Chairman, Arab Orient Insurance Co.
- Board Member, Jordan New Cables Company.
- Business Development Manager, Siemens Company - Jordan Branch.
- Administrative Manager, Siemens Company-Jordan Branch (1993-2006).
- Board Member, Amman Insurance Company Ltd. (1998-2000).
- Board Member, Philadelphia Bank for Investment (1996-2000).
- Board Member, National Company for Steel Manufacturing (1995-2000)
- Central Bank of Jordan – International Relations Dept. - Investment Unit (1985-1993).
- Jordan Armed Forces – Studies & Development Dept. (1984-1985)

2- Executive Management:

- **Mr. “Moh’d Yaser” Al -Asmar:**

Position: General Manager.

Date of Birth: 1947

Date of joining: 15/9/1990

Education: Bachelor degree in Business Administration, University of Jordan, 1970

Experiences:

- Deputy Chairman, The Association of Banks in Jordan (from 19/10/2005).
- Asst. General Manger, Credit Dept (1990 – 1993).
- Asst. General Manger, Credit Administration and Control, Commercial Bank of Kuwait – Kuwait (1971 – 1990).

- **Mr. Tawfiq Abdel Qader Mukahal:**

Position: Deputy General Manager – Banking Group.

Date of Birth: 1951

Date of joining: 12/10/1991

Education: Secondary School Certificate

Experiences:

- Board Member, Jordan Steel Co., Representative of Jordan Kuwait Bank.
- Vice Chairman, Jordan Mortgage Refinance Co., Representative of Jordan Kuwait Bank.
- Asst. General Manager, Credit Dept. (1998 – 2007).
- Executive Manager, Credit Dept. (1993 – 1997).
- Manager, Marketing & Credit Unit (1991 – 1993).
- Manager, Marketing & Credit Dept., National Bank of Kuwait – Kuwait (1971 – 1990).

- **Mr. Majed Fayad Burjak:**

Position: Deputy General Manager – Support Services Group.

Date of Birth: 1947

Date of joining: 18/7/1998

Education: Bachelor degree in Economic & Commerce, University of Jordan, 1969.

Experiences:

- Deputy Head of Steering Committee, Visa Jordan Card Services. Representative of Jordan Kuwait Bank.
- Asst. General Manger, Operations (1998 – 2007).
- Asst. General Manager, Operations, Export & Finance Bank (1996 – 1998).
- Regional Operations Manager, Standard Chartered Grindleys (1970 – 1996).

- **Mr. Shaher Eid Suleiman**

Position: Head of Risk Management & Compliance Group

Date of Birth: 1963

Date of joining: 16/5/1999

Education: MSc. International Banking, Heriot-Watt University – U.K., 1998

Experiences:

- Asst. General Manager – Internal Audit Dept. (1999-2009).
- Worked at the Central Bank of Jordan (1988 – 1999).

• **Mr. William Jameel Dababneh:**

Position: Asst. General Manager – Treasury & Investment Dept.

Date of Birth: 1957

Date of joining: 27/8/1994

Education: Secondary School Certificate 1975

Experiences:

- 17 Years Experience in various banks and the last was Arab Jordanian Investment Bank (1990 – 1994).

• **Mrs. Hiyam Saleem Habash:**

Position: Asst. General Manager – Financial Dept.

Date of Birth: 1955

Date of joining: 6/2/1999

Education: Diploma in Business Administration, American Lebanese University, 1978

Experiences:

- Financial Manager, New English School (1992 – 1997).
- Financial Manager, Petra Bank (1978 – 1989).

• **Mr. Ismail Ahmad Abu-Adi:**

Position: Asst. General Manager – Credit Dept.

Date of Birth: 1964

Date of joining: 12/9/1988

Education: MSc. in Banking & Finance, Arab Academy, 1992.

Experiences:

- Board Member, Al-Isra Co. for Education & Investment, Representative of Jordan Kuwait Bank.
- Executive Manager, Credit Dept. (2005 – 2007).
- Manager, Credit Dept. (2000 – 2005).
- General Banking Experience, JKB (1988-2000).

• **Mr. Jamal Mah'd Baker Hasan:**

Position: Asst. General Manager – Branches Dept.

Date of Birth: 1956

Date of joining: 2/8/1986

Education: Banking & Finance Diploma, Institute of Banking Studies, 1980.

Experiences:

- Executive Manager, Branch Administration (2006 - 2007).
- Regional Manager, Branch Administration (2002-2006).
- Branch Manager (1986 -2002).
- Banking operations, Arab Bank – Riyadh (1982 - 1986).
- Banking operations, Arab Bank – Amman (1975 - 1982).

• **Mr. Abdel Hameed Mah'd Al-Ahwal:**

Position: Asst. General Manager – Operations Dept.

Date of Birth: 1954

Date of joining: 1/4/1990

Education: Bachelor degree in Business Administration, South Eastren University – U.S.A, 1980.

Experiences:

- Executive Manager, Branch Administration (2006 – 2007).
- Executive Manager, Branch Administration (2000 – 2006).
- Branch Manager (1990 – 1999).
- Previous Banking Experience (1982 – 1989).
- General Banking Experience, JKB (1982-1989).

• **Mr. Haethum Sameeh Buttikhi:**

Position: Asst. General Manager – Retail and Consumer Products Dept.

Date of Birth: 1977.

Date of joining: 1/6/2003.

Education: Royal Military Academy, Sandhurst- U.K., 1996.

Bachelor degree in Political Science, Kent University – U.K., 2000.

Experiences:

- Board Member, United Financial Investments Co., Representative of Jordan Kuwait Bank.
- Board Member, Amad Investment & Real Estate Development Co., Representative of Jordan Kuwait Bank.
- Member of the Management Committee, Middle East Payment Services (MEPS), Representative of Jordan Kuwait Bank.
- Board Member, Salam Intl. Transport & Trading Co.
- Board Member, Brokerage House Securities (BHS).
- Executive Manager, Private Banking Unit (1/1/2007 – 31/10/2007).
- Manager, Main Branch (2003 – 2006).

• **Mr. Suhail Moh'd Turki:**

Position: Executive Manager – Public Relations Dept.

Date of Birth: 1944

Date of joining: 19/10/1991

Education: Secondary School Certificate, 1964

Experiences:

- Asst. Administrative Manager, Industrial Bank of Kuwait - Kuwait (1978 - 1990).
- Administrative Officer, Kuwait Airways - Kuwait (1968 - 1978).

• **Mr. Ibrahim Essa Kashet:**

Position: Executive Manager – Legal Dept.

Date of Birth: 1962

Date of joining: 1/4/1989

Education: Bachelor degree in Law, University of Jordan, 1987.

Experiences:

- Legal Department since 1/9/2000.
- Credit Department, 1994 – 2000.
- Credit Follow Up Department, 1989 – 1994.

• **Mr. Majed Moh'd Muqbel:**

Position: Executive Manager – Compliance Control Dept.

Date of Birth: 27/12/1960

Date of joining: 6/10/1984

Education: Bachelor degree in Accounting, University of Jordan, 1982.

Experiences:

- Compliance Department since 4/3/2007.
- Internal Audit Department, 1999 – 2007.
- Credit Operations Department, 1998 – 1999.
- Credit Department, 1984 – 1998.

• **Mr. Sami Abdul Karim Al-Assaf:**

Position: Executive Manager – IT Department.

Date of Birth: 26/12/1959

Date of joining: 15/1/1986

Education: Bachelor degree in MIS, The Arab Academy for Banking & Financial Services 2008.

Experiences:

- Senior Manager, IT Department, 2003 – 2008.
- Systems Development Manager, 2000 – 2003.
- Senior Systems Analyst 1986 – 2000.

• **Mr. Zuhdi bahjat Al-Jayousi:**

Position: Executive Manager – Corporate Credit Department.

Date of Birth: 26/7/1970

Date of joining: 6/9/1997

Education: Bachelor degree in Accounting, Amman Ahliyyah University, 1994.

Experiences:

- General Banking Experience, Jordan & Gulf Bank 1994 – 1997.

• **Mr. Moh'd Jameel Azem Hammad:**

Position: Executive Manager – Risk Management Department.

Date of Birth: 26/9/1972

Date of joining: 10/8/1999

Education: Master degree in Banking & Finance, The Arab Academy for Banking & Financial Studies, 1999.

Experiences:

- General Banking Experience, Arab Real Estate Bank 1994 – 1999.

• **Mr. Sa'ed Mahmoud Tu'meh:**

Position: Executive Manager – Internal Audit Department.

Date of Birth: 20/5/1970.

Date of joining: 1/5/2001.

Education: Bachelor degree in Accounting & Finance, Jordan University, 1992.

Experiences:

- General Banking Experience, Housing Bank 1992 – 2001.

• **Mr. Ibrahim Farid Bisha:**

Position: Executive Manager – Treasury Department.

Date of Birth: 16/3/1971.

Date of joining: 19/6/2001.

Education: Master degree in Business Administration, Maastricht School of Management – Cyprus, 2005.

Experiences:

- Banking, Jordan Kuwait Bank (Cyprus Branch) 2001 – 2006.
- Banking, Al-Jazeera Bank – Saudi Arabia 1999 – 2001.
- Banking, Dar Ithmar Financial Services 1997 – 1999.
- Banking, Amman Investment Bank 1992 – 1997.

• **Mr. Ghassan Abdullah Al-Qassem:**

Position: Executive Manager – Branches Department.

Date of Birth: 23/3/1957.

Date of joining: 2/6/1979.

Education: Diploma in Banking & Finance.

Experiences:

- General Banking Experience, Jordan Ahli Bank 1977 – 1979.

• **Mr. Hassan Yassin Al-Takroui:**

Position: Executive Manager – Financial Department.

Date of Birth: 13/3/1974.

Date of joining: 1/10/2009.

Education: Bachelor degree in Accounting.

Experiences:

- Senior Audit Manager, Talal Abu Ghazaleh & Co. International 2003-2009.
- Senior Auditor, Deloitte & Touche (Middle East) 2002-2003.
- Senior Auditor, Talal Abu Ghazaleh & Co. International 1995-2002.

4b/4: Shareholders who own 5% or more of the Bank's shares (2009 & 2008).

Shareholder	Nationality	No. of Shares 31/12/2009	%	No. of Shares 31/12/2008	%
Burgan Bank	Kuwaiti	50,835,072	50.835	50,835,072	50.835
Social Security Corporation	Jordanian	21,024,059	21.024	21,019,059	21.019

4b/5: Competitive position: Included in the report.**4b/6:** The Bank did not conclude any deal/s with specific supplier/s and/or major clients (in Jordan or abroad) of 10% or more of total Bank's purchases, sales or revenue.**4b/7:** The Bank does not enjoy any governmental concessions or protection in accordance with the prevailing rules and regulations.**4b/8:** There has been no material effect on the Bank's operations, products or competitiveness as a result of any government or international organizations' decisions.**4b/9: Human Resources, Training and Organizational Structure:**

Total number of employees as at 31/12/2009 was (846) of whom (13) were employed at Nablus branch, (8) at Ramallah branch and (5) at Cyprus branch. In addition, there were (16) employees at the Subsidiary company as on 31/12/2009.

