

EQUITY REPORT

Jordan Commercial Bank (JOGB)

Initiation of Coverage Report

Prepared by:
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September 2011

Jordan Commercial Bank (JOGB)

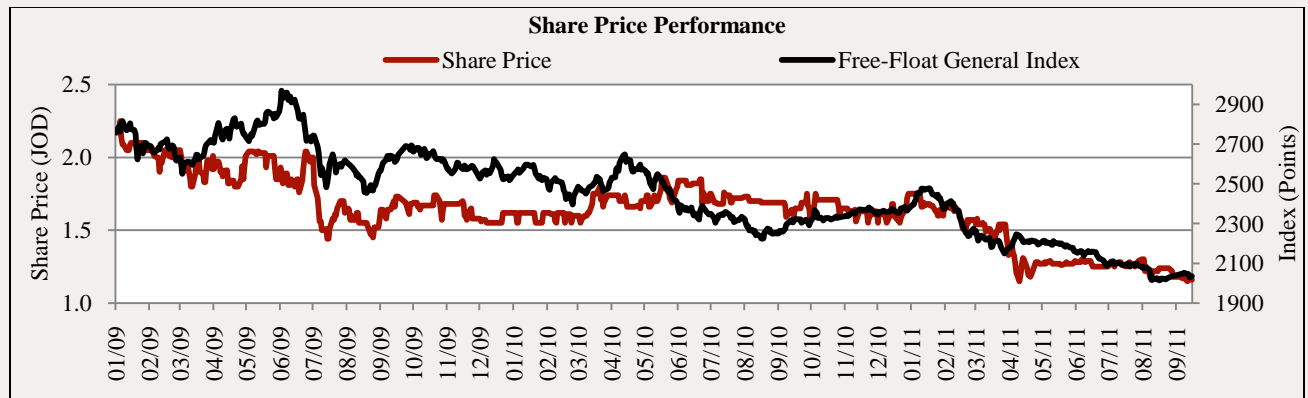
Initiation of Coverage
15 September 2011

12 Month Fair Value: JOD 1.24
Recommendation: HOLD

Key Highlights

Ticker	JOGB
Share Price	JOD 1.16
52-Week High	JOD 1.75
52-Week Low	JOD 1.11
Market Capitalisation	JOD 93,216,585
EPS – Jan-Jun 2011	JOD 0.056
Forward P/E (annualised H1 2011 EPS)	10.36x
P/BV (based on H1 2011 book value)	0.95x

Interest Income – Jan-Jun 2011	JOD 22,983,899
Interest Expense – Jan-Jun 2011	JOD 9,987,093
Net Interest & Commissions – Jan-Jun 2011	JOD 15,561,171
Gross Income – Jan-Jun 2011	JOD 20,733,128
Net Income before Tax – Jan-Jun 2011	JOD 6,023,469
Net Income after Tax – Jan-Jun 2011	JOD 4,539,905
ROAA (%) – annualised H1 2011 profits	1.2%
ROAE (%) – annualised H1 2011 profits	9.4%



- JOGB's bottom line registered a 21.3% decline in 2010, with profits after tax dropping to JOD4.38 million from JOD5.56 million in 2009. For the first half of 2011, the Bank's net profits registered at JOD4.54 million compared to JOD3.89 million for the same period in 2010, giving an annualised bottom line for the entirety of 2011 of JOD9.08 million.
- Net interest income and commissions rose by an impressive JOD2.71 million to JOD27.03 million in 2010, primarily as a result of the decline in the Bank's interest expense that year. Meanwhile, both the net interest income and net commissions showed strong growth compared to the same six months the previous year, registering increases of 22.5% and 16.1%, respectively.
- JOGB posted a JOD64.63 million rise in net credit facilities in 2010, equivalent to a 19.8% growth rate. Its non-performing-loans as a percentage of direct facilities net of interest in suspense, meanwhile, rose to a whopping 16.0% from 9.5% in 2009. During the first six months of 2011, the net credit facilities grew by a further 5.6% to register at JOD412.43 million.
- Customer deposits registered at JOD551.57 million and JOD561.29 million in 2010 and H1 2011, respectively, compared to JOD443.34 million in 2009.
- JOGB distributed 3% stock dividends following the increase of its paid-up capital by 2.41 million shares.
- On the basis of our forecasts, using the residual value and relative value methods of valuation, we arrive at a 12-month fair value for the JOGB stock of JOD1.24 per share, offering a 6.9% upward potential over its current price. Therefore, we initiate our coverage with a HOLD recommendation.

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1.0 INVESTMENT HIGHLIGHTS

- Jordan Commercial Bank (JOGB) is one of thirteen local commercial banks in Jordan, ranking tenth largest in terms of total assets as of the end of the first half of 2011. Over the period 2006-2010, JOGB's total assets grew at a compounded annual growth rate (CAGR) of 10.4%. Its assets registered at JOD784.40 million as of June 30th 2011, increasing by a further 2.8% from 2010's year-end balance of JOD762.78 million.
- JOGB's share of credit facilities in the Jordanian market rose to 2.7% in 2010 from 2.5% in 2009, while the Bank's share of customer deposits registered at 2.3%.
- While the consolidated banking sector credit facilities grew by 8.5% 2010, following a sharp slump in growth to a mere 2.1% in 2009 in the midst of a global financial crisis, JOGB's credit facilities rose from JOD325.82 million in 2009 to JOD390.45 million in 2010, posting an increase of 19.8% thereby surpassing the growth in facilities of the overall sector. Non-performing loans as a percentage of credit facilities net of interest in suspense, meanwhile, registered at 9.5% and 16.0% in 2009 and 2010, respectively. For the first half of 2011, however, the picture changed; JOGB's credit facilities continued to grow, increasing by 5.6% to JOD412.43 million. However, its growth in facilities was surpassed by the growth in the sector facilities, which increased by 7.7% over the six months to register at JOD15.57 billion, compared to JOD14.45 million at the end of 2010.
- The collaterals the Bank obtained against the credit facilities granted to customers registered at JOD349.19 million, representing 85.0% of gross credit facilities in 2010. This compares to collaterals of JOD270.67 million in 2009 against gross facilities of JOD325.82 million. It is worth highlighting that, of the collaterals balance as of 2010, some JOD291.28 million represents real estate collaterals.
- Customer deposits and cash margins at the Bank rose by 22.8% to JOD597.16 million in 2010 following a slight contraction in its deposits in 2009. This trend contrasts with that of the consolidated banking sector, which registered a 12.8% rise in private sector deposits in 2009. In 2010, however, the sector's growth in deposits fell short of that of JOGB, rising by 12.2% year-on-year. During the first six months of 2011, the sector's deposits increased by 3.1%, while JOGB's customer deposits rose by 1.6% to stand at JOD607.00 million.
- The Bank's ratio of net credit facilities to total deposits stood at 61.8% as of H1 2011, and the ratio of net credit facilities to customer deposits and cash margin accounts amounted to 67.9%. Our forecasts maintain a ratio of 65.0% of credit facilities to total deposits for the entirety of our projections.
- JOGB's capital adequacy ratio amounted to 13.33% in 2010, surpassing the minimum required ratios of 12% and 8% by the Central Bank of Jordan and Basel II, respectively.
- The descent in interest rates on customer deposits in 2010 compared to 2009 amidst a declining interest rate environment, resulted in a 12.1% drop in the Bank's interest expense, in spite of a JOD19.87 million increase in customer deposits that year, equivalent to a growth of 24.4%. Meanwhile, the credit facilities growth, accompanied by an overall declining interest rate environment, translated into stable interest income balance, year-on-year. The combined impact was a 13.5% increase in the net interest income for 2010.

- Net profit slumped in 2010 to JOD4.38 million compared to JOD5.56 million in 2009, in spite of stronger performance by the Bank in its core operations. However, losses realised on investments, coupled with an increase in the Bank's expenses, led to the drop in the bottom line year-on-year. For the first six months of 2011, JOGB's net profit rose by 16.6% to JOD4.54 million, up from JOD3.89 million in H1 2010.
- In early 2011, Capital Intelligence, an international rating agency, affirmed JOGB's foreign currency long- and short-term ratings at BB and B, respectively, while its financial strength rating was maintained at BB+ on account of the Bank's strong liquidity position, an improvement in its capital adequacy, as well as in light of its overall operating profitability.
- The Bank's General Assembly approved the increase of the Bank's capital by JOD2.41 million, by distributing 3% stock dividends to shareholders.
- In light of the capital increase in 2011, we estimate an EPS for 2011E and 2012F of JOD0.113 and JOD0.123, respectively, giving a forecasted P/E ratio for the Bank's stock of 10.25x and 9.40x, based on the current share price.
- On this basis, our forecast leads to an estimated fair value for the JOGB stock of JOD1.24 per share.

2.0 BANKING SECTOR OVERVIEW

2.1 Sector Size

The banking environment in which the Bank of Jordan operates consists of 26 banks, following the granting of licenses to the National Bank of Abu Dhabi, Jordan Dubai Islamic Bank and Al-Rajhi Bank in 2010. Nine of these banks represent foreign banks, and a further three are Islamic banks offering banking services in accordance with the Shari'a principles. The remaining thirteen banks are commercial banks. At the end of 2010, the number of branches stood at 641. With a current population estimate of 6.18 million, this translates into one branch per 9,641 capita.

For the remainder of this report, the term "licensed banks" refers to all 26 banks, while "commercial banks" refers to the 13 local commercial banks which will represent the peer group to which JOGB is compared.