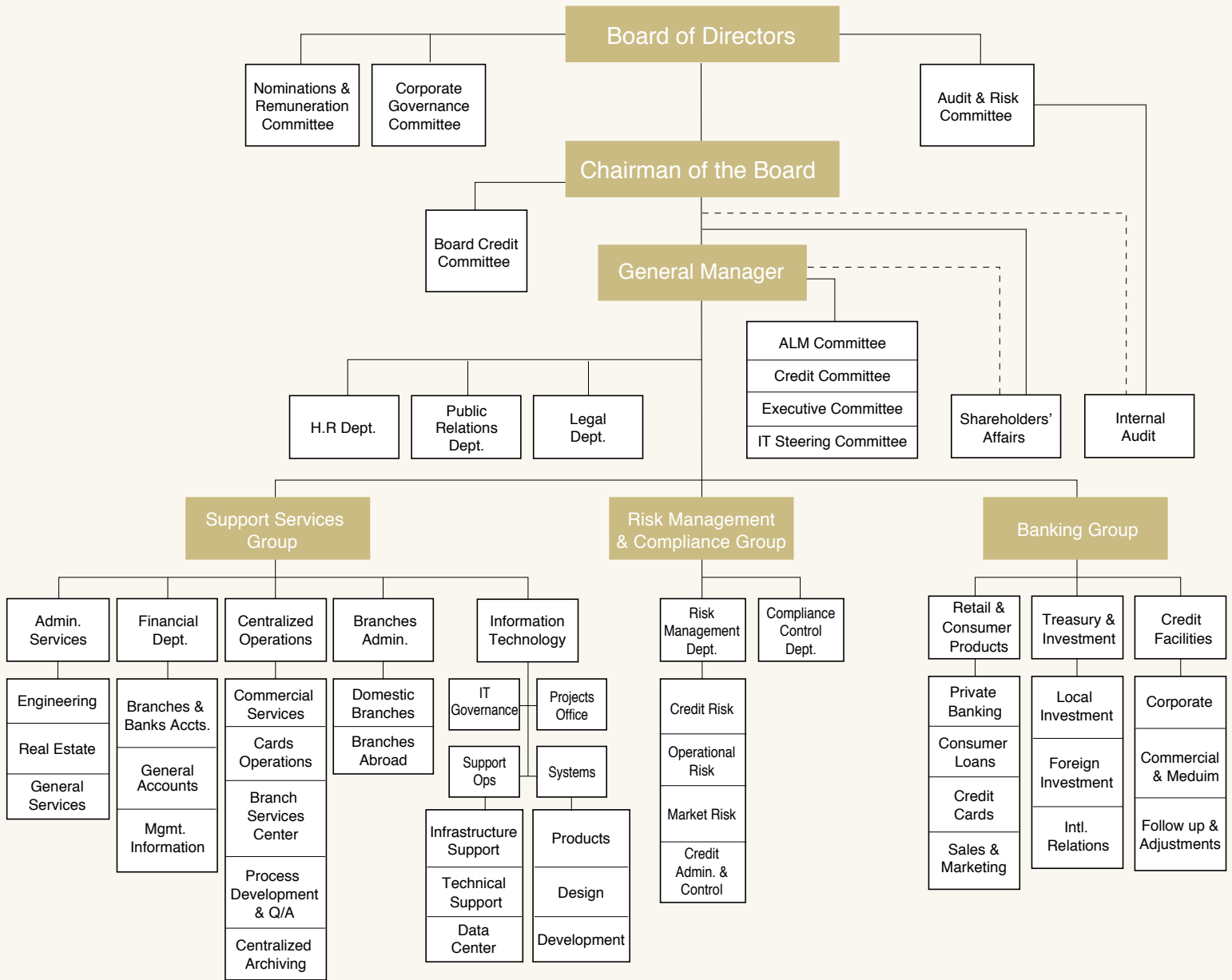
Staff educational qualifications:

Qualification	Jordan	Kuwait	Bank	United Financial Investments Co.
	Number			Number
PhD		1		-
Masters		47		2
Bachelor		545		8
Higher Diploma		10		-
Diploma		149		2
Secondary School Certificate		46		4
Pre- Secondary School Certificate		48		-
Total		846		16

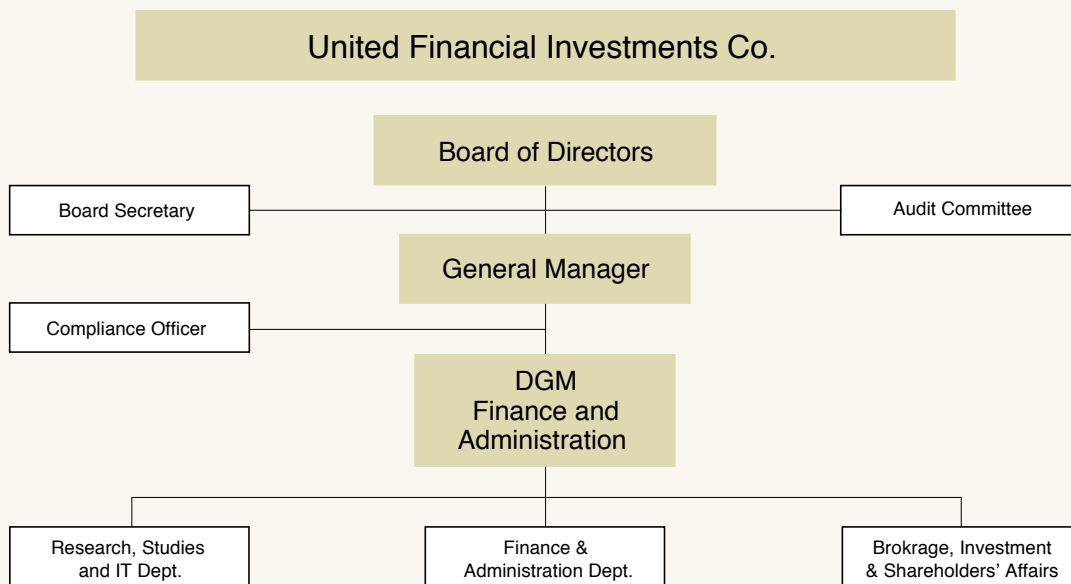
Staff training during 2009:

Training Subject	Number of Courses	Number of Participants
Credit, Finance & Investment	32	268
IT & Information Systems	39	267
Marketing, Sales & Customer Service	42	525
Compliance, Risk Management & Basel II	13	76
Banking Operations	52	657
Management & Behavioral Skills for employees	25	229
English Language	77	141
Anti-Money Laundry, Fraud & Forgery	20	233
Legal and Regulatory Banking Issues	5	45
Accounting & Finance	14	94
Human Resources	3	7
Total	322	2542

JKB Organizational Structure



Subsidiary Organizational Structure



4b /10: Description of risks: Included in the report.

4b /11: Achievements during 2009: Included in the report.

4b /12: During the first half of 2009, the Bank sold 5,932,835 shares of its shares in Arab Orient Insurance Co. to Gulf Insurance Co. KSC (related company). The deal generated non-recurring profit of USD 14.63 million.

4b/13: Changes in Net Profit, Dividend, Shareholders' equity and Share price (2005 -2009)

Amounts in Thousand US Dollars

Year	Profit before tax	Dividend		Bank Shareholders' Equity	Share / \$
		Bonus Shares	Cash		
2005	55,435	50%	-	145,100	14.95
2006	78,905	-	20%	264,690	9.21
2007	89,800	33.3%	20%	306,000	11.64
2008	96,381	-	10%	337,656	6.61
2009	85,252	-	15%	404,192	5.36

4b/14: Financial Position: Included in the report.

4b/15: Future Plan: Included in the report.

4b/16: Auditors' Fees: Auditors' fees for the Bank and its subsidiaries in 2009 amounted to USD 201,970.

4b/17: Shares owned by the Board Members during 2009 & 2008:

Number	Name	Position	Nationality	Shares 31/12/2009	Shares 31/12/2008
1	H.E. Abdel Karim A. Kabariti	Chairman	Jordanian	1,146	596
2	United Gulf Bank - Bahrain	Vice Chairman	Bahraini	226,667	226,667
	Mr. Faisal Hamad Al-Ayyar	Representative of United Gulf Bank	Kuwaiti	10,000	10,000
3	Burgan Bank	Board Member	Kuwaiti	50,835,072	50,835,072
	Dr. Yousef Musa Goussous	Representative of Burgan Bank	Jordanian	8,666	8,666
4	Social Security Corporation	Board Member	Jordanian	21,024,059	21,019,059
	Mr. Emad Jamal Kudah	Representative of Social Security Corporation	Jordanian	-	-
5	Strategy Company for Investments	Board Member	Jordanian	465,631	465,631
	Mr. Mansour A. Louzi	Representative of Strategy Company for Investments	Jordanian	49,000	49,000
6	Al- Futtooh Holding Co	Board Member	Kuwaiti	44,996	44,996
	Mr. Masaud M.Jawhar Hayat	Representative of Al- Futtooh Holding Co.	Kuwaiti	32	32
7	Kuwait Projects Company (Holding)- Kuwait	Board Member	Kuwaiti	50,996	50,996
	Mr. Tariq Moh'd Abdul Salam	Representative of Kuwait Projects Company (Holding)	Kuwaiti	10,000	10,000
8	Mr. Moh'd Ahmad Abu Ghazaleh	Board Member	Jordanian	849,764	861,764
9	Mr. Farouk A. Al-Aref	Board Member	Jordanian	14,004	14,004

Shares owned by the Bank Executives during 2009 & 2008

Number	Name	Position	Nationality	Shares 31/12/2009	Shares 31/12/2008
1	Mr. "Moh'd Yaser" Al-Asmar	General Manager	Jordanian	7,000	7,000
2	Mr. Tawfiq A/Q. Mukahal	Deputy G.M / Banking Group	Jordanian	-	-
3	Mr. Majed F. Burjak	Deputy G.M / Support Services Group	Jordanian	-	-
4	Mr. Shaheer E. Suleiman	Head o Risk & Compliance Group	Jordanian	-	-
5	Mr. William J. Dababneh	Asst. G.M. / Treasury & Investment Dept.	Jordanian	-	-
6	Mrs. Hiyam S. Habash	Asst. G.M / Finance Dept.	Jordanian	1,600	1,600
7	Mr. Jamal M. Baker Hasan	Asst. G.M. / Branches Dept.	Jordanian	-	-
8	Mr. Abdel Hameed M. Al- Ahwal	Asst. G.M. / Operations Dept.	Jordanian	-	-
9	Mr. Ismail A. Abu-Adi	Asst. G.M. / Credit Dept.	Jordanian	-	-
10	Mr. Haethum S. Buttikhi	Asst. G.M. / Retail & Consumer Products Dept.	Jordanian	-	-
11	Mr. Suhail M. Turki	Executive Manager / Public Relations Dept.	Jordanian	-	-
12	Mr. Ibrahim E. Kashet	Executive Manager / Legal Dept.	Jordanian	-	-
13	Mr. Majed S. Muqbel	Executive Manager / Compliance Control Dept.	Jordanian	874	874
14	Mr. Sami A.K. Al-Assaf	Executive Manager / IT Dept.	Jordanian	-	-
15	Mr. Zuhdi B. Al-Jayousi	Executive Manager / Credit Dept.	Jordanian	-	-
16	Mr. Moh'd J. Azem Hammad	Executive Manager / Risk Management Dept.	Jordanian	-	-
17	Mr. Sa'ed M. Tu'meh	Executive Manager / Internal Audit Dept.	Jordanian	-	-
18	Mr. Ibrahim F. Bisha	Executive Manager / Treasury Dept.	Jordanian	-	-
19	Mr. Ghassan A. Al-Qassem	Executive Manager / Branches	Jordanian	-	-
20	Mr. Hassan Y. Al-Takrouri	Executive Manager / Finance Dept.	Jordanian	-	-

Shares held by companies controlled by Board Members

Board Member	Position	Name of controlled Company	Ownership %	Shares of controlled Company in JKB	
				31/12/2009	31/12/2008
United Gulf Bank-Bahrain	Board Member	KIPCO Asset Management Co. (KAMCO)	72.970	92,755	123,270
Al- Futtooh Holding Co. – Kuwait	Board Member	Kuwait Projects Co. (Holding)- Kuwait	53.740	50,996	50,996
Kuwait Projects Co. (Holding)-Kuwait	Board Member	Burgan Bank-Kuwait	55.270	50,835,072	50,835,072
Kuwait Projects Co.(Holding)- Kuwait	Board Member	United Gulf Bank - Bahrain	85.490	226,667	226,667

Shares owned by the relatives of Board Members and Bank Executives (2009 & 2008)

Number	Name	Relation	Nationality	Shares 31/12/2009	Shares 31/12/2008
1	Mrs. Zakiah I. Murad	Wife of Mr. Farouk A. Al-Aref / Board Member	Jordanian	14,409	14,409
2	Mrs. Hind M. Jaber	Wife of Mr. "Moh'd Yaser" Al-Asmar / General Manager	Jordanian	5,166	5,166
3	Mrs. Shahira A. Bdair	Wife of Mr. Tawfiq A. Mukahal / Deputy G.M. – Banking Group	Jordanian	20,000	20,000
4	Mrs. Suhair M. Turki	Wife of Mr. Suhail M. Turki / Executive Manager- Public Relations Dept.	Jordanian	166	166

4b/18: Executives' Remuneration: Total salaries, allowances and travel expenses paid to the Senior Executives at the Bank and its subsidiaries during 2009 amounted to USD 3,691,114 exclusive of performance related incentives.

4b/19: Donations: Total donations made by the Bank and its subsidiaries during 2009 amounted to USD 252,815. Details of which are listed below:

Recipient	Amount / USD
Charities	202,782
Clubs	2,821
Social Activities	19,605
Researches and Conferences	7,475
Subsidiaries' Donations	4,530
External Branches' Donations	227
Others	15,375
Total	252,815

4b/20: The Bank had contracted with its sister company (Arab Orient Insurance Company) for general insurance coverage including health and accident insurance for its staff. The value of such contracts amounted to USD 1,061,825. Apart from that, the Bank did not conclude any contracts, projects or commitments neither with any of the subsidiaries, sister companies, affiliates, nor with the Chairman, Board Members, the General Manager, any other staff members and their relatives.

4b/21: The Bank contributes towards the welfare of the local community and the environment; this was explained in the Management Discussion and Analysis Chapter of this report.

4c/1-5: Financial Statements: Included in the report.










4d: Auditor's Report: Included in the report.

4e: Declarations by the Board of Directors:

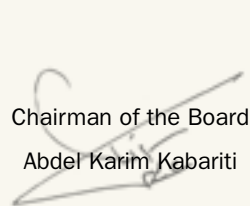
4e/1: The Board of Directors hereby declares that there are no material issues that could hinder the business continuity of the Bank during the financial year 2010.

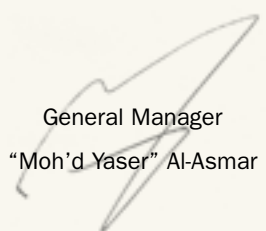
4e/2: The Board of Directors also declares its responsibility for the Financial Statements and that the Bank has an effective control system.

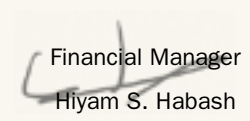
Chairman & Members of the Board Signatures

Name	Signature
1- Mr. Abdel Karim A. Kabariti	
2- Mr. Faisal Hamad Al-Ayyar, Rep., United Gulf Bank – Bahrain	
3- Mr. Emad Jamal Kudah, Rep., Social Security Corporation	
4- Mr. Moh'd Ahmad Abu Ghazaleh	
5- Mr. Masaud M. Jawhar Hayat, Rep., Al- Futtooh Holding Co. - Kuwait	
6- Mr. Tariq Moh'd Abdul Salam, Rep., Kuwait Projects Co. Kuwait	
7- Mr. Farouk Aref Al-Aref	
8- Dr. Yousef Musa Goussous, Rep., Burgan Bank - Kuwait	
9- Mr. Mansour Ahmad Louzi, Rep., Strategy Co. for Investments	

4e/3: The Chairman of the Board, the General Manager and the Financial Manager hereby declare that all information and data provided in this report are accurate and comprehensive.


Chairman of the Board
Abdel Karim Kabariti


General Manager
"Moh'd Yaser" Al-Asmar


Financial Manager
Hiyam S. Habash



United Financial Investments Company
SUBSIDIARY COMPANY



Visa International Service Association
PRINCIPAL MEMBER



ISSUER



ISSUER



Visa Jordan Card Services
PARTNER



AGENT

Jordan Kuwait Bank
Corporate Governance Manual

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Introduction

The basis and principles of corporate governance have become among the most prominent issues discussed globally considering their high importance and contribution to furthering economic success and reform, particularly in light of globalization and economic openness among the world's economies. It is needless to say that these basis and principles have become a necessity to both private and public sector entities, and are considered a basic requirement for increasing confidence in the economy of every country and proof of sound management principles, transparency and accountability. Good corporate governance is the basis of the success of institutions and their application depend to a great extent on the skills, experiences and knowledge of the members of the Board of Directors and that of the executive management.

Corporate governance can be defined as "A set of systems and structures that demonstrate the organizational relationships between; and the responsibilities of; a Bank's management, its board, its shareholders, and other stakeholders so as to guarantee the attainment of the Bank's goals in the presence of effective monitoring, thereby encouraging institutions to use resources more efficiently."

The Jordan Kuwait Bank (JKB) views corporate governance from its own unique perspective whereby it considers it as the key towards achieving confidence among its customers and other stakeholders. Corporate governance is the style and method through which the internal and external relationships are managed.

JKB believes that applying good corporate governance results in the sound management of the Bank and attainment of its strategic goals. In addition, it is JKB's strong belief that adoption of good corporate governance by all institutions in Jordan would lead to the creation of competent institutions and an appropriate competitive environment supportive of the national economy as a whole. This is particularly important given that Banks play a key role in the financial system of a country and rely on their clients' deposits, thus further reinforces the high importance of applying good corporate governance principles.

In light of the above, JKB Board has decided to adopt a Corporate Governance Manual (later referred to as the Manual), which was prepared in accordance with the international best practices in the field and the Central Bank of Jordan (CBJ) regulations and guidelines. Through this Manual, the Bank aims to achieve good corporate governance mainly demonstrated through the equitable treatment of all stakeholders, transparency, deceleration of the Bank's administrative and financial standing, accountability with regard to the relationship between the Board of Directors and the executive management; shareholders; and various stakeholders as well as clarifying responsibilities through the segregation of duties and delegation of authority.

JKB Corporate Governance Mission

JKB aims to achieve the highest standards of work ethics through the accurate and transparent disclosure of the Bank's results and ensuring its full compliance with the various laws and regulations that govern the operations of the Bank.

Legal Framework and References

Effective corporate governance relates to various internal factors including how effective the relationship is between the Bank's management and its Board of Directors, shareholders and stakeholders. As for external factors that support good corporate governance, these could be listed as follows:

- Banks Law No. (28) of 2000.
- Companies Law No. (22) of 1997.
- Securities Law No. (76) of 2002.
- Deposits Guarantee Law No. (33) of 2000. In addition to all laws that protect the rights of shareholders, depositors and relevant stakeholders.
- Regulations and directives issued pursuant to the above-mentioned laws.

Furthermore, the following references were used as key resources for drafting the Manual:

- The Corporate Governance Code for Banks in Jordan issued by the Central Bank of Jordan during 2007.
- Related publications issued by the Basel Committee.
- Relevant OECD and World Bank publications.
- The Current Status of the Bank with respect to Corporate Governance.
- Various professional publications on corporate governance related topics.
- Accounting standards and international financial reporting standards.

Corporate Governance Best Practices

The regulation of corporate governance and the various legal and regulatory frameworks vary significantly between countries. However, good corporate governance can be achieved regardless of the model adopted by the banking institutions provided that key functions are operating as required.

Four methods of monitoring should be included in any bank's organizational structure to guarantee the achievement of effective levels of monitoring. These methods are:

1. Monitoring by the Board of Directors,
2. Monitoring by individuals not engaged with managing day-to-day affairs.
3. Direct supervision by each business unit.
4. Separate units for managing risk and compliance subjected to internal audit procedures.

I. Corporate Governance Stakeholders

1. Shareholders

Shares ownership in public shareholding companies provides its owners with various rights. Such rights include the right to buy, sell and transfer shares or the right to the company's profits, whereas the shareholder's liability is limited to the value of his investment.

Shares ownership also provides their holders with the right to access various company related information and to influence the different decisions pertinent to the company. Accordingly, it is of prime importance that this Manual focuses on the rights of all the shareholders of the Bank.

2. Directors

Board members have the prime responsibility for the management and performance of the Bank whereby Board members, on behalf of the shareholders, oversee the work of the management. The duties and responsibilities of Board members are defined by various laws and regulations (such as the Companies Law, Banks Law ... etc.)

3. Employees

All Bank employees have the task to apply internal control procedures as part of their respective responsibilities in achieving the goals of the Bank.

All employees should possess the necessary knowledge, skills, information and authority to perform their duties. This requires that employees have a complete understating of the operations of the Bank, the industry, the market and pertinent risks.

Through pursuing the fulfillment of these requirements, employees would contribute positively to the Bank's performance and achievements. The resulting success would further their sense of job security and satisfaction.

4. Creditors

The various parties having contractual relations with a bank, such as customers, suppliers and creditors form the base of any organization.

The relationship between the Bank and the various stakeholders depends on the level of trust established between them.

II. Board of Directors

Duties & Responsibilities

To achieve corporate governance principles, the Board of Directors performs the following key duties and responsibilities in accordance with the Bank's by-laws, the Banks Law and Companies Law and other pertinent legislations:

1. The Board has the primary responsibility for ensuring the soundness of the Bank's financial standing and the fulfillment of all its obligations towards the various stakeholders including the CBJ, shareholders, depositors, creditors, employees, investors among others.
2. The Board sets the Bank's strategic objectives and oversees the executive management entrusted with carrying the daily operations of the Bank.
3. The Board ratifies internal control and monitoring regulations and ensures their continuous effectiveness in managing the various risks that face the Bank.
4. The Board oversees the Bank's compliance with the established strategic plans, policies and procedures pursuant to the laws and regulations in force.
5. The Board ensures the integrity of all procedures whereby it has provided a "code of ethics" that was developed based on the following principles: integrity, compliance with laws, transparency and loyalty. The code was disseminated among all employees and Board members and published for access by the general public.
6. The Board makes sure that written policies, covering all banking activities are available, endorsed and communicated across the various management levels. It also oversees that said policies are reviewed regularly and updated with any amendments needed as a results of changes in the various laws and regulations that govern the banking sector.
7. The Board appoints a competent, experienced, professional general manager with integrity and of good moral standing. The performance of the General Manager is evaluated annually by the Board.
8. The Board approves the appointment and resignation of the Bank's executive managers.
9. The Board, through the Nominations and Remuneration Committee, conducts a self-assessment of its performance at least once a year and according to a clear mechanism.

10. The Board approves succession plans for the Bank's senior executives that outline the qualifications and requirements that need to be met by holders of said positions.