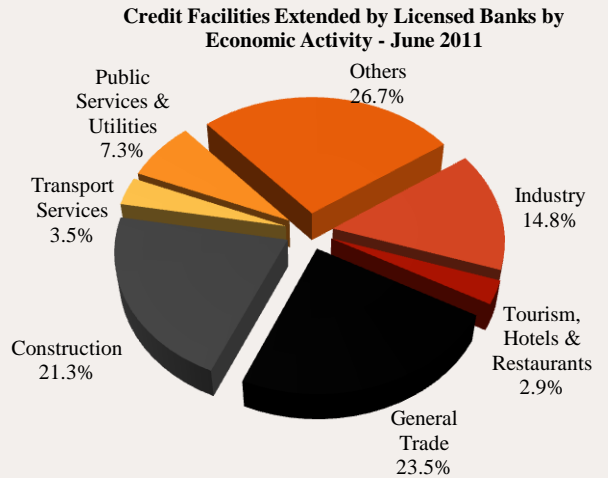
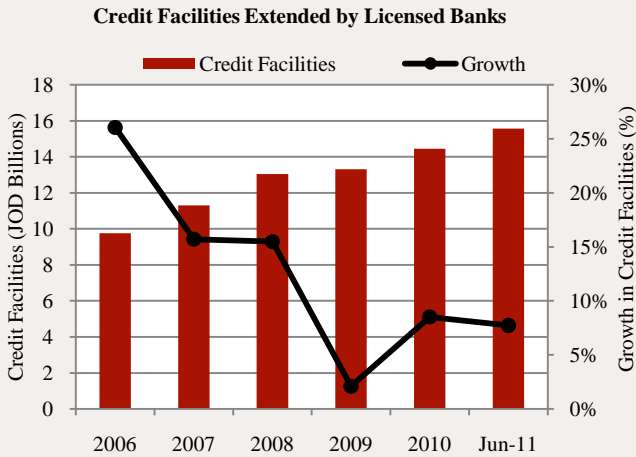
2.2 Banking Sector Performance

As the dust begins to settle following the eruption of the global financial crisis and economic slowdown, the Jordanian banking sector appears to have come out at the other end relatively unscathed. Prudent investment choices by the local banks, coupled with stringent regulations and restrictions set in place by the Central Bank of Jordan meant that the banking sector had sufficient liquidity and sound balance sheets to withstand the shocks that rippled worldwide. All thirteen local commercial banks posted profits for 2009, 2010 and the first half of 2011, excluding the Capital Bank, which registered losses for 2011.

Financial Highlights of the Local Commercial Banks Representing JOGB's Peer Group

Bank	Total Assets	Shareholders' Equity	Net Profit		
	H1 2011	H1 2011	2009	2010	H1 2011
Arab Bank (ARBK)	23,868,664,000	3,862,264,000	250,039,000	145,085,000	155,304,000
The Housing Bank for Trade (THBK)	6,629,307,681	907,640,755	66,562,510	88,437,238	54,372,798
Ahli Bank (AHLI)	2,529,451,570	222,724,051	18,691,993	23,007,044	12,425,310
Jordan Kuwait Bank (JOKB)	2,163,534,511	330,414,778	44,871,942	52,213,883	23,382,331
Bank of Jordan (BOJX)	2,125,695,497	239,942,903	25,369,137	32,115,410	17,042,570
Cairo Amman Bank (CABK)	1,825,898,444	205,382,718	25,549,038	34,748,836	16,253,356
Union Bank for Savings & Inv. (UBSI)	1,501,855,211	228,024,279	16,313,890	21,332,951	9,741,123
Capital Bank (EXFB)	1,370,915,504	197,081,691	1,338,383	5,149,968	(5,727,986)
Arab Jordan Investment Bank (AJIB)	876,789,487	124,250,244	10,696,659	11,834,680	6,556,475
Jordan Commercial Bank (JOGB)	784,396,044	98,314,223	5,560,865	4,376,426	4,539,905
Investbank (JIFB)	657,627,062	111,642,598	7,238,285	10,887,111	3,535,728
Arab Banking Corporation (ABCO)	668,033,406	112,166,264	9,236,879	10,358,382	5,241,316
Societe Generale – Jordanie (SGBJ)	329,783,847	59,313,645	4,284,388	4,603,493	2,011,404
Total	45,331,952,264	6,840,960,503	485,752,969	444,150,422	304,678,330

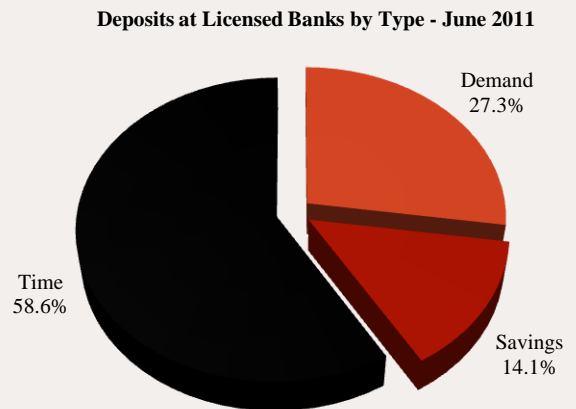
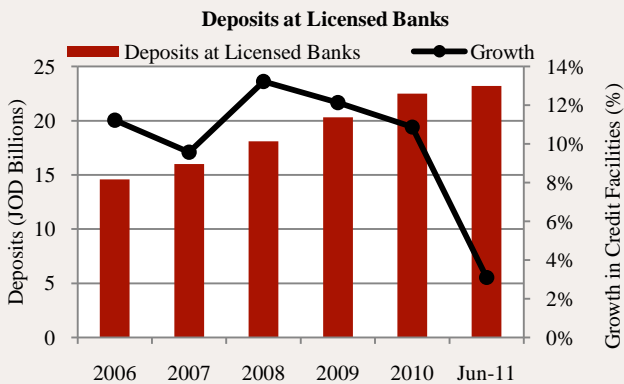
For H1 2011, provisions against credit losses declined to JOD123.47 million after skyrocketing to JOD345.06 million and JOD222.65 million in 2010 and 2009, respectively, from a mere JOD36.39 million in 2008. The deceleration in growth of the global economy rippled through to Jordan, bringing about a slump in spending and investing. Businesses began to suffer, particularly in the trade segments of the economy, reflecting on their abilities to make payments on existing loans. Meanwhile, the credit crunch in the U.S. and elsewhere put Jordanian banks on high alert, increasing their risk-averseness. Granting of credit facilities waned in the crisis aftermath and demand for added collaterals rose, drying up liquidity available for those truly in need of it.



Source: Central Bank of Jordan

In 2010, the credit market began to revive, with an 8.5% rise in credit facilities granted compared to 2009. The first six months of 2011 saw a further 7.7% growth, with the bulk of the increase being attributed to in the rise in facilities granted to the industrial sector, with a sizeable JOD372.90 million increase, followed by the construction and public services and utilities, with increases of JOD143.70 million and JOD86.70 million, equivalent to 33.4%, 12.9% and 7.8%, respectively, of the total increase.

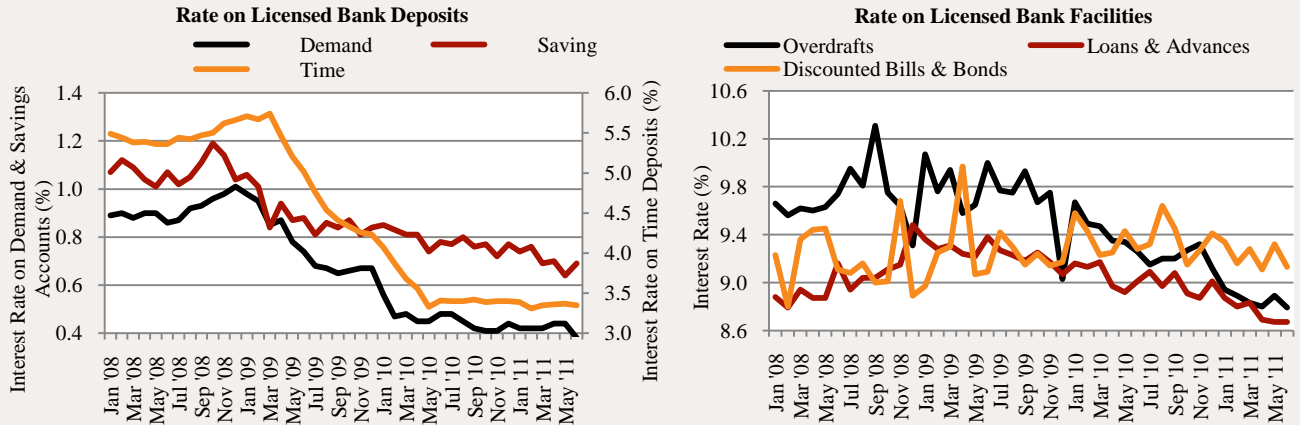
Meanwhile, the continued poor performance of the local and regional stock markets following the widespread crash of stock markets worldwide, coupled with the guarantee of customer deposits in case of bank failure by the Jordanian Central Bank, brought an inflow of additional deposits to the sector, exhibited by the sustained growth in deposits in 2009 and 2010. In 2009 and 2010, the growth in deposits at licensed banks registered at 12.1% and 10.9%, respectively. By June 2011, however, the growth had decelerated to a slight 3.1%, reaching JOD23.20 billion.



Source: Central Bank of Jordan

Strikingly, the rise in deposits came at a time of very low interest rates as the Central Bank cut rates, partially mimicking the Federal Reserve interest rate cuts, while allowing the spread between the rates to rise, as well as part of its monetary policy to boost the Jordanian economy. During 2009, the rediscount rate, the Repo rate and the overnight deposit window rate were cut by 50 basis points twice, in March and December, and again by a further 50 basis points in February 2010 to reach 4.25%, 4.00% and 2.00%, respectively. The banking sector responded to the interest rate cuts by cutting rates offered on deposit

accounts, while concurrently maintaining, and in some cases raising the interest rates demanded on credit facilities. In June 2011, the Central Bank raised the key interest rates by 25 basis points. The charts below illustrate the weighted average interest rates of licensed banks in the Kingdom on deposits and credit facilities.



Source: Central Bank of Jordan

3.0 COMPANY OVERVIEW

3.1 Company Background

Jordan Commercial Bank (“JOGB” or “the Bank”), a public shareholding company, was established in 1977 under the name Jordan Gulf Bank. In 1993, the Mashrek Bank’s Jordanian branches were merged into Jordan Gulf Bank. During 2004, the Bank’s capital was restructured following the execution of the requirements of relevant government entities, and later that year, the Bank changed its name from Jordan Gulf Bank to Jordan Commercial Bank. The Bank’s paid-up capital has been raised several times over the past few years, reaching 80.36 million shares/JOD as of 2010 year-end. The General Assembly, in its extraordinary meeting in 2011, approved raising the Bank’s capital by a further 2.41 million shares/JOD to 82.77 million shares/JOD by distributing 3% stock dividends to shareholders.