Structure of the Board

1. The Board membership is diverse in terms of the practical and professional experiences of its members.
2. The Board may include executive members (those holding executive positions at the Bank) as well as other non-executive members with a majority of non-executive.
3. The Bank always accounts for having at least three independent directors on its Board.
4. The Bank defines the independent director as a member who is not linked to the Bank in any capacity that may affect the objectivity and neutrality of his judgment and meets the following minimum requirements:
 - has not been employed by the Bank for the preceding five years;
 - is not a relative (up to the second degree) of an administrator of the Bank;
 - is not receiving in direct or indirect payment or compensation from the Bank (other than as a Director);
 - is not a director or owner of a company with which the Bank does business with (other than business relationships made in the ordinary course of business of the Bank and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated parties);
 - is not, nor in the past five years has been, affiliated with or employed by a present or former auditor of the Bank;
 - is not a shareholder with direct effective interest in the capital of the Bank, or indirectly through affiliating with one of the Bank's major shareholders;
5. The Bank separates between the Chairman of the Board and the General Manager positions and observes that there is no family relation between them below third degree.
6. In the case that the Chairman is an executive director, the Bank will appoint an independent director as vice Chairman.

The Chairman

In addition to his normal duties, the Chairman carries out the following functions:

1. Promote a constructive relationship, based on corporate governance principles, among Board members and between the Board and the Bank's executive management.
2. Ensure that Board members and shareholders receive adequate and timely information.
3. Promote a culture in the boardroom that encourages constructive criticism and alternative views exchange among Board members during meetings.
4. Ensure high standards of corporate governance by the Bank.

Organizing the Board Tasks

1. The Bank's Board meets at least six times a year. The Bank's executive management schedules the topics on the meeting agenda as it sees appropriate.
2. The Bank provides the Board members with appropriate and adequate information in a timely manner.
3. The Board Secretary maintains a written record of deliberations and suggestions that take place during board meetings as well as voting results.
4. The Bank prepares a booklet which clearly explains the rights/duties and responsibilities of Board members and is disseminated among Board members upon their election.
5. The Bank prepares a special booklet that includes all banking operations that requires the approval of the Board.
6. Board members must be continuously informed of changes taking place within and outside the Bank. Furthermore, the Bank would provide Board Members, upon appointment and throughout their tenure, with a brief of the Bank's activities and operations to include the Bank's strategic plan, key issues related to its current status; risks management; compliance program; code of conduct; organizational structure; and the executive managers and external auditor.
7. All Board members and Board committees have the right to direct contact with the Bank's executive management.
8. Board members and Board committees may, if needed, seek the assistance of external resources that would enable them to carry out the duties entrusted to them.
9. The Bank has an organizational structure that demonstrates the reporting hierarchy (including Board committees and executive management). Details pertaining to upper management structure are disclosed to the public.
10. The Board of Directors ensures that every board member is committed towards the Bank and all its shareholders and not towards a certain shareholder.
11. The Board formally defines, in writing, the functions and duties of the Board Secretary which include oversight responsibility to ensure that endorsed Board procedures are followed; information is communicated among Board members; Board committees and the executive management, in addition to arranging for and scheduling Board meetings and taking meeting minutes. The Board Secretary's appointment or removal is decided upon unanimously by the Board.

Board Membership Criteria

The following are considered the minimum criteria required to be met by a Board member:

a) Board Membership Eligibility Requirements and Qualifications

Each Director should have the necessary qualifications to serve the interests of the Bank and relevant stakeholders. This includes fulfilling requirements set out in the Banks Law and other relevant laws. In addition, Board Members should possess some or all of the following expertise and qualifications:

- Suitable banking experience.
- A certain level of education and training.
- Ability to judge with independence.
- Knowledge of financial statements and reasonable level of understanding of performance evaluation ratios. Relevant experience in the banking field is also required.
- Financial / Banking skills or expertise that contribute to the enrichment of the Board.
- Commitment to learn about the operations of the Bank and fulfill contribution requirements and readiness to resign in case of non performance.
- Understanding and knowledge of international best practices in management and their application thereof.
- Ability to provide a clear strategic direction and long-term vision and possess sound decision-making capability.

b) Loyalty, Honesty and Diligence

The commitment of Board members to loyalty, honesty and diligence constitute key aspects of achieving good corporate governance in terms of member's keenness to maintain an honest relationship whereby he/she, like any other Bank employee, discloses any material information prior to making any dealing or commercial transaction with the Bank.

With regard to loyalty, in the case of conflict of interest between a Director and the Bank, all parties should seek that the process be fair for the Bank. The Board should apply, impartially, the same conditions to both clients and Directors when dealing with the Bank.

To achieve the aspired loyalty, each Board member should:

- Carryout his role faithfully and in the best interest of the Bank.
- Avoid conflict of interest or exploitation of office or Bank related information to gain personal benefits and the immediate declaration of related incidents that have taken place or any future ones as soon as they arise.
- Advise the Board of any potential conflict of interest and abstain from voting on any related decision.

As for diligence, Directors should undertake all duties stipulated in relevant laws and regulations and seek to attain all pertinent information to verify that decisions taken are in the interest of the Bank. Directors should also attend Board meetings after having duly prepared for them as well as faithfully carryout duties entrusted to them.

c) Independence

For the Board to be able to carryout its monitoring role over the executive management and oversee that it is not performing any inappropriate practices, the Board of Directors retains an adequate number of independent directors on the Board (in accordance with the definition of an independent director setout in this manual). The Board has considered that membership of three independent directors is appropriate.

d) Exposure and Knowledge

In this regard, a Board member must be:

- Knowledgeable, with adequate understanding of banking transactions and associated risks. In addition, posses knowledge of financial statements that reflect the Bank's standing.
- Knowledgeable of relevant laws and regulations which the Bank is required to abide by and stays abreast with emerging topics in the financial services field.
- Committed to attending Board and committees' meetings, reviewing all suggested discussion topics and reports submitted by the executive management; internal and external auditors as well as regulatory authorities that have oversight prerogatives over the operations of the Bank.

III. Board Committees

In order to organize the work of the Board and increase its effectiveness and efficiency, the Board of Directors formed various committees with some responsibilities and authority delegated to them in accordance with the Bank's goals and strategies. Said committees were established in an official manner according to regulations that were issued and endorsed by the Board. The existence of the Board committees, however, does not supersede the Board's direct responsibility for all matters related to the Bank.

The Bank discloses the names of committee members as well as a summary overview of their tasks and responsibilities in the Bank's annual report.

The Board may opt to merge the responsibilities of more than one committee into one if such action was in the best interest of the Bank from an administration standpoint.

Board Audit & Risk Committee

1. The Board Audit and Risk Committee comprises of four board members in addition to an observer, all of them are non-executive directors.
2. The Bank discloses the names of the Committee members in its annual report.
3. At least two of the Committee members should have relevant accounting and financial management qualifications and expertise.
4. No less than two members of the Committee should be independent directors.
5. The tasks and responsibilities of the Risks Management and Compliance Committees are entrusted to the Board Audit and Risk Committee.
6. The Board Audit and Risk Committee has, by a specific provision in the written charter of its functions and responsibilities, the ability to obtain any information from executive management, and the ability to call any executive or Director to attend its meetings.
7. The Bank has a “Code” that outlines the functions, responsibilities and the authority of the Board Audit and Risk Committee.
8. The committee provides its recommendation to the Board with regard to appointment, termination, remuneration and assessing the objectivity of the external auditor, taking into consideration the following points:
 - Regular rotation of the external auditor among auditing firms. If that was found impractical, then ensure regular rotation of the Auditor’s senior partner assigned for the Bank audit.
 - That the External Auditor submits a copy of his report to the Board Audit and Risk Committee.
9. The Board Audit and Risk Committee meets each of the Bank’s external auditors, its internal auditors and its compliance officers, without executive management being present, at least once a year.
10. The Board Audit and Risk Committee has all the duties and responsibilities required by the Banks Law and other relevant laws and regulations, including the duties to:
 - Review and ratify the internal audit plan which includes audit scope and frequency.
 - Ensure that the executive management takes timely corrective measures with regard to weaknesses in internal audits, non-compliance with established policies, rules and regulations, and other areas determined by internal auditors.
 - Ensure that the Bank has properly observed and complied with international accounting and audit standards.
 - Assess the scope, results and adequacy of the Bank’s internal and external audits.
 - Conduct continuous assessment of the Bank’s internal monitoring and control systems.
 - Review accounting issues with material impact on financial statements.
 - Review the comments and reports of monitoring bodies and the external auditor and follow-up on corrective measures.
 - Review the Bank’s financial statements prior to submission to the Board. Specifically, review compliance with regulators’ directives related to capital adequacy and the adequacy of allocations for non-performing loans and other allowances. Also, provide opinion with regard to the Bank’s non-performing loans or those suggested to be considered as bad debt.
 - Ensure that relevant laws and regulations are observed.
 - The Committee submits its reports and recommendations to the Board.
 - The head of the Bank’s Internal Audit Unit is called to attend the Committee meetings. The Committee may also invite other people to the meetings in order to seek their opinion regarding specific matters.

Generally speaking, the responsibilities of the Board Audit and Risk Committee do not substitute for the responsibilities of the Board with respect to overseeing the adequacy of internal monitoring and control systems.

The role of the Board Audit and Risk Committee with regard to risk management can be summarized as follows:

1. Recommend the endorsement of a risk management strategy and policies and ensure they are:
 - Comprehensive and documented for managing all material risks.
 - Appropriate for the size and activity level of the Bank and its subsidiary companies.
 - Outline the programs, procedures and tools (including ceiling levels) to implement said plans and policies and ensure their implementation and that any exceptions are done in accordance with specific administrative approvals.
 - Reviewed regularly.
 - Disseminated among concerned parties within the Bank.
 - Monitor risk management activities carried out by the executive managements with regard to each of the following: credit risk, market risk, liquidity risk, operational risk, non-compliance risk, reputation among others, through reviewing reports issued by the Risk Management Department which outline to the Committee the Bank’s risk profile and measures taken to minimize them. These reports should be appropriate, detailed and submitted in a timely manner within an effective information systems framework.
2. Monitor risks facing the Bank and determine their materiality and ensure that internal procedures are in place to assess capital adequacy as relevant to the Bank’s risk profile.
3. Ascertain risks pertinent to new products the Bank plans to offer before their launch.

4. Recommend the adoption of an organizational structure for the Risks Management Department and ensure that it is independent and carries out its duties under an independent management.
5. Review the acceptable risk appetite level that can be endured by the Bank and accordingly provide recommendation to the Board.
6. Review reports pertinent to safeguarding business continuity.
7. Submit regular reports to the Board of Directors.

The role of the Board Audit and Risk Committee in monitoring compliance can be summarized as follows:

1. Recommend the adoption of a compliance monitoring policy and ensure that the policy is:
 - Documented in writing.
 - Appropriate for the size of the Bank's and its subsidiaries' activities.
 - Specifies the procedures that need to be followed by management and staff.
 - Outlines the key requirements for identifying compliance risks and their management across the various organizational levels.
 - Disseminated among the various administrative levels and employees of the Bank.
2. Assess the Bank's effectiveness in managing compliance risks at least once a year and conduct necessary revision in case of any amendments.
3. Monitor and follow-up implementation of the policy.
4. Take necessary measures to promote values of integrity and proper professional conduct within the Bank such that compliance with laws, regulations, instructions, directives and applied criteria become key objectives and duties required to be fulfilled.
5. Adopt an organization structure for the Compliance Monitoring Department and ensure its independence such that there is separation between the functions of compliance monitoring and that of internal auditing.
6. Ensure that an annual compliance risks management plan is in place and that it accounts for any shortcomings in the policy, procedures or application. Also, ensure that the plan is linked to the effectiveness of the current management of compliance risks and it determines the need for any policies or procedures for dealing with new compliance risks resulting from the annual assessment of these risks.
7. Review the corrective procedures and measures and/ or disciplinary actions undertaken by the Bank's executive management in the event of discovering violations arising from non-compliance, specifically those that subject the Bank to legal penalties or significant losses, both financially and reputation wise, and ensure that these cases are immediately reported.
8. Review reports that show compliance test results which should include assessment findings pertinent to compliance risks, violations and shortcomings along with the corrective measures implemented.

Nominations & Remuneration Committee

1. The Nominations and Remuneration Committee comprises of three non-executive directors, two of whom are independent directors. The Committee meets at least twice a year or on needs basis and its decisions are based on a majority vote, including that of the Committee chair.
2. The Committee carries out the following functions:
 - Nominate all Board appointments, duly considering candidates' abilities and qualifications and, for re-nominations, their attendance and the quality and extent of their participation in Board meetings and in accordance with guidelines stipulated in the Companies Law regarding Board members tenure.
 - Determine whether a Director qualifies to be considered 'independent'.
 - Implement a formal method of assessing the effectiveness of the Board, including participation level of Directors in Board meetings. Performance criteria are objective and include comparison with other similar banks and financial institutions. In addition, they include criteria that assess the integrity and soundness of the Bank's financial statements and compliance with requirements set forth by regulatory bodies.
 - Have the responsibility to provide background briefing material for Directors covering key issues, as well as ensuring that they are kept up to date on relevant banking topics.
 - Recommend to the Board the remuneration (including monthly salary and other benefits) of the General Manager. The Nominations and Remuneration Committee also reviews the remuneration of other executive management.
 - Recommend to the Board the appointment of a general manager, provided that he/she meets the qualifications outlined in the Banks Law.
 - Provide recommendation to the Board to approve the succession plan for the Bank's senior executives which outline the qualifications and requirements that need to be met by holders of said positions.
 - Provide recommendation to the Board for the appointment of executive managers.
 - Ensure that the Bank has a remuneration policy, which is sufficient to attract and retain qualified individuals, and is in line with the Bank's peers in the market. The Bank's policy should also account for partially linking salaries to performance and that incentive programs be in place that aim to strengthen the Bank's share value in the long run and to further the internal control environment (i.e. focus should not be only on increasing the earning per share in the short term only.)
 - Ensure that the Bank's remuneration policy is disclosed in the Annual Report, particularly the remuneration of individual Directors and the highest-paid non-Director executives.

- Ensure that the Board is provided with reports that contain all information necessary to carry out its duties.

Corporate Governance Committee

The Corporate Governance Committee is comprised of the Chairman of the Board and three non-executive directors. The Committee meets at least once a year upon the invitation of its head. The Internal Audit Manager acts as the Committee's secretary.

Corporate Governance Committee Tasks

The tasks of the Corporate Governance Committee are to primarily oversee the implementation of all guidelines stipulated in the Corporate Governance Manual and compliance of all relevant parties including the executive management, the Board and Board committees, in addition to periodical or on need basis review of the Manual in order to cope with changes in the requirements and expectations of both the Bank and the market.

Key tasks Entrusted to the Corporate Governance Committee:

1- Ensure that the Board of Directors sets the Bank's strategic objectives and corporate values and communicates them across the various administrative levels within the organization. In this regard, the Committee oversees the following:

- Formulation and endorsement of the Bank's strategic plan by the Board.
- The Board of Directors endorsement and supervision of implementation of the Bank's general policies, including its overall strategy, in a manner that safeguards against conflict of interest.
- Compliance of the Board members and all administrative levels throughout the organization with JKB's established code of conduct.

2- Ensure that responsibilities are defined and clear communication and accountability lines are established for all administrative staff, across the various organizational levels, in accordance with the following framework:

- The Banks Law and Companies Laws defined the requirements and responsibilities of the Board of Directors and the General Manager such that the Board of Directors is held accountable for monitoring the executive management of the Bank that oversees the administration of the day-to-day affairs of the Bank.
- It is important to: establish clear lines of accountability and responsibility through official delegation of authority; ensure segregation of duties; and have appropriate internal monitoring and control systems in place.

3- Ensure that Board members fulfill eligibility criteria for Board appointment and possess clear understanding of their role with respect to corporate governance and independence vis-à-vis problem solving and decision making. In this regard, the Committee is tasked with several oversight responsibilities to include:

- Ensuring that the Board of Directors performs its monitoring role over the Bank's activities including an understanding of the various risks the Bank may face.
- Ensuring that the Board membership includes an adequate number of independent directors.
- Overseeing that the parameters and conditions set forth in the Banks Law with regard to individuals assuming Board membership and chairmanship positions are fulfilled.
- Observing that the "fit and proper" principle is applied.
- Ensuring that the Board Audit and Risk Committee, formed of Board members, is in place and carries out its duties pursuant to the parameters set forth by the Banks Law. In addition, make sure that other pertinent committees are formed in accordance with the CBJ regulations (such as the Risk Management and Compliance Committees).
- Oversee that adequate Board committees are in place and new ones are formed on needs basis necessary to instill and apply corporate governance rules and culture across the various organizational levels.

4- Ensure that the executive management performs appropriate supervision over the Bank's operations and in accordance with the instructions listed in the Internal Monitoring and Control Regulations issued by CBJ through the following:

- Ensure that the executive management carries out its risk management functions which entail overseeing that policies and instructions pertinent to credit risk, market risk, liquidity risk, and operational risk are in place and reasonably monitored. In addition, commit to manage and monitor compliance risks in accordance with the tailor designed policies, thus achieving a reasonable return for shareholders without compromising banking safety issues.
- Ensure the application of dual monitoring over all banking operations and activities
- Ensure the proficiency of the executive management and department heads

5- Make effective use of the functions carried out by the Internal and External Auditors.

6- Ensure that the Bank, while considering credit facilities approval, evaluates the quality of corporate governance applied by the client particularly of corporate and shareholding companies. Upon assessment, the Bank may consider some concession for those clients who maintain good governance standards.

- Among the responsibilities of the Board is to put in place internal regulations and directives that outline the responsibilities of the different departments such that the application of the desired level of monitoring is safeguarded. In this regard, the Corporate Governance Committee provides the following:

a) Internal Auditing

Effective internal monitoring and control systems should be supported by an effective, independent Internal Auditing Department that assesses the effectiveness of said systems independently.

The Internal Auditing Unit assesses the effectiveness and efficiency of operations as well as compliance level with the laws, rules and regulations. In addition, it assesses the effectiveness of risk management systems and capital adequacy, relative to its risks and according to the Bank's financial statements. To achieve this role, the following needs to take place:

- Ensure the complete independence of the internal auditor through the submission of audit reports, recommendations and results directly to the Board Audit and Risk Committee.
- Ensure that the Board Audit and Risk Committee is responsible for setting the salaries and benefits of the Internal Audit Unit staff and appraising their performance.
- Make sure that Internal Auditing and the Board Audit and Risk Committee review the observations contained in the Central Bank and external auditor's reports and follow-up actions taken thereon.

b) External Auditing

External auditing represents another level of monitoring over the credibility of financial statements and assessment of internal monitoring and control systems:

- The Banks Law outlined the tasks required of the external auditor. The external auditor of the Bank is selected from a list prepared annually by the CBJ.
- Ensure complete cooperation and coordination between the internal and external auditors.

7- Take into account that the corporate governance process is characterized with disclosure and transparency.

8- The Board and the executive management should have an understanding of the structure of the Bank's operations, including the activities performed by the Bank in areas, or within legislative structures, that hinder transparency. In this regard, the Corporate Governance Committee ensures the following:

- That the executive management follows clear policies and proper procedures for operating within these areas / legislations;
- That periodic assessment is conducted to ascertain the need for the Bank to operate in these areas and which impede transparency;
- That the Board Audit and Risk Committee monitors internal controls over the activities performed in these areas and submits necessary reports, annually or in case of material underperformance, to the Board;
- That strategies and work policies and procedures that govern complex financial products and tools offered by the Bank, and that assessment policy for the use or sale of these products are in place;
- That policies are in place to identify, measure and manage material risks, including legal risks and reputation risks, that may arise as a result of any of the Bank's activities in these areas;
- That compliance assessment reports pertaining to compliance with laws, regulations and internal policies are periodically reviewed;
- That all above activities are subject to internal audits and within the scope of work of external audits;
- That necessary information reaches the management, including information related to the risks of these activities. Necessary reports are submitted to the Bank's Board and regulatory authorities and disclosure requirements are met in accordance with the laws and regulations that govern the Bank work.

Board Credit Committee

The tasks and responsibilities of the Committee are mainly to look into the recommendations and requests put forward by the Management Credit Committee pertaining to requests falling beyond the scope of its authority.

- The Committee is comprised of the Chairman or his Deputy, and the membership of two Directors.
- The committee meets on weekly basis.
- The Committee regularly conducts a revision of the credit policies and updates them in accordance with relevant laws and regulations.

IV. Executive Management

1. The executive management lays down the business plans to achieve and implement the Bank's strategy. Business plans are developed through a compressive planning process that encompasses all the departments of the Bank.

2. The executive management conducts a regular review of the achievements and compares them to established plans and takes corrective measures if needed.

3. The executive management prepares budget estimates as one of the planning and monitoring tools.

4. The executive management is considered responsible for the preparation and development of policies and procedures pertinent to managing the various risks. It is also responsible for overseeing the implementation of the strategies endorsed by the Board.

5. Management of the operational, day-to-day affairs of the Bank that fall within the tasks and responsibilities of the Bank's executive management.

V. Executive Committees

To ensure that corporate governance principles are applied, the JKB has several specialized executive committees that were formed for specific purposes in order to increase the Bank's overall effectiveness. These committees include the following:

- Executive Committee
- Assets and Liabilities Committee
- Information Systems Steering Committee
- Management Credit Committee
- Real Estate Committee

The membership of these committees is comprised of the General Manager as the committee head and some or all deputies and assistants to the General Manager as members.

In addition to the above-mentioned committees, the following committees were formed: Treasury Investments Committee, Procurement Committee and a committee for managing the handover of new and renewed branches to the Bank.

The following summary highlights the key tasks and responsibilities of the executive committees:

Executive Committee

The key functions and responsibilities of the Executive Committee include following-up on the Bank's various achievements and work progress as well as conducting periodic review. In addition, identify means to improve the various aspects of the Bank's activity to achieve set objectives and respond timely and effectively to new developments. The Committee is headed by the General Manager and includes his deputies, assistants and executive managers. The Committee meets monthly or on need basis.

Assets and Liabilities Committee

The strategic objective of the committee is to augment the long-term profitability of the Bank through the proper allocation of resources on lucrative deployments while maintaining an acceptable level of risk that is compliant with the Bank's objectives. The committee carries out two key tasks:

- The strategic distribution / allocation of both assets and liabilities.
- Risk monitoring and control.

In addition, assess the return / risk of the various assets and the capital structure along with resulting consequences and search for resources of funds, value them and price them.

The committee is formed of the General Manager as the committee head and the membership of each of the following:

- Deputy General Manager / Banking Group, Deputy General Manager / Support Services Group.
- Assistant General Manager / Treasury and Investments, Assistant General Manager / Credit.
- Assistant General Manager / Finance, Assistant General Manager / Retail and Consumer Products.
- Head of the Risk Management Department.