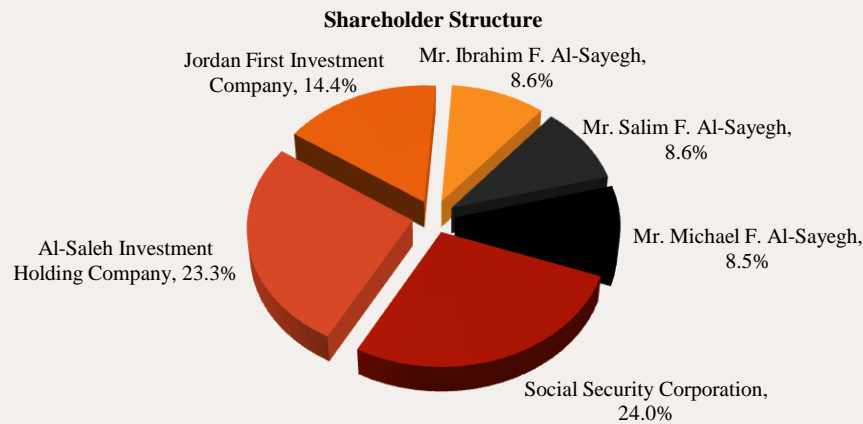
The Bank currently has twenty-seven branches within the Kingdom and three in Palestine. JOGB offers a wide array of banking and financial services, to include a range of deposit accounts, an extensive list of retail loans targeting specific niches in the market through facilities specified for the purposes of financing education, diesel consumption, covering vacation costs, or the purchase of new computers, in addition to the standard stream of loans; housing loans, car loans and personal loans. The Bank also provides credit cards, trade finance credit facilities, and special financing programs targeting the corporate segment of the market. Its investment banking services entail financial advisory services, underwriting, investment management and compliance, while its treasury services include margin trading services and foreign currency accounts. Money transfer services are also offered alongside services such as the collection of utility bills, social security monthly payments and sales tax.

JOGB is essentially a smaller-sized commercial bank weighted towards the corporate end of the consumer market. As of 2010, the Bank had captured 2.31% of the market share of customer deposits in Jordan, up from a share of 2.03% the previous year. Its market share of direct credit facilities granted in the Kingdom amounted to 2.72% while its market share of total assets reached 2.12%.

In early 2011, Capital Intelligence, an international rating agency, affirmed JOGB's foreign currency long- and short-term ratings at BB and B, respectively, while its financial strength rating was maintained at BB+ on account of the Bank's strong liquidity position, an improvement in its capital adequacy, as well as in light of its overall operating profitability.

3.2 Shareholder Structure

The Bank's major shareholders are the Social Security Corporation, with a 24.0% stake, and the Al-Saleh Investment Holding Company, which has a 23.3% holding. Jordan First Investment Company owns a further 14.4%, while the larger shareholders (ownership greater than 1%) from the Al-Sayegh family hold a direct combined 25.7%.



As of September 14th 2011
Source: Securities Depository Commission

3.3 Board of Directors

Company	Number of Seats	Ownership
Social Security Corporation	2	19,850,019
Jordan First Investment Company	1	11,934,165
Mr. Michael F. Al-Sayegh	1	6,994,055
Ayman H. Al-Majali	1	272,006
Mr. Mohammad S. Barakat	1	240,234
Dr. Mohammad J. Hadid	1	37,142
Total	7	39,327,621

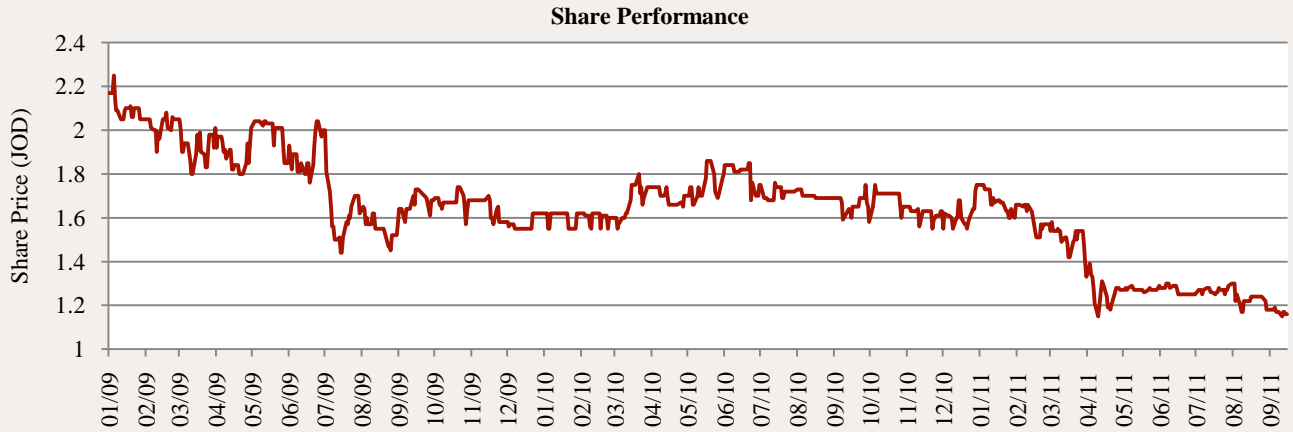
As of September 14th 2011
Source: Securities Depository Commission

The Board's termination date is March 29th 2012.

3.4 Share Performance

The start of year 2009 saw JOGB's share rise to its high for 2009, 2010 and 2011 to date, reaching JOD2.25 on the fifth of January. From then on, however, the general trend assumed by the share was downwards, with the first quarter of the year closing at JOD2.01. In April, the share price continued to decline, falling to a low of JOD1.75 on the 20th, before recovering at the end of the month to above the JOD2.00 mark.

JOGB's stock continued to oscillate sharply, and in June, the stock price plummeted in light of the Bank's JOD3.48 million capital increase. The second half of the year exhibited a slight recovery in price and horizontal trading. Year 2009 closed at a price for JOGB of JOD1.62, down 28.6% from the start of the year.



The stock continued to trade horizontally into 2010 at a price of around JOD1.60 until March, when the stock price rose back above JOD1.80. The upturn was brief before the stock declined then reversed trend once again, reaching the high for 2010 of JOD1.90 on May 19th. From then on, the trend followed by the stock was more-or-less downward, prior to a recovery towards year-end, with the share price closing at JOD1.75. The 8.0% rise in share price over the year contrasts with the overall general index, which declined by 6.3% over the same period.

Year 2011 to date was negative for JOGB's stock; from the onset, the stock began a gradual descent, reaching a low JOD1.33 at the end of the first quarter. The share price continued to fall in April, with the low for 2011 of JOD1.11 reached on the 11th. The share price recovered briefly in the following few days to return above the JOD1.30 level, before declining briefly once more. The share price recovered back to a price of around JOD1.27-1.29 and continued to trade horizontally within a range of JOD1.25-1.30 until August, when the share price dropped once more. By the date of this report, the stock had closed at JOD1.16, a mere JOD0.05 above its 52-week low, and down 33.7% from the start of the year, underperforming the overall index, which declined by 14.3% over the same period.

	Period Total			Daily Average		
	Trading Value (JOD)	# of Transactions	Trading Volume (# of Shares)	Trading Value (JOD)	# of Transactions	Trading Volume (# of Shares)
2011*	2,126,123	1,004	1,664,794	17,146	8	13,426
2010	222,569	630	133,636	1,637	5	983
2009	33,051,089	683	16,559,277	201,531	4	100,971

*Up to September 15th 2010

Source: Amman Stock Exchange, interpreted by Jordinvest

Worthy to note is that the stock is infrequently traded, evident by the daily average trading volumes and value. Year 2009 was the stock's most liquid year, with an average of 100.97 thousand shares traded daily for an average trading value of JOD201.53 thousand. In 2010, trading activity was minute, with a mere 133.64 thousand shares traded over the entire year, giving an average daily trading volume of 983 shares. In 2011, liquidity has improved for the JOGB stock somewhat, albeit still falling significantly short of the liquidity of 2009, with an average trading value and volume of JOD17.15 thousand and 13.43 thousand shares, respectively.

This lack of liquidity suggests that JOGB’s stock price does not reflect the true value of the stock, and it would be prudent to incorporate a liquidity discount to the stock’s valuation.

3.5 SWOT Analysis

Strengths
Growth in share of customer deposits and credit facilities
Presence of the Bank in Palestine, diversifying the location of the income stream
High percentage of investment portfolio in the relatively safer bonds and bills
Higher relative interest income generated on the “larger” segments of credit facilities granted
Improved return ratios in 2011 compared to 2010
Profile of senior management and BOD

Weaknesses
Increased percentage of NPLs to credit facilities
Mismatch of maturities of assets and liabilities
Low capital adequacy compared to the sector, but still above required 12% and 8% by CBJ and Basel II
Exposure to the real estate sector through its facilities and collaterals against facilities
Low level of free-float stock
High percentage of customer deposits placed in time and notice deposit accounts, thereby raising cost of funds
Low percentage of non-interest-bearing deposits to total deposits compared to sector

Opportunities
Regional expansion
Increase market share in the retail segment of the market
Growth through mergers and acquisitions
Further extension of banking services offered, to diversify income stream

Threats
Political
Changes to banking regulations
New market players reducing JOGB’s market share
Further collapse of leading financial institutions
Economic deceleration negatively affecting the quality of assets
Narrowing interest rate spreads
Liquidity difficulties through improper asset/liability management