The committee meets every month and on needs basis.

Information Systems Steering Committee

The Committee is entrusted with carrying out the following tasks:

- Defining the strategic direction for the Bank's information systems.
- Reviewing the Bank's information systems implementation policies.
- Providing information and direction for the IT department with regard to IT strategic plans.

The committee membership is comprised of the General Manager as the committee head and the membership of all members of the executive committee. The Committee holds its meetings monthly or on need basis.

Management Credit Committee

The committee's tasks and authorities may be summarized as follows:

- Approve credit within specific ceilings set out in the Bank's credit policy.
- Provide recommendations to the Board Credit Committee pertaining to all requests that fall beyond its authority.
- Provide recommendations to the Board Credit Committee pertaining to the legal proceedings to be taken against defaulters.
- Provide recommendations to the Board Credit Committee pertaining to the Non-Performing Loans settlement or rescheduling programs, in accordance with the regulations of the CBJ or other regulatory bodies that govern the foreign branches of the Bank.
- Approve the pursuit of legal actions against clients with default payments of consumer loans, term sales and credit cards within specified ceilings.
- Review approval / decline decisions within specified authority levels.
- The committee is headed by the General Manager with the Deputy General Manager/Banking Group as his deputy and the membership of the following: Deputy General Manager/Support Services Group, Assistant General Manager / Branches, Assistant General Manager / Retail & Consumer Products and the Assistant General Manager / Credit. The executive manager of the legal department participates as the committee's legal advisor, and the Head of the Credit Operations Department acts as the Committee's Secretary.
- The committee meets at least twice a week.

VI. Internal Control

1. The Internal Control structure shall be reviewed by the External Auditor and the Internal Auditor at least once every year.
2. The Board provides information in the Bank's annual report on the adequacy of the Bank's internal controls over its financial reporting. This information includes:
 - A statement of executive management's responsibility for establishing and maintaining adequate internal control over financial reporting for the Bank;
 - A statement identifying the framework used by executive management to evaluate the effectiveness of internal control;
 - Executive management's assessment of the effectiveness of internal controls as of the date of the financial statements.
 - disclosure of any material weaknesses in the internal controls;
 - a statement that the Bank's external auditor has issued an attestation report on executive management's assessment of the effectiveness of internal controls.
3. The Bank has to set up arrangements whereby staff can confidentially raise concerns about possible irregularities, and that allow for such concerns to be independently investigated and followed up. Such arrangements are overseen and monitored by the Board Audit and Risk Committee.

Organizational Structures and Work Organization at the Bank

In order to achieve the principles of internal control and the foundations of corporate governance; especially dual control and clarity of authority and responsibility lines, the Bank has distributed tasks and duties among its different departments and clearly defined authority and responsibility lines. In addition, it has set the various detailed policies that were adopted by the Board, most important of which are that Credit Policy and the Investment Policy at the Bank, as well as policies related to Risk Management and Compliance Monitoring.

Within this framework, the Bank's organizational structure points to the fact that the Board of Directors sits squarely at the top of the pyramid. After that come the roles of the Chairman and the General Manager, respectively. Work at the Bank has been divided into three main groups as follows:

The Banking Group: Includes the activities of Credit Facilities, Treasury and Investment as well as Retail and Consumer products. Each of these activities is divided into sub-activities to ensure specialization of work and to achieve the principles of internal control.

The Risk Management Group: Includes Credit Risk, Operational Risk and Market Risk, in addition to compliance monitoring.

The Support Services Group: Includes the activities of branch management, information systems, central operations, finance and administrative services. Each of these activities includes other specific sub-activities.

Each of the three groups is headed by a Deputy General Manager who reports directly to the General Manager; noting that the Risk and Compliance departments also report to the Board Audit and Risk Committee through the Deputy General Manager for Risks and Compliance.

There are other departments that are headed by Department Managers and that report directly to the General Manager which are: Legal Department, Public Relations, Human Resources and Strategic Planning.

As for the Internal Audit Department; it reports directly to the Chairman of the Board and submits its reports to him and to the Board Audit and Risk Committee.

Key Tasks and Duties of the Various Bank Departments

The Bank has organized the work of its various departments by setting a suitable organizational structure for all departments, defining their tasks and duties, and job descriptions for the different jobs at the departments as outlined hereinafter.

Credit Department

The organizational structures indicates that this department is headed by the Assistant General Manager – Credit, and that work is divided among three departments and two units: Corporate Credit Department, Commercial and Medium Credit Department, Credit Follow-up and Adjustment Department, in addition to the Information Unit and the Financial Analysis Unit.

The tasks and duties of the Credit Department and units are as follows:

Corporate Credit Department

- The study and management of direct and indirect credit within certain ceilings. It is responsible for Syndicated Loans, Government Institutions' credit, Social and Political VIPs credit, Project Financing, Financial Leasing and Special Corporate Credit Programs.

Commercial and Medium Credit Department

- The study and management of direct and indirect credit facilities within specific categories. It is responsible for loans granted to small and medium-sized projects.

Loan Follow-up and Adjustment Department

- Maintaining the non-appearance of defaulted loans and limiting their growth by handling them according to sound banking principles as derived from the Bank's Procedures Manual and internal instructions, and in accordance with the instructions of the Central Bank of Jordan and regulators.

In addition to that, the following units are under the Credit Department:

Information Unit

- Prepare studies and reports regarding credit limits, past-due payments, un utilization ... etc. In addition, coordinate with internal and external auditors and respond to their requirements and inquiries.

Financial Analysis Unit

- Prepare analytical studies of financial statements and provide recommendations regarding their indicators whether they are for the Bank's clients or for any institution or company that the Bank finds of interest. In addition, develop a financial database of clients and the various economic sectors.

Credit Operations Department

The organizational structures points to the fact that this department is headed by the Assistant General Manager – Operations whom the Department Manager reports to, and that work is divided among four departments which are: Internal Operations Unit, External Operations Unit, Legal Documentation Unit and the Committees and Decisions Unit in addition to a support services employee. This department has been separated from Credit Department in order to achieve segregation of duties in accordance with the dual control principle.

The most important tasks and duties of the Departments' units are as follows:

Internal Operations Unit

1. Carryout functions related to granting facilities, their renewal, adjustment and cancellation. As well as the preparation, review, posting and adoption of accounting records relevant to the performed transactions.
2. Accepting or rejecting un-cleared cheques presented through the clearing system based on a decision by the authorized levels.
3. Posting the data of guarantees to the Banking system.
4. Posting the data of credit portfolios assigned to the credit officers and their authorities, as well as the authorities of branches and offices in regard to current accounts with no sufficient balances, to the Banking system, based on a decision by the Credit Department.

External Operations Unit

1. Prepare a statement of loan classification, calculating impairment and reserves provisions as well as all relevant data that is required as per the instructions of the CBJ, regulators and the Bank's external auditor.
2. Prepare a statement of credit concentrations, enter relevant data to the Banking system so that relevant groups, members of the Board of Directors, Executive Managers and subject companies and such data that is required by the instructions of the Jordan Central Bank and regulators.
3. Prepare a statement of the Bank's clients banking risks and request their secret numbers from the CBJ, enter into the Banking system and approve the monthly system update before being sent to the CBJ.
4. Direct inquiries regarding the risk position of new clients towards other banks through direct connection with Jordan Central Bank.
5. Reply to other banks' inquiries pertinent to the Bank's clients.

Committees and Decisions Unit

1. Index and organize the issues that need to be brought to the attention of the Management Credit Committee or the Board Credit Committee according to the authorities granted to them by the Credit Policy Guidelines.
2. Attend the meetings of the Management Credit Committee and prepare their decisions.
3. Draft minutes of meetings of the Management Credit Committee.
4. Inform the concerned clients, branches and departments of the decisions taken by the committees (Management Credit Committee or Board Credit Committee).
5. Prepare release letters property mortgages, possession mortgages, stocks or vehicles.

Legal Documentation Unit

1. Prepare and approve all contracts and documents that support and document transactions up to a specified ceiling. All transactions that exceed that ceiling need to be approved by the Legal Department.
2. Solicit legal opinion when required.
3. File the first copy of contracts and documents in safes and in the custody of the Unit Manager.
4. Correspond with the Administrative Services Department regarding estimates of mortgaged properties, or properties proposed as collateral for credit facilities.

Credit Policy

In order to organize work throughout the various departments and units of Credit Department, the Board of Directors has adopted the Bank's Credit Policy Guidelines. The application of these guidelines would enable the Bank to achieve the following:

- A clean and high-quality credit portfolio.
- Qualitative and sectoral distribution of credit risks.

- Acquiring the appropriate collaterals.
- Upper limits on the facilities for a single client and the related party clients.
- Establishing solid basis for following up the collection of due and unpaid loans.
- Establishing specific and solid standards for classifying facilities' by quality and risk.
- Good assessment of credit risks regarding: client risk, activity and economic risk.
- Compliance with the regulations of monetary authorities and other regulatory bodies that regulate the provision of credit in the countries where the Bank's branches, offices and investment units operate.

The Bank's credit policy is based on centralized management of the credit function. Studies, analysis and documents are completed by Credit Department, after which, requests and other issues are presented to the specialized committees for decision making purposes. As for documentation and implementation of approved facilities, these are carried out by the Credit Department at the head office as part of dual control framework which separates approval from processing.

One of the most important professional standards included in the Bank's credit policy is requiring that credit employees inform their superiors regarding financial transactions of their immediate relatives in order to achieve the principle of transparency. Furthermore, it is not acceptable for relatives' accounts to be run by related employees.

The policy included the basis of classifying facilities according to maturity, guarantees, method of repayment, risk dimensions and purpose; in addition to outlining the different phases of granting credit.

The credit policy outlined in detail authority boundaries and the bodies conferred with granting credit at the Credit Department level as well as the various credit committees.

Treasury and Investment Management

The organizational structure indicates that the department is headed by the Assistant General Manager for Treasury and Investment supported by departments' heads. Work is divided into several activities which are: Dealing Room, International Relations and Correspondent Banks, Investment Funds, Local Investment, Treasury Operations, External Unit Coordination Office and the External Banking Unit.

The most important tasks and duties assigned to the Treasury and Investment department are:

1. Manage foreign and local currencies liquidity in such a way that achieves the highest returns on shareholder's equity.
2. Manage the assets and liabilities in local and foreign currencies to achieve the highest possible returns within acceptable risk boundaries.
3. Manage investment portfolios of bonds, stocks and the various monetary instruments in foreign and local currencies.
4. Coordinate with correspondent banks in order to maintain exceptional relations with them and follow up on the credit ceilings granted to the Bank.
5. Continual search for available investment opportunities according to their alignment with the adopted investment policy and the instructions of the CBJ.
6. Provide investment services that are related to the department such as margin dealing, postponed contracts, derivatives, stocks, bonds, escrow, investment caretaker and issue manager.
7. Work on supporting work centers and branches in performing their tasks.
8. Follow up on commitment reports with administration departments, senior management and external bodies.
9. Study the performance of companies' stock and their financial standings and send investment reports to senior management.

As for the External Banking Unit, the following is carried out (in coordination with the Branches Operations Coordination Office):

1. Provide banking services to clients such as accepting deposits, granting direct and indirect credit facilities and following up on the Bank's stocks and bonds investment portfolios.
2. Represent the Bank in front of official and non-official bodies in Cyprus.
3. Provide the Central Bank of Cyprus with all the reports and financial statements required regarding the branch's activities there.
4. Coordinate with the External Financial Unit's Liaison Officer at the Treasury Department to facilitate workflow between Cyprus branch and all other departments and branches.
5. Send periodic reports and financial statements that were audited by the external auditor, to the Bank's management.
6. Apply laws and regulations issued by the CBJ and the Central Bank of Cyprus regarding the operation of the branch, as well as management instructions, and ensure that employees are familiar with them.