4.0 KEY PERFORMANCE INDICATORS

(Values in JOD unless otherwise indicated)	2006	2007	2008	2009	2010	Jan-Jun 2011
Net Interest & Commissions Income	20,351,271	23,139,511	27,487,797	24,321,492	27,028,155	15,561,171
Profit before Tax	9,264,696	13,161,336	11,515,832	7,230,382	7,171,160	6,023,469
Profit after Tax	10,682,700	12,420,154	9,338,221	5,560,865	4,376,426	4,539,905
Net Direct Credit Facilities	272,534,994	294,943,837	368,360,600	325,815,439	390,445,134	412,430,508
Customer Deposits	341,581,111	341,952,722	421,533,968	443,335,338	551,567,066	561,292,579
Total Assets	513,184,452	549,260,650	628,156,537	630,087,686	762,778,377	792,787,365
Shareholders' Equity	75,508,468	81,227,982	87,628,197	90,976,256	94,242,379	97,047,155
Paid-up Capital	57,500,000	63,250,000	69,575,000	73,053,750	80,359,125	80,359,125
Growth Indicators						
Growth in Facilities	37.8%	8.2%	24.9%	(11.5%)	19.8%	5.6%
Growth in Customer Deposits	43.5%	4.5%	23.1%	(0.3%)	22.8%	1.6%
Growth in Net Interest Income	62.9%	10.8%	22.6%	(12.1%)	13.5%	22.5%*
Growth in Gross Income	(21.7%)	25.7%	1.9%	(3.9%)	3.9%	47.1%*
Growth in Non-Interest Expense	37.8%	8.2%	24.9%	(11.5%)	19.8%	64.1%*
Growth in Net Profits	(17.9%)	16.3%	(24.8%)	(40.5%)	(21.3%)	16.6%*
Asset Quality						
Facilities-to-Assets	53.1%	53.7%	58.6%	51.7%	51.2%	55.8%
Facilities-to-Total Deposits	63.3%	65.9%	72.4%	64.4%	60.5%	65.0%
Facilities-to-Customer Depos. & Cash Margins	71.9%	74.4%	75.5%	67.0%	65.4%	70.5%
NPLs-to-Facilities net of Interest in Suspense	9.6%	6.5%	4.9%	9.5%	16.0%	N/A
Collaterals-to-Net NPLs (times)	8.13x	14.44x	14.46x	8.32x	5.40x	N/A
Capital Adequacy Ratio	17.40%	18.09%	13.04%	14.98%	13.33%	N/A
Operating Ratios						
Non-Interest Income-to-Operating Income	64.9%	75.1%	55.9%	109.8%	89.6%	128.4%
Cost-to-Operating Income Ratio	134.7%	107.6%	141.7%	269.8%	287.2%	244.2%
Dividend Metrics						
Dividends Per Share	0.100	0.050	0.050	-	-	-
Dividend Payout Ratio	59.2%	28.1%	39.1%	0.0%	0.0%	0.0%
Dividend Yield	4.8%	1.9%	2.2%	0.0%	0.0%	0.0%
Net Interest Margin	3.9%	3.5%	3.8%	3.1%	3.2%	3.5%**
ROAA	2.4%	2.3%	1.6%	0.9%	0.6%	1.2%**
ROAE	15.0%	15.8%	11.1%	6.2%	4.7%	9.4%**
Valuation Ratios						
EPS	0.169	0.178	0.128	0.069	0.054	0.056
Book Value	1.313	1.284	1.259	1.245	1.173	1.223
P/E Ratio (times)	12.43	15.06	17.73	23.48	32.41	11.16**
P/BV Ratio (times)	1.60	2.09	1.80	1.30	1.49	1.02

* Growth compared to same period in 2010

** Based on annualised H1 2011 results

N/A Information not available

5.0 PERFORMANCE ANALYSIS

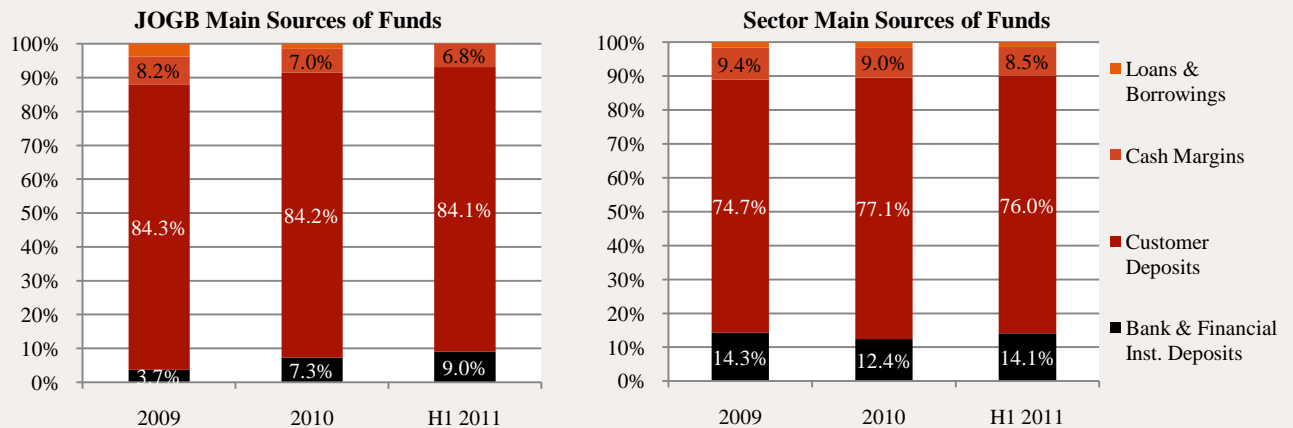
5.1 Balance Sheet

JOGB’s balance sheet has exhibited sustained growth over the past five years, with only year 2009 showing any evidence that the global economic slowdown and financial crisis had any impact on the Bank. During 2009, total asset growth came almost to a standstill, rising by less than JOD2.00 million following a whopping JOD78.90 million increase the previous year. Meanwhile, the Bank’s liabilities declined slightly to JOD539.11 million from JOD540.53 million in 2008. In 2010 and the first quarter of 2011, balance sheet growth resumed, with total assets rising by 21.1% and 2.8%, respectively. Meanwhile, liabilities registered growth rates of 24.0% and 2.6%, respectively, over the same periods.

(in JOD)	2006	2007	2008	2009	2010	H1 2011
Assets	513,184,452	549,260,650	628,156,537	630,087,686	762,778,377	784,396,044
Liabilities	437,675,984	468,032,668	540,528,340	539,111,430	668,535,998	686,081,821
Equity	75,508,468	81,227,982	87,628,197	90,976,256	94,242,379	98,314,223

5.1.1 Sources of Funds

The main sources of funds for a bank, aside from its share capital, are its customer deposits and cash margins, deposits of other banks and financial institutions, in addition to any loans and borrowings of the bank itself. The composition of JOGB’s main sources of funds reveals a higher reliance on customer deposits, making up 86.3% of the total as of Q1 2011, compared to 76.6% for the sector. Over the period 2006-2010, the compounded annual growth rate of JOGB’s customer deposits amounted to 12.7%, reaching JOD551.57 million. During the six months that followed, the customer deposits balance had registered a further increase of JOD9.73 million. Meanwhile, bank and financial institution deposits soared sharply from JOD19.62 million at the end of 2009 to JOD47.73 million in 2010, continuing to rise in 2011, both in absolute terms to JOD60.27 million and as a proportion of the main sources of funds.



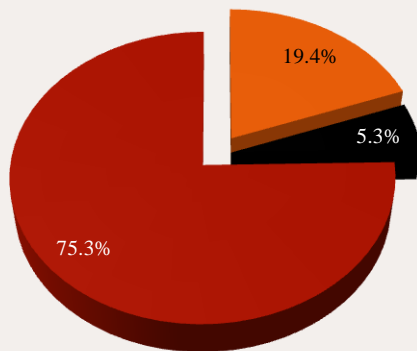
Cash margin balances have shown a drop in recent years in terms of weighting amongst the main sources of funds, in spite of an increase in the balance in 2010 and H1 2011 to JOD45.59 million and JOD45.70 million, respectively, from JOD43.04 million in 2009.

With regards the Bank’s borrowings, 2010 saw the outstanding loans balance halve to JOD10.00 million following the repayment of a loan granted by the Jordan Mortgage Refinance Company (JMRC) due in July 2010. The interest rate on this loan amounted to 8.3%. A second bullet loan from JMRC to the value of

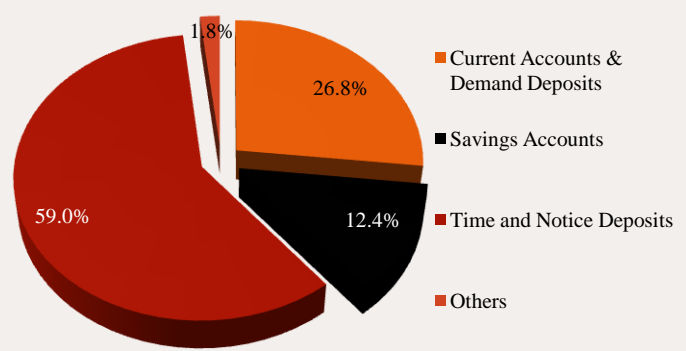
JOD10.00 million represents the outstanding balance as of 2010 year-end; this loan had an applicable interest rate of 7.9% and was repaid in February 2011.

The breakdown of JOGB’s customer deposits as of 2010 reveals a larger weighting of time and notice deposits, a trend mirrored by the overall sector. However, the percentage of deposits captured by JOGB that are placed in time and notice deposits stood at 75.3%, substantially higher than the sector’s average of 59.0%. In consequence, the percentage of deposits in current, demand and savings accounts registered lower than the sector. The weighted average interest rates on time and notice deposits at the end of 2010, as per the Central Bank of Jordan monthly statistics, reveals that the rate offered on time deposits amounted to 3.40% compared to a significantly lower 0.77% on savings accounts and 0.44% on current accounts. Since time deposit accounts offer higher interest rates and the Bank has a higher proportion of these types of deposit accounts, this suggests that the Bank’s source of funds is more costly than the overall sector’s source of funds. We would therefore expect to see this impact negatively on the Bank’s margins.

JOGB Customer Deposits by Type - 2010



Sector Customer Deposits by Type - 2010



Furthermore, JOGB’s non-interest-bearing deposits represent a lower percentage of its customer deposits, at 19.7% of the total, equivalent to JOD108.86 million, compared to a sector average of 23.7%, further exacerbating the negative impact the structure of deposits has on the cost of funds compared to its peers.

5.1.2 Uses of Funds

The primary use of funds obtained by banks through their deposits and other sources to extend financing to borrowers, thereby earning a profit on the interest rate spread between the sources and uses of funds. Any excess funds available that are not employed in granting credit facilities are utilised for the purchase of investments or in making its own deposits.