The Financial Department carries out the Back Office operations of the department in addition to the role of the Risk Department in identifying risks that result from the any kind of operations by the Treasury Department.

The Bank's Investment Policy

In order to achieve the prudent principles of Corporate Governance, the Bank has developed an investment policy, which was approved by the Board of Directors, for the deployment of funds in foreign currencies. This policy included the following:

Goals of the Investment Policy include twining with the Bank's strategy and contribute to fortifying the solidity of the Bank's financial standing, achieving safety, maintaining liquidity and maximizing returns.

One of the most important topics covered in the policy is the investment controls and standards. The policy states that the Bank may invest in money and capital markets instruments where as such investment does not exceed a specified ratio of total available funds.

The policy also included a definition of credit classifications for instruments that can be invested in and at specific ratios. In addition, the ceilings for acceptable investment in fixed income and ownership instruments were set.

Similarly, ceilings were set for direct credit facilities granted in foreign currencies, whereby they are not to exceed a specified percentage of the sources of fund in foreign currency.

On another hand, the use of financial derivatives was limited to be used for hedging purposes only.

The Bank's investments in foreign and local currencies are managed within clear and defined authorities and within the documented Authority Guidelines which was approved by the Board of Directors.

Investments in the Jordanian Dinar are governed by the Investment in Jordanian Dinar Policy which sets the relevant investment regulations and standards.

Internal Audit Department

The philosophy of Internal Audit is based on its mission to provide assurance and independent and objective consultation that adds value or enhances processes, and assist the Bank's management in achieving its set goals through setting a regular methodology to evaluate and improve the effectiveness of risk management processes, internal audit and corporate governance.

A charter was created for the department according to International Best Practices. Following are the most important features of the charter:

Objectives

The department works on achieving the following goals:

- Provide reasonable assurance regarding the level of effectiveness and efficiency of internal control systems at the Bank and their ability to achieve the following:
 1. Integrity and reliability of financial and operational data.
 2. Efficiency of operations.
 3. Compatibility with the regulations, instructions and laws in force.
 4. Maintaining the Bank's assets and property.
 5. Continuity of work under all circumstances.
- Provide reasonable assurance regarding the level of effectiveness and efficiency of the Bank's risk management systems and corporate governance processes.
- Improve and develop internal control systems, risk management and corporate governance processes.
- Add value to the Bank through offering consulting services required by the Bank's management.
- Improve and develop processes and products in such a way that serves the Bank's goals.

Authorities

In order to achieve all the goals entrusted to the Internal Audit Department, the department is granted the following authorities:

- Perform audit and review operations for all of the Bank's work centers and subsidiary companies.
- Refer to and view all the records, systems, data and reports of the Bank and subsidiary companies.
- Direct communication with all employees of the Bank and subsidiary companies.
- Define the nature, scope and timing of audit and review processes.

All work center managers at the Bank or subsidiary companies must inform the Internal Audit Department of any problems or significant incidents the instant they occur and without delay.

Independency and Objectivity

In order to ensure the necessary independency, the Internal Audit Department shall:

- Be administratively reporting to the Chairman of the Board, and functionally to the Board Audit and Risk Committee.
- Prepare reports and send the results of its work directly to the Chairman of the Board and the Board Audit and Risk Committee.

In order to ensure the objectivity of the Internal Audit Department's officers and employees:

- The direct responsibility for control and risk management shall remain within the direct responsibilities of work centers.
- The department is not responsible for any operational actions, and the department does not have any direct responsibility or operational authority over the activities which the department is responsible to review and audit.
- The process of providing consultation by the Internal Audit Department to Executive Management does not hinder the responsibility of Executive Management for appropriate implementation and control of its various activities.

Scope and Responsibilities

1- Audit Scope

- The department's scope of work includes all work centers, activities and operations of the Bank; in a manner that enables the department to assess the suitability and effectiveness of internal control systems, risk management and corporate governance processes, and accomplishes all the tasks and responsibilities entrusted to it.
- The department conducts periodic reviews and audits based on the priorities of the Risk-based Audit Plan adopted in the department's strategy which is approved by the Board of Directors and its Board Audit and Risk Committee.
- The department also conducts any special reviews or consultations based on the directions of the Chairman, the Board Audit and Risk Committee or the Department Manager.

2- Relationship with External Auditors and Central Bank Inspectors

- The Internal Audit Department is the liaison between external auditors and Central Bank inspectors from one side and the Bank's various departments and work centers on the other; whether that is during review processes or during the phase of replying to remarks and reports.
- The Internal Audit Department handles the process of coordination with external auditors in the fields of planning, timing and implementation of audit and review processes in order to avoid any conflicts.

Mission

- In order for the department to be able to achieve its goals, it carries out the following:-
 1. Assess the sufficiency and effectiveness of internal control systems at the Bank and subsidiary companies.
 2. Assess the sufficiency and effectiveness of risk management and corporate governance processes at the Bank and subsidiary companies.
 3. Assess the accuracy and correctness of data and reports through periodic visits of branches, departments and subsidiary companies in addition to the daily reports issued by the Internal Audit Department.
 4. Assess the capital adequacy of the Bank and subsidiary companies in facing the all possible types of risk.
 5. Assess the level of commitment and adherence to instructions, laws and policies in effect and which govern the work of the Bank.
 6. Assess the phases of developing and maintaining the Bank's systems.
 7. Conduct all special investigations needed regarding important and material problems and violations.
 8. Assess the sufficiency and effectiveness of procedures for maintaining the assets and property of the Bank and its subsidiary companies.
 9. Assess the level of achieving the set goals for the various processes and work centers at the Bank.
 10. Assess the ability of the Bank and subsidiary companies to continue work under all circumstances.
 11. Follow up on reports and recommendations issued by the department and external auditors/central Bank inspectors to ensure that corrective actions were taken and assess the sufficiency of taken measures.
 12. Assess the proposed work procedures and policies in such a manner that guarantees the progress of work and meets all requirements.
 13. Assist that Bank's management in combating fraud by means of reviewing and assessing the level of efficiency and effectiveness of control procedures to limit such operations. (Whereas the main responsibility of preventing and discovering these cases remains with the Bank's management).
- The Internal Audit Department is also responsible for assisting the Executive Management and the Board of Directors through providing the needed consulting according to standards and best practices.

Accountability

- Prepare and implement an annual Risk-based Audit plan and methodology approved by the Chairman and the Board Audit and Risk Committee.
- Send detailed reports on the results of all audit visits and investigations. The reports shall contain the audit's scope, key remarks, recommendations and the required follow up procedures.
- Increase the efficiency and effectiveness of internal audit processes through the use of automated audit means and tools; and by following the relevant standards and best practices.
- Professional development of the internal audit employees by enrolling them in relevant training courses to ensure they are up-to-date with the latest developments in the internal audit profession.
- Take necessary procedures to ensure that all of the department's work is carried out according to the internal audit professional standards and best practices, in addition to the requirements of regulators that govern the Bank's work.

Periodic Assessment

The Internal Audit mandate is subject to annual review by the department in order to assess its capabilities to carry out all the tasks and responsibilities assigned to it and achieve the desired goals. Any needed modifications are presented to the Board Audit and Risk Committee for approval.

Communication

Based on internal audit standards and the publications issued by BASEL Committee, this mandate must be communicated to all work centers at the Bank and its subsidiaries so that they are informed of it in order to facilitate the task of the Bank's Internal Audit Department.

Risk Management Department

The different risks that the Bank is exposed to are managed by an independent Risk Management Department which reports to the Deputy General Manager – Risk Management Group; and submits its periodic reports to the Board Audit and Risk Management Committee.

The responsibilities of the Risk Management Department at the Bank include the following:

- Identify, measure, monitor and control risks and provide recommendations to mitigate the risks that face the Bank and guarantee the highest degree of coordination with all relevant Bank operations and departments.
- Provide recommendations to define the size and type of each of the acceptable main risks by the Board of Directors and ensure that current risks are in line with planned risks (Risk Appetite).
- Develop the methodologies for measuring and controlling each type of risk.
- Provide recommendations when setting the limits of the various risks that the Bank is exposed to, review them and provide recommendations to the Board Audit and Risk Committee, as well as record cases that are exceptions to risk management policies.
- Provide the Board and Senior Executive Management with information regarding the Bank's risk measurements and risk profile (qualitative and quantitative statistics to be presented at each Board meeting).
- Highlight risks transparently and ensure they are clear and understood internally and disclosed to the public.
- The Bank's committees, such as the Executive Committee, Credit Committees and the Assets and Liabilities/Treasury Management Committee assist the Risk Management Department in conducting its tasks within the specified authorities of these committees.
- The Bank shall include in the annual report enough information regarding the Risk Management Department, especially its structure, processes and the developments it underwent.
- The department spreads risk awareness among the Bank's employees regarding modern ways and methods of Risk Management in such a way that achieves the concept of comprehensive risk management.
- The department follows up on the instructions and recommendations released by the various regulators, including BASEL committee, and translates them into work plans, policies and procedures.

Compliance Department

The process of controlling compliance is considered an independent function which aims at ensuring that the Bank and its internal policies are in compliance with all the laws, regulations, instructions, directives, codes of conduct, sound banking standards and practices issued by the local and international regulators.

1. The processes of compliance control are managed through an independent department, which reports directly to the Deputy General Manager – Risk Management Group and submits reports periodically to the Board of Directors through the Board Audit and Risk Management Committee with a copy sent to the Executive Management.
2. The Board of Directors adopts and monitors the Compliance Policy while it is prepared and developed by the Compliance Department and communicated to all of the Bank's departments.
3. Employees of the Compliance Department are not assigned any executive work where there may be room for conflict of interest.
4. Compliance risks include the risks of not abiding by the laws, regulations, instructions and legislations issued by the various regulators, in addition to the risks of money laundering operations, reputation risks, risks of non-compliance with professional conduct charters and standards, intellectual property rights risks including regulations and any other relevant issues.
5. The scope of work of the Compliance Department includes the risk of non-compliance across all of the Bank's managements and branches in Jordan and outside as well as subsidiary companies.
6. The Board of Directors takes the necessary actions to support the values of integrity and sound professional conduct within the Bank such that compliance with the applied laws, regulations, instructions and standards constitute a primary goal that must be achieved. It also assesses the effectiveness of Compliance Risk Management at least once a year or whenever needed. Furthermore, the application of the Compliance Policy at the Bank is controlled and followed up by the Board of Directors through the Board Audit and Risk Committee.
7. The responsibility of Compliance Management is summarized by assisting Executive Management and the Bank's employees manage "Non-Compliance Risks" that face the Bank; especially the risks of money laundering operations. In addition, Compliance Management provides advice to Executive Management regarding the applied laws, regulations and standards as well as any amendments that may take place.
8. The Compliance Department has the authority to view all documents, records and contracts that enable it to perform its job with high quality, objectivity and transparency; in addition to viewing internal audit reports and the reports of external regulators -at the forefront of which are the Central Bank of Jordan and regulators whom the Bank's branches outside Jordan are subject to.
9. The Compliance Control Department has the authority to communicate with all employees at the Bank and subsidiary companies to get the information and clarifications it finds fit.

10. Full coordination shall exist between the Compliance Department and the other departments, especially with the Internal Audit Department and Risk Management, to obtain compliance reports that highlight conformity of work progress with the legislations, laws and instructions of regulators.