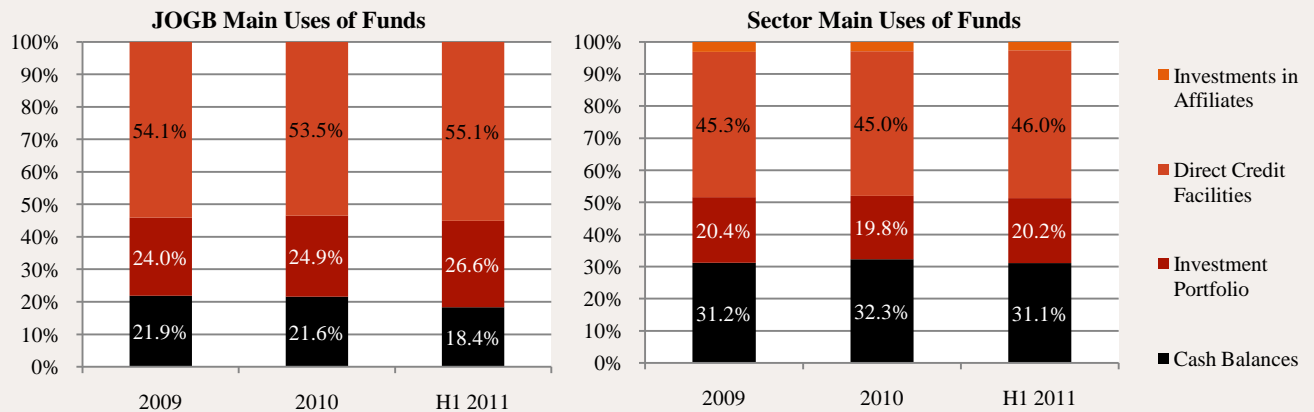
JOGB’s investment portfolio has exhibited strong growth in recent years, reaching JOD182.19 million in 2010, of which JOD9.31 million consist of available-for-sale investments, JOD0.35 million represent trading investments, and JOD172.53 million represent investments held-to-maturity. Some 94.7% of the Bank’s portfolio of investments represents bonds and bills, thereby reducing the exposure of its income to volatility in the stock market.

Investment Portfolio

(in JOD)	2006	2007	2008	2009	2010	H1 2011
Investments	52,425,718	71,952,606	102,493,309	144,534,332	182,186,691	199,063,915

By H1 2011, the investment portfolio had grown to JOD199.06 million.

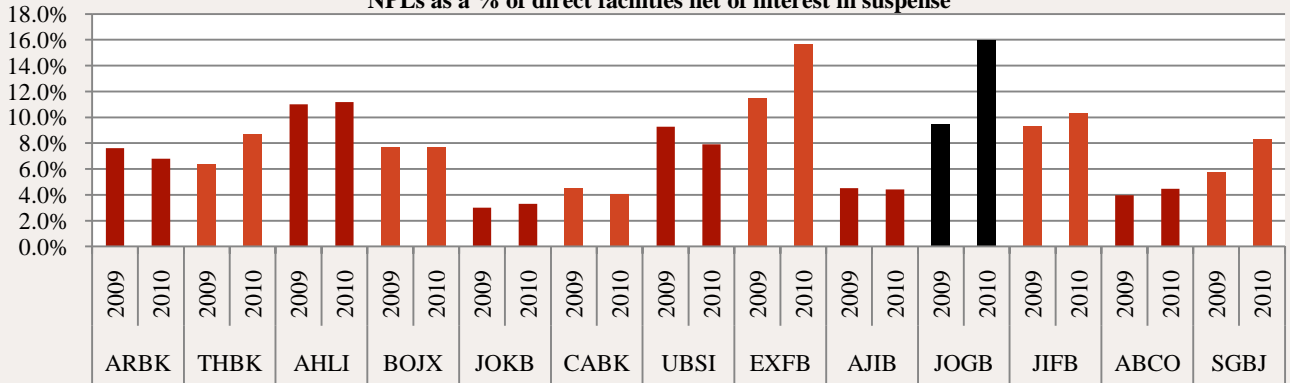
The composition of JOGB's main uses of funds has been remarkably stable in recent years, with only slight changes year-on-year; cash balances have declined from 21.9% of the main uses of funds in 2009 to 21.6% and 18.4% in 2010 and H1 2011, respectively. In absolute terms, however, cash balances rose to JOD157.60 million in 2010, dropping to JOD137.59 million by H1 2011, from JOD131.55 million as of 2009 year-end. JOGB's investment portfolio continued to constitute around one-quarter of the primary fund uses, albeit with a rise to 26.6% in 2011. Meanwhile, the Bank's credit facilities registered sustained growth over the period, rising to JOD390.45 million in 2010 and JOD412.43 million in H1 2011, compared to JOD325.82 million in 2009. In the midst of the financial crisis, banks in Jordan heightened their prudence, demanding additional collaterals against credit facilities granted. Meanwhile, the need for financing increased as the economic slowdown took its toll on businesses in all segments of the market. The combined effect was increased interest rates demanded on facilities, and a deceleration in the growth of facilities granted in 2009 compared to prior years. In 2010 and 2011, the sector began to recover, resuming its growth, which increased the proportion of JOGB's uses of funds to 55.1% in H1 2011.



JOGB surpassed the aggregate sector in granting facilities in 2010, with the credit facilities granted by the commercial banks increasing by only 3.4% versus JOGB's 19.8% facilities growth, leading to an increase in its market share of credit facilities to 2.7% from 2.5% in 2009.

The higher proportion of credit facilities as a use of funds compared to the sector offers the opportunity for JOGB to generate higher returns on its funds, particularly in light of poor investment portfolio performance. However, the existing economic conditions and hardship experienced by businesses and individuals alike, means that this higher allocation of funds to credit facilities bears a higher risk; a risk exhibited by the sharp increase in non-performing loans (NPLs). For JOGB, its net NPLs as a percentage of direct credit facilities net of interest in suspense rose sharply to 16.0% in 2010 from 9.5% in 2009, giving it the highest percentage of non-performing loans in the sector. Noteworthy is the rise in net NPLs to direct facilities net of interest in suspense for the overall sector, which increased from 7.2% of direct facilities net of interest in suspense in 2009 to 8.4% in 2010.

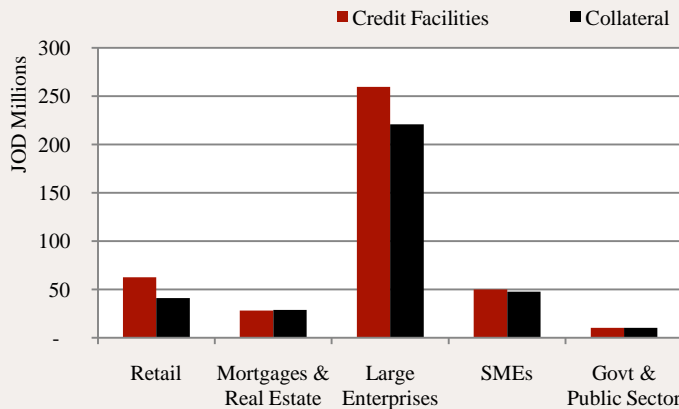
NPLs as a % of direct facilities net of interest in suspense



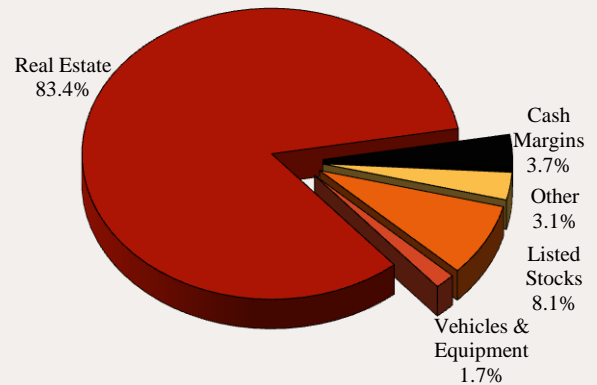
Hand-in-hand with the increase in the value of credit facilities granted in 2010 was a rise in the value of the collaterals obtained against the facilities from JOD270.67 million in 2009 to JOD349.19 million. The bulk of the collaterals represent real estate collaterals, at 83.4% of the total, applied mostly against facilities granted to the corporate segment. Listed stocks comprised a further 8.1%, while cash margins and vehicles and equipment made up an additional 3.7% and 1.7% respectively. Stocks and real estate tend to perform particularly well as an economic downturn begins to bottom out and begin its upturn. Since signs that a recovery is underway are not far off, we believe that these sectors should appreciate going forward, thereby posing less risk than in the past should the borrower default on its credit obligations, causing the Bank to seize the assets provided as collateral, bearing in mind, however, the relative illiquidity of real estate, which may result in the Bank liquidating at prices significantly below value.

The collateral coverage of credit facilities in 2010 reached 85.0%, with full coverage provided for mortgages and real estate facilities and government and public sector facilities. The retail sector had the lowest coverage, at 65.6%, equivalent to JOD21.56 million of facilities not covered by collaterals, while in absolute terms, large enterprises had the highest exposure, with some JOD38.70 million left exposed. Therefore, the Bank's main credit exposure is from its retail and large corporate business segments.

Collaterals Obtained against Credit Facilities - 2010

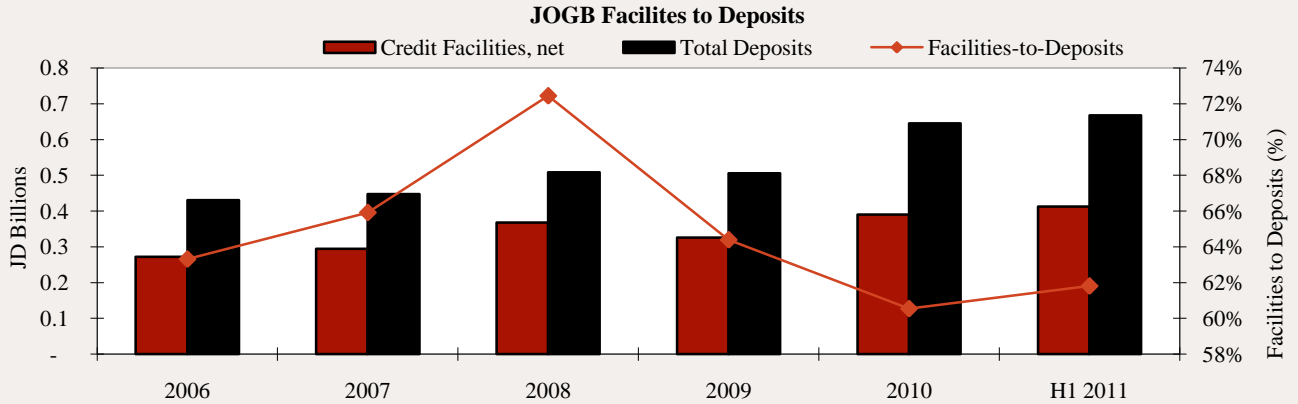


Collaterals Obtained According to Type - 2010



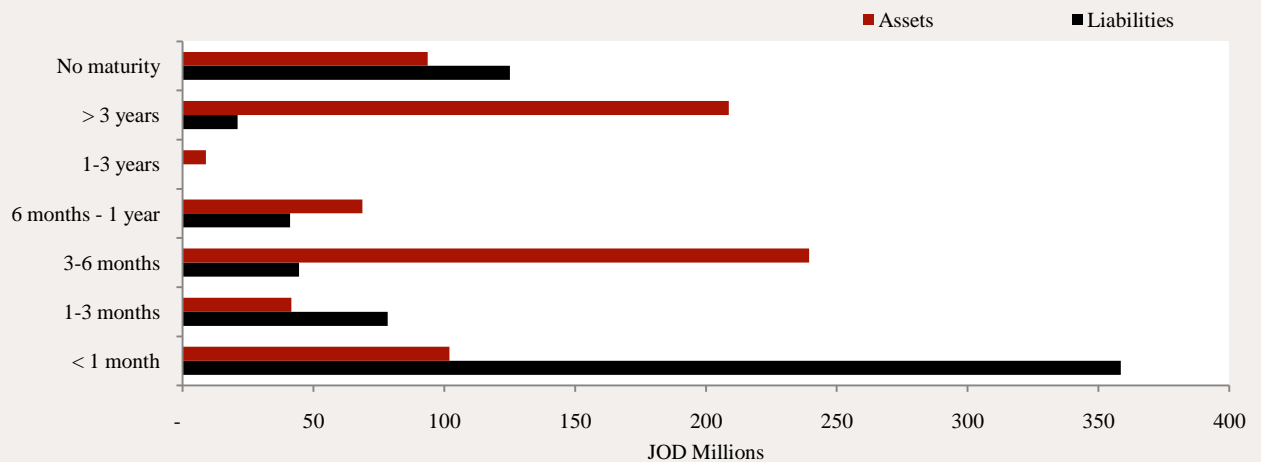
The chart below illustrates the sharp rise in the proportion of credit facilities to total deposits in 2008, where it reached an exceptionally high 72.4%, before declining to a level of 60%-65%. A careful balance must be reached in terms of this ratio, as too high a ratio increases the risk taken by the Bank, particularly

in light of the maturities mismatch between the assets and liabilities discussed below, while too low a ratio indicates that the Bank is not utilising its funds as efficiently as possible. The sector's average facilities to deposits ratio stood at 53.6% in 2010, rising to 54.6% in H1 2011.



As is typical of the sector overall, JOGB faces a maturity mismatch between its sources and uses of funds; while customer deposits are generally very short term, with the larger proportion deposited for less than one month, the maturity dates of credit facilities tend to be substantially longer. For all periods greater than six months, assets balances are unmatched by liabilities, exposing the Bank to interest rate and liquidity risks.

JOGB's Maturities Mismatch Between Sources and Uses of Funds - 2010



5.1.3 Shareholders' Equity

The increase in paid-up capital over the years has contributed to the growth of the shareholders' equity of JOGB, registering a compounded annual growth rate of 5.7% over the period 2006-2010, reaching JOD94.24 million. During the first half of 2011, buoyed by the growth in retained earnings, the shareholders' equity grew by an additional JOD4.07 million.

The Bank's book value declined in 2010 to JOD1.173 from JOD1.245 due to the increase in number of outstanding shares surpassing the increase in the equity, before rising in H1 2011 to JOD1.223.

5.2 Income Statement

5.2.1 Revenues

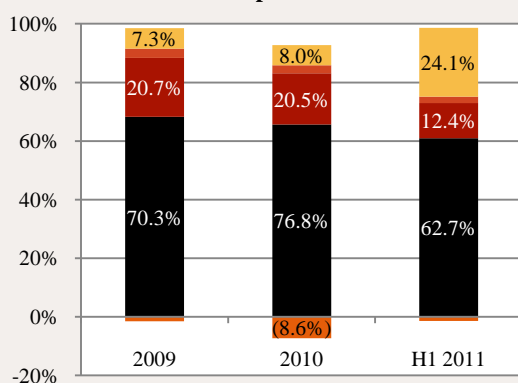
(in JOD)	2006	2007	2008	2009	2010	Jan-Jun 2010	Jan-Jun 2011
Net Interest Income	15,738,702	17,444,394	21,392,784	18,796,972	21,339,447	10,612,083	12,996,806
Net Commissions	4,612,569	5,695,117	6,095,013	5,524,520	5,688,708	2,787,508	2,564,365
Net Interest & Commissions	20,351,271	23,139,511	27,487,797	24,321,492	27,028,155	13,399,591	15,561,171
FX Gains	695,475	977,539	1,159,728	871,435	897,154	465,575	481,106
Investment Gains (Losses)	(2,341,592)	567,782	(3,646,094)	(398,525)	(2,376,809)	(814,851)	(301,236)
Other Income	3,042,388	2,642,490	2,832,433	1,942,747	2,219,814	1,042,596	4,992,087
Gross Income	21,747,542	27,327,322	27,833,864	26,737,149	27,768,314	14,092,911	20,733,128

JOGB's revenues reached JOD27.77 million in 2010; considering the net interest and commissions income reveals consistent growth in 2007 and 2008, before dropping some JOD3.17 million in 2009 in response to the global financial crisis. Both the net interest income and net commissions income fell, registering declines of 12.1% and 9.4%, respectively. Year 2010 marked the start of a recovery in the banking system following a slump in core operations in 2009 amidst the crisis and a depressed interest rate environment; banks regained confidence and lost some of their risk averseness and unwillingness to lend, evident by the strong growth in facilities in 2010 compared to 2009. The interest rate environment in Jordan during 2010, exhibited by a decline in rates offered on deposits coupled with a much slighter drop in rates charged on credit facilities, resulting in only a slight drop in interest income for JOGB, equivalent to JOD53.14 thousand, and a much larger JOD2.49 million decline in interest expense, bringing about the increase in net interest income from JOD18.80 million in 2009 to JOD21.34 million. Net commissions also slumped in 2009, but recovered in 2010, causing the net interest income and commissions to register an 11.9% increase year-on-year.

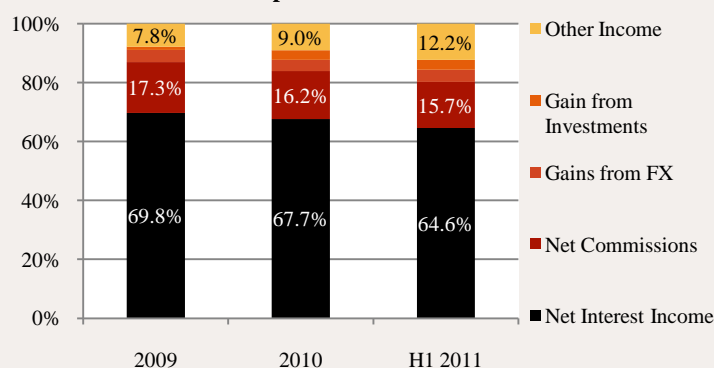
JOGB's gross income, however, rose by a mere 3.9% in 2010 to JOD27.77 million on account of the Bank posting investment losses to the value of JOD2.38 million.

The Bank continued to post growth in the first half of 2011, in spite of the first quarter of 2011 showing a very slight rise in net interest income and commissions to JOD6.48 million compared to JOD6.44 million in H1 2010. By June 2011, the net interest and commissions income reached JOD15.56 million, up from JOD13.40 million for the corresponding period in 2010. The Bank recorded investment losses of JOD301.24 thousand in 2011, while the JOD4.99 million in "other income" more than compensated for these losses, giving a gross income value of JOD20.73 million compared to JOD14.09 million the previous year.

JOGB Composition of Revenues



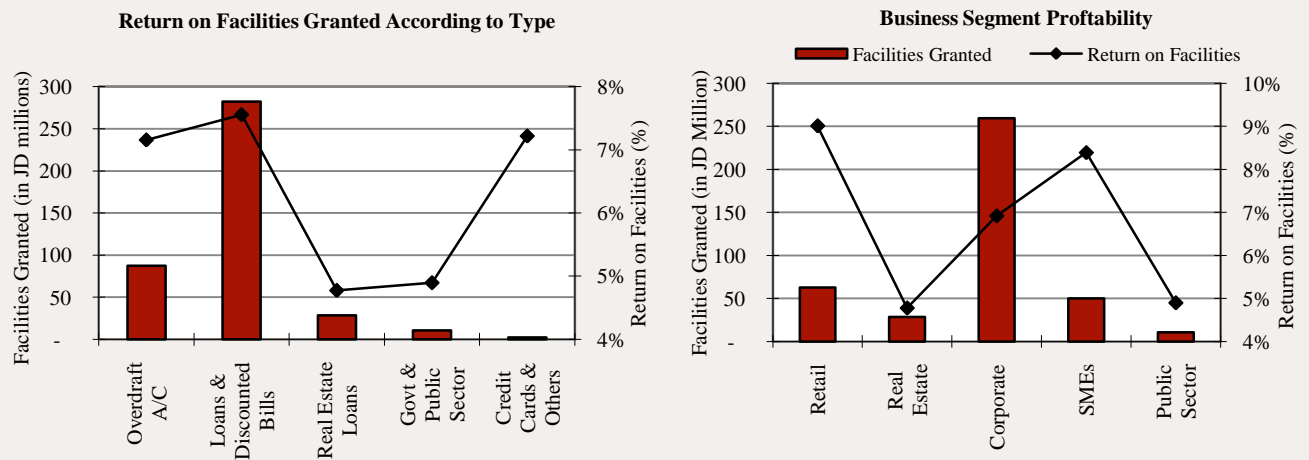
Sector Composition of Revenues



Comparing the breakdown of JOGB’s revenues in 2009 and 2010 with that of the sector highlights that a larger proportion of its revenue stream is generated from interest-earning assets. The sector overall appears to be more diversified in terms of revenue generation, with higher returns from commissions, foreign exchange, investments and other revenues. The Bank should focus on increasing its returns from alternative sources to reduce the impact of interest rate changes on its bottom line. In 2011, however, the increase in “other income” translated into a higher proportion of the other income account compared to total revenues, and a lower proportion of the total for the core operating income; namely net interest income and commissions, which dropped to 62.7% and 12.4% respectively from 76.8% and 20.5% for the entirety of 2010.