11. The Bank informs the Central Bank of any violations resulting from noncompliance especially violations that subject the Bank to legal penalties or material financial or reputation losses. In addition to informing the Money Laundry Unit at CBJ of any cases that should be reported.

Code of Conduct

The Bank adopted a Code of Conduct which was approved by the Board of Directors. All the Bank's employees across the various managerial levels as well Board members have pledged to commit to it.

The code defined the ethics, values and principles of Bank employees in four main areas which are:-

1. Integrity
2. Compliance
3. Transparency
4. Loyalty

Integrity: the code included that Bank employees are committed to the following:-

- Depositors' money is a trust and a responsibility that must be preserved.
- Non-conflict between personal interests and the Bank's interests.
- Not to use inside information to achieve personal interests.
- Maintain objectivity and not be influenced by personal relations.
- Not to enter into business relationships with clients and suppliers.
- Not to discriminate between clients.
- Not to accept gifts, benefits and invitations.

Laws and regulations: All employees must commit to financial confidentiality, the Bank's policies and its work guidelines, give the needed care in combating money laundering, not to issue dishonored checks and commit to management's decisions.

Transparency: the Bank's employees are committed to the correctness of the declared numbers, data and reports as well as the accuracy, sufficiency, timing and compliance of this data with standards; in addition to declaring personal interests, employee financial standing and his business activities and declaring violations and damages.

Loyalty to the Bank: loyalty is achieved through realizing the Bank's mission, vision, goals, role and by transforming the Bank's slogan into a tangible reality, winning clients' satisfaction and retaining them; in addition to positivism, excellence, taking responsibility, quality, efficiency, accuracy, continuing training, maintaining working hours, adapting to work stress in a team spirit, attention to appearance, conduct and good attitude, caring for the Bank's reputation and achievements, maintaining the Bank's assets and appearance, not disclosing any work secrets and taking permission from management before making any declaration regarding the Bank to the media.

VII. Relations with Shareholders

1. The Bank develops positive relations based on transparency with all shareholders. In this field, the Bank saves no effort to encourage all shareholders, especially small shareholders, to attend the annual meeting of the General Assembly and encourage voting. In addition, consideration is given to voting on each issue that is raised during the annual meeting of the General Assembly separately.

2. The Chairmen of the various Board committees attend the annual General Assembly meeting.

3. Following the General Assembly meeting, detailed report is prepared to inform shareholders of the various remarks and questions brought forth by the shareholders and management's responses to them as well as the conclusions reached.

4. Representatives of the External Auditors attend the annual General Assembly meeting to answer any questions that may be raised regarding audit and the auditor's report.

5. Pursuant to the Companies Law, members of the Board of Directors are elected or re-elected during the annual General Assembly meeting. The external auditor is also elected during the same meeting.

VIII. Transparency and Disclosures

1. The Bank provides full information regarding its activities constantly and periodically to all stakeholders such as regulators, shareholders, depositors and the public in general; focusing on issues with material impact on the Bank.

2. The Bank is fully committed to the requirements of full disclosure according to the International Financial Reporting Standards (IFRS) and the disclosure instructions issued by the Central Bank and regulators.

3. The Bank follows up the various developments regarding the requirements of disclosure according to international standards, such that they are immediately reflected in its financial reports.

4. The Bank commits to providing permanent and professional communication lines with all relevant stakeholders such as regulators, shareholders, investors, depositors and other banks. To achieve this, the Bank shall create a position of Investors Relation officer whose main task is to provide full and objective information regarding the Bank's financial and administrative standing as well as the Bank's various activities.
5. The Bank's annual report shall contain all information related to the Bank in a manner that is transparent and objective.
6. Publish periodic reports that contain quarterly financial information, in addition to a report from the Board of Directors regarding the trading of the Bank's stocks and its financial standing during the year as well as periodic briefs by Executive Management for shareholders, financial market analysts and journalists specialized in the financial sector.
7. Hold periodic meetings between the Bank's Executive Management and investors and shareholders.
8. The Bank provides the information available in its annual or periodic reports on the Bank's website in both the Arabic and English languages, where information is updated constantly.
9. The reports that the Bank presents must contain disclosure from the Executive Management about the results of current and future operations, the financial standing of the Bank and any future results of risk that might affect the general financial standing of the Bank.
10. To deepen the principle of transparency and disclosure, the Bank's annual report must specifically contain the following:-
 - The Banks' Corporate Governance Guidelines and the extent it is committed to.
 - Full information about the members of the Board of Directors including qualifications, experiences, share of the capital, their status as Executives, Non-Executives or Independent, memberships in any other Boards of Directors, the bonuses and salaries they have received, any loans granted to them by the Bank and any operations between the Bank and the member's companies, himself or any parties related to him.
 - A brief of the responsibilities and tasks of Board committees.
 - Frequency of Board and Board Committees meetings held.
 - A brief of the Bank's Remuneration Policy as well as the salaries and allowances of Senior Executive Management.
 - The statement of the Board of Directors regarding the sufficiency of internal control systems.
 - The main shareholders of the Bank and of companies that hold substantial portion of the Bank's capital.

BRANCHES & OFFICES

Amman Branches

- **Main Branch**
Tel. 5629400 – Fax 5694105
- **Abdali Branch**
Tel. 5662126/7 – Fax 5662374
- **Jabal Amman Branch**
Tel. 4641317 – Fax 4611391
- **Wehdat Branch**
Tel. 4777174 – Fax 4750220
- **Commercial Center Branch**
Tel. 4624312 – Fax 4611381
- **Tla' El'Ali Branch**
Tel. 5532168/9 – Fax 5518451
- **Jabal Al-Hussein Branch**
Tel. 5658664 – Fax 5658663
- **Abu-Alanda Branch**
Tel. 4162756 – Fax 4161841
- **Yarmouk Branch**
Tel. 4779102/3 – Fax 4750230
- **Wadi El-Seir Branch**
Tel. 5858864 – Fax 5810102
- **Jubaiha Branch**
Tel. 5346763 – Fax 5346761
- **Amra / Um Outhaina Branch**
Tel. 5535292 – Fax 5516561
- **Abdoun Branch**
Tel. 5924195 – Fax 5924194
- **Abu-Nsair Branch**
Tel. 5235223 – Fax 5235226
- **Marka Branch**
Tel. 4889531 – Fax 4889530
- **Ibn Khaldoun Branch**
Tel. 4613902/3 – Fax 4613901
- **Shmeissani Branch**
Tel. 5685403 – Fax 5685358
- **Vegetable Market Branch**
Tel. 4127588 – Fax 4127593
- **Madinah Munawarah St. Branch**
Tel. 5533561 – Fax 5533560
- **Sweifiyah Branch**
Tel. 5851027 – Fax 5851931
- **Nazzal Branch**
Tel. 4383906 – Fax 4383905
- **Mecca Mall Branch**
Tel. 5517967 – Fax 5517836
- **Al-Rabia Branch**
Tel. 5510839 – Fax 5511479
- **Abdullah Ghousheh St. Branch – Jaber Center**
Tel. 5850392 – Fax 5850327
- **Al-Mougablain Branch**
Tel. 4203723 – Fax 4203715
- **Marj El-Hamam Branch**
Tel. 5731053 – Fax 5716832
- **City Mall Branch**
Tel. 5824698 – Fax 5825426
- **Wadi Saqra Branch**
Tel. 5679241 – Fax 5679146
- **Dabouq Branch**
Tel. 5412312 – Fax 5521337
- **Al-Madina Al-Riyadiyah Branch**
Tel. 5162165 – Fax 5162358
- **Zain Office**
Tel. 5810734 – Fax 5810927
- **King Abdullah Bureau Office**
Tel. 4626990 – Fax 4626995
- **Mecca Mall Office**
Tel. 5813954 – Fax 5814239
- **Petra University Office**
Tel. 5711283 – Fax 5713079
- **Sweileh Office**
Tel. 5359986 – Fax 5359964

Middle Region Branches

- **Baq'ah Branch**
Tel. 4725090 – Fax 4726101
- **Madaba Branch**
Tel. 05/3253568 – Fax 05/3253569
- **Al-Salt Office**
Tel. 05/3558995 – Fax 05/3558994
- **Amman Ahliyyah University Office**
Tel. 05/3500029 – Fax 05/3500048

North Region Branches

- **Irbid Branch**
Tel. 02/7243665 – Fax 02/7247880
- **Al-Husson St. Branch - Irbid**
Tel. 02/7248496/7 – Fax 02/7248498
- **Yarmouk University Office**
Tel. 02/7256065 – Fax 02/7255315
- **Al-Mafraq Office**
Tel. 02/6235901 – Fax 02/6235902

South Region Branches

- **Al-Karak Office**
Tel. 03/2396102 – Fax 03/2396103
- **Aqaba Branch**
Tel. 03/2015190 – Fax 03/2016188

Zarqa Area Branches

- **Zarqa Branch**
Tel. 05/3997088 – Fax 05/3998677
- **Russaifeh Branch**
Tel. 05/3744151 – Fax 05/3744152
- **Zarqa Free Zone Branch**
Tel. 05/3826196 – Fax 05/3826195
- **New Zarqa Branch**
Tel. 05/3864556 – Fax 05/3864557

Branches outside Jordan

- **Regional Management & Ramalla Branch**
Tel. +970 22 406724 – Fax +970 22 406728
- **Nablus Branch**
Tel. +970 92 376413/4 – Fax +970 92 377181
- **Cyprus Branch**
Tel. +357 25 875555 – Fax +357 25 582339



ATM Locations

- Head Office (Drive Thru ATM)
- Head Office / Main Street
- Cyber Branch - Jabal Amman
- Zarqa Branch
- Wehdat Branch
- Tla'a El'Ali Branch
- Jabal Al-Hussein Branch
- Aqaba Branch
- Abu-Alanda Branch
- Yarmouk Branch
- Wadi El-Seir Branch
- Jubaiha Branch
- Russaifeh Branch
- Amra Branch
- Marka Branch
- Ibn Khaldoun Branch
- Shmeissani Branch
- Madinah Munawarah Branch
- New Zarqa Branch
- Madaba Branch
- Nazzal Branch
- Cyber Branch-Sweifiyah
- Baq'ah Branch
- Al-Mougablain Branch
- Sweifiyyah Branch
- Abdoun Branch
- Abu-Nsair Branch
- Mecca Mall Branch-Mecca St.
- Marj El-Hamam Branch
- Abdulla Ghousheh St. Branch
- Wadi Saqra Branch
- Al-Rabia Branch
- Dabouq Branch
- Irbid Branch
- Al-Husson St. Branch-Irbid
- Yarmouk University Office-Irbid
- Al-Madina Al-Riyadiyah Branch
- Al-Mafraq Office
- Al-Salt Office
- Al-Karak Office
- Amman Ahliyyah University Office
- Petra University Office
- Sweileh Office
- Ramalla Branch
- Nablus Branch
- Jordan University
- Safeway-Shmeissani
- Zain Headquarters
- Cozmo Center
- City Mall
- Amman Mall
- Jabal Al Waibdeh / Al Sharia College St.
- Isteklal Hospital
- Isteklal Mall
- Al-Baraka Mall - Sweifiyyah
- Mobile ATM
- Al-Manaseer Gas Station / Tabarbour
- Al-Manaseer Gas Station / Wadi El-Seir
- Al-Manaseer Gas Station / Zarqa
- Kempinski Hotel - Aqaba

البنك
الأردني الكويتي
JORDAN KUWAIT
BANK



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