Segmental Performance

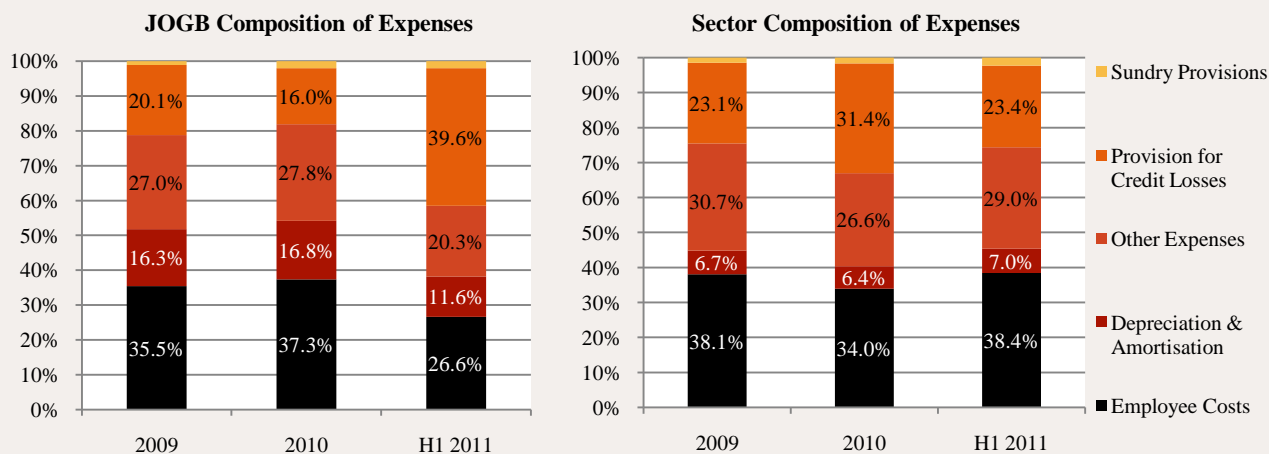
The charts below highlight the profitability of each type of credit facility and business segment in terms of interest income earned on the facilities. With regards the type of credit facilities, the most profitable segments for JOGB are loans and discounted bills, with a return on the facilities of 7.6%, followed by overdraft accounts and credit cards, both with a return of 7.2%. The Bank has successfully captured the highest levels of returns on its most popular credit facilities. However, new products and campaigns to promote their credit cards would also be beneficial in generating additional income more efficiently due to the high return generated on them.



In terms of business segments, as a corporate bank, the profitability of its corporate-oriented business is strong, with credit facilities granted to large corporations generating returns of 6.9% in 2010, while small-medium enterprises (SMEs) generated strong returns of 8.4%. The largest returns, however, were for the retail segment, at 9.0%. The retail market therefore offers a lucrative window for the Bank to expand into, should it be successful at maintaining these levels of returns.

5.2.2 Expenses

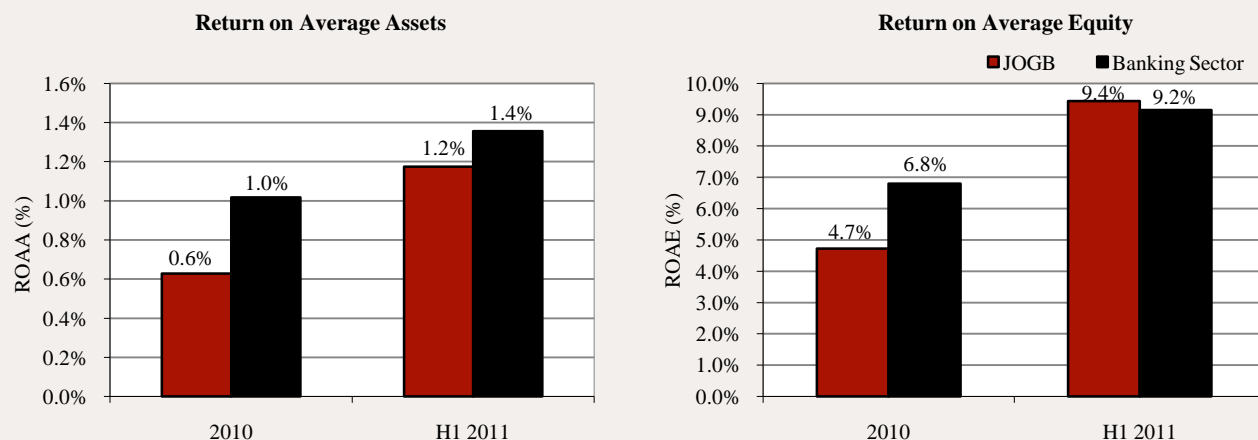
The composition of JOGB’s expenses was relatively consistent in 2009 and 2010, with a decline in provisions for credit losses in both absolute terms, dropping by JOD618.30 thousand, and as a percentage of the total expenses. However, in H1 2011, provisions for credit losses soared to 39.6% of the total expenses, equivalent to JOD5.82 million compared to JOD773.53 thousand in H1 2010, causing the weighting of the remaining expenses to decline compared to the previous periods.



While JOGB’s provisions for credit losses made up a lower proportion of total expenses compared to that of the sector in both 2009 and 2010, in the six months ended June 2011, provisions for credit losses surpassed the sector by far, and consequently led to employee costs and other expenses being less significant in the composition for the Bank.

5.2.3 Net Income

JOGB posted a net profit for 2010 of JOD4.38 million, registering a 21.3% decline compared to 2009’s JOD5.56 million profits. During the first six months of 2011, net profit rose to JOD4.54 million compared to JOD3.89 million for the corresponding period in 2010. Annualising the 2011 profits gives a return on average assets (ROAA) and return on average equity (ROAE) of 1.2% and 9.4%, respectively. These register substantially higher than the Bank’s ratios for 2010 due to the increase in profits surpassing the growth in total assets and shareholders’ equity over the same period.

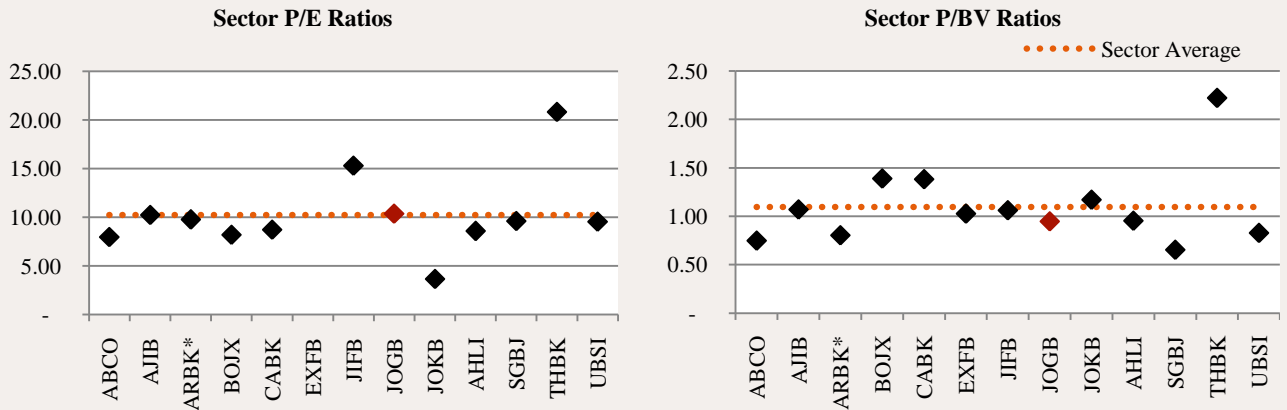


*H1 2011 figures based on annualised returns

In 2010, JOGB underperformed the sector in terms of both the return on average assets and return on average equity, while in H1 2011, its ROAE registered slightly higher than the sector’s 9.2%.

P/E and P/BV Ratios

The charts below showcase JOGB’s stock price with regards its earnings and book value as of June 30th 2011 compared to the sector. With regards the P/E ratio, JOGB ranks second highest in the sector, falling behind the Capital Bank (EXFB), which has been excluded from our analysis due to its meaningless value. JOGB’s P/E of 10.36 times registers slightly higher than the sector average P/E of 10.23 times, suggesting that its share price is high compared to its annualised earnings. However, this may also imply that the market has high hopes for the performance of the Bank going forward, and these expectations have already been factored into the share price.



P/E and P/BV ratios based on current stock prices

P/E based on annualised H1 2011 results

*P/E and P/BV ratios for the Arab Bank are based on the Arab Bank Group earnings and book value

In contrast, JOGB has a below average P/BV ratio, standing at 0.95 times based on its current share price. The sector’s P/BV ratio of 1.10 times is, however, weighted upwards by the P/BV of the Housing Bank (THBK). Excluding the Housing Bank’s ratio from the average reduces the sector P/BV ratio to 1.00 times, suggesting, in contrast to the P/E ratio, that JOGB may be underpriced based on its book value.

6.0 VALUATION

Our valuation is based on three methods; the excess earnings method based on a five-year forecast, and two multiples valuation method based on the average P/E multiple for the sector and a regression of the P/BV ratio of each commercial bank in the sector against its ROAE. Each of the multiples methods was given a weighting of 20%, due to its sensitivity to overall market movements and its assumption that the peer group are accurately priced in the market. The excess earnings method, which determines the intrinsic value of the stock was given a higher weighting of 60%. On this basis, we arrive at an estimated fair value for the JOGB stock of JOD1.24 per share, offering a 6.9% upward potential. Thus, we initiate our coverage of JOGB with a HOLD recommendation.

6.1 Excess Earnings Method

Our excess earnings valuation returns a fair market value for the stock of JOD1.41, 21.8% higher than its current market price.

	2011f	2012f	2013f	2014f	2015f	Terminal Value
Net Income	9,363,826	12,339,214	15,020,411	16,267,634	17,686,024	18,128,175
Less: Equity Cost	8,691,013	9,372,394	12,846,971	13,554,904	13,753,768	16,717,766
Excess Equity Return	672,813	2,966,820	2,173,441	2,712,731	3,932,257	1,410,408
Cum. Cost of Equity	1.026817	1.192944	1.302957	1.423116	1.554355	
Present Value	655,241	2,486,973	1,668,083	1,906,191	2,529,832	
Estimating Equity Cost each Year						
Beg. BV of Equity	94,242,379	101,631,042	139,308,161	146,984,746	149,141,156	181,281,747
Cost of Equity	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
Equity Cost	8,691,013	9,372,394	12,846,971	13,554,904	13,753,768	16,717,766
Equity Invested						94,242,379
PV of Equity Excess Return						9,246,320
PV of Terminal Value						13,498,869
Equity Value						116,987,568
Outstanding Number of Shares ('000)						82,769,898
Target Price per Share (JD)						1.41

Input Assumptions
Risk-free rate of 6.06% based on the rate offered by the CBJ on Treasury 5-year Bonds plus an additional 25bps
Equity Market Premium of 9.13% - Damodaran
An adjusted beta of 0.346
Cost of equity of 9.2%
Return on Equity into perpetuity of 10.0%
A perpetual growth rate of 2.5%

Sensitivity Analysis

		Terminal Growth Rate				
		0.50%	1.50%	2.50%	3.50%	4.50%
Cost of Equity	7.2%	2.02	2.13	2.30	2.56	3.02
	8.2%	1.65	1.71	1.78	1.89	2.05
	9.2%	1.38	1.40	1.41	1.45	1.50
	10.2%	1.16	1.16	1.16	1.15	1.14
	11.2%	0.99	0.98	0.96	0.93	0.90

The analysis above highlights the sensitivity of our target price for JOGB to changes in the cost of equity and/or the terminal growth rate applied.

6.2 Relative Valuation

	Paid-up Capital	Equity	Equity	Net Income	Share Price	Book Value	ROAE	P/BV	EPS	Fwd P/E
	30/06/11	30/06/11	31/12/10	30/06/11	15/09/11	30/06/11			30/06/11	
ABCO	80,000,000	112,166,264	106,598,221	5,241,316	1.05	1.40	19.2%	0.74	0.066	7.95
AJIB	100,000,000	124,250,244	129,130,344	6,556,475	1.33	1.24	20.7%	1.06	0.065	10.23
ARBK*	534,000,000	3,862,264,000	3,786,595,000	155,304,000	8.30	10.32	16.2%	0.81	0.425	9.76
BOJX	155,000,000	239,942,903	214,408,144	17,042,570	2.15	1.55	30.0%	1.40	0.131	8.21
CABK	100,000,000	205,382,718	205,926,261	16,253,356	2.84	2.05	31.6%	1.39	0.163	8.71
EXFB	150,000,000	197,081,691	205,735,666	(5,727,986)	1.35	1.31	(11.4%)	1.04	0.006	112.5
JIFB	77,500,000	111,642,598	107,421,268	3,535,728	1.53	1.44	12.9%	1.08	0.050	15.30
JOGB	80,359,125	98,314,223	94,242,379	4,539,905	1.16	1.22	18.9%	0.96	0.056	10.36
JOKB	100,000,000	324,556,650	324,556,650	52,213,883	3.80	3.25	16.1%	1.22	0.519	3.66
AHLI	126,500,000	222,724,051	226,983,036	12,425,310	1.68	1.76	22.1%	0.97	0.098	8.57
SGBJ	40,455,830	59,313,645	57,310,991	2,011,404	0.96	1.47	13.8%	0.68	0.050	9.60
THBK	252,000,000	907,640,755	920,129,789	54,372,798	8.00	3.60	23.8%	2.22	0.192	20.83
UBSI	100,000,000	228,024,279	235,185,414	9,741,123	1.89	2.28	16.8%	0.82	0.099	9.55

*ARBK book value and EPS are based on the Arab Bank Group

ROAE and P/E are based on annualised profits for the first half of 2011

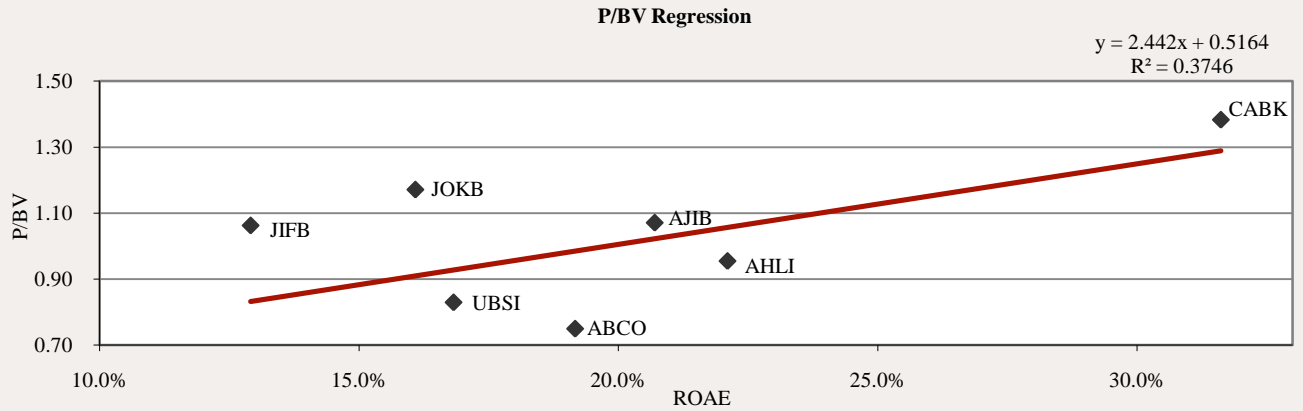
6.2.1 P/E Ratio

The relative valuation approach utilises a multiple obtained from a peer group to extrapolate a fair price for a stock. In this case, we are utilising the average P/E multiple for the following commercial banks that we have taken to represent JOGB's peer group: the Arab Banking Corporation (ABCO), the Arab Jordan Investment Bank (AJIB), Cairo Amman Bank (CABK), InvestBank (JIFB), Jordan Kuwait Bank (JOKB), Ahli Bank (AHLI), Societe Generale Banque – Jordanie (SGBJ), and the Union Bank (UBSI). The average P/E ratio for the banks amounts to 9.20 times. With an estimated EPS for JOGB of JOD0.113 for 2011, we arrive at an implied fair value of JOD1.04.

6.2.2 ROAE and P/BV Ratio

Here, we regress the Price to Book Value multiple (P/BV) for the peer group against their respective Return on Average Equity ratios (ROAE) as of June 30th 2011. The regression returns the relationship P/BV

= (2.442 * ROAE) + 0.5164. Based on a forecasted ROAE ratio for JQGB for 2011 of 9.6%, this method returns an implied fair price for JQGB of JOD0.92.



A key point to note is that the relative valuation method assumes that the peer group is fairly priced in the market. Any over- or under-pricing reflected in the multiple will be imparted on the fair value obtained for JQGB. At what is hoped to be a trough in the economic cycle, stock prices as well as earnings do not reflect 'true' values. Thus, we have applied a lower weighting to these methods in obtaining a target price for the JQGB stock.

7.0 Appendices

Balance Sheet

	Historical					Forecast				
	2006	2007	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Assets										
Cash Balances	153,952,652	152,329,218	129,497,000	131,549,585	157,602,145	117,953,907	159,015,365	165,187,342	165,347,275	167,140,758
Investment Portfolio	52,425,718	71,952,606	102,493,309	144,534,332	182,186,691	202,136,270	226,392,622	249,031,885	273,935,073	301,328,580
Direct Credit Facilities	272,534,994	294,943,837	368,360,600	325,815,439	390,445,134	442,245,605	495,315,078	535,717,263	579,429,322	626,723,813
Premises and Equipment, net	6,385,563	7,293,756	7,707,680	9,333,706	11,574,252	13,310,390	15,306,948	16,837,643	18,521,407	20,373,548
Other Assets	27,885,525	22,741,233	20,097,948	18,854,624	20,970,155	21,725,081	22,507,183	23,317,442	24,156,870	25,026,517
Total Assets	513,184,452	549,260,650	628,156,537	630,087,686	762,778,377	797,371,252	918,537,197	990,091,575	1,061,389,947	1,140,593,216
Liabilities										
Bank and Financial Institution Deposits	51,391,624	51,220,582	20,620,899	19,622,345	47,728,290	53,363,975	59,767,652	65,744,418	72,318,859	79,550,745
Customer Deposits and Cash Margins	379,077,228	396,233,634	487,874,760	486,374,332	597,156,075	627,013,879	702,255,544	758,435,988	819,110,867	884,639,736
Loans and Borrowings	-	10,000,000	20,000,000	20,000,000	10,000,000	-	-	-	-	-
Provisions	1,948,865	2,902,916	4,594,954	2,890,947	3,473,569	4,042,725	4,527,852	4,980,638	5,478,701	6,026,572
Other Liabilities	5,258,267	7,675,536	7,437,727	10,223,806	10,178,064	11,319,631	12,677,987	13,945,786	15,340,364	16,874,400
Total Liabilities	437,675,984	468,032,668	540,528,340	539,111,430	668,535,998	695,740,211	779,229,036	843,106,828	912,248,792	987,091,453
Equity Attributable to the Bank's Shareholders										
Paid-up Capital	57,500,000	63,250,000	69,575,000	73,053,750	80,359,125	82,769,898	100,000,000	100,000,000	100,000,000	100,000,000
Additional Paid-up Capital	56,698	56,698	56,698	56,698	56,698	56,698	15,500,000	15,500,000	15,500,000	15,500,000
Statutory Reserve	3,441,194	4,797,282	5,982,650	6,723,652	7,440,123	8,376,506	9,610,427	11,112,468	12,739,232	14,507,834
General Banking Risk and Other Reserves	2,585,716	3,018,854	3,431,436	2,843,954	3,886,151	4,274,766	4,702,243	5,172,467	5,689,714	6,258,685
Cumulative Change in Fair Value	245,551	(705,089)	(480,595)	785,349	(324,954)	(5,000,000)	(2,000,000)	500,000	500,000	500,000
Retained Earnings	11,679,309	10,810,237	9,063,008	7,512,853	2,825,236	11,153,174	11,495,492	14,699,811	14,712,210	16,735,244
Total Equity Attributable to the Bank's Shareholders	75,508,468	81,227,982	87,628,197	90,976,256	94,242,379	101,631,042	139,308,161	146,984,746	149,141,156	153,501,763
Total Liabilities and Shareholders' Equity	513,184,452	549,260,650	628,156,537	630,087,686	762,778,377	797,371,252	918,537,197	990,091,575	1,061,389,947	1,140,593,216

Income Statement

	Historical					Forecast				
	2006	2007	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Interest Income	29,379,795	36,573,839	42,590,084	39,359,752	39,412,888	47,256,104	53,723,618	58,165,683	62,804,273	67,899,137
Interest Expense	13,641,093	19,129,445	21,197,300	20,562,780	18,073,441	22,095,893	24,747,400	26,765,898	28,949,745	31,312,559
Net Interest Income	15,738,702	17,444,394	21,392,784	18,796,972	21,339,447	25,160,212	28,976,218	31,399,785	33,854,527	36,586,578
Net Commissions	4,612,569	5,695,117	6,095,013	5,524,520	5,688,708	7,088,416	8,058,543	8,724,852	9,420,641	10,184,870
Net Interest Income and Commissions	20,351,271	23,139,511	27,487,797	24,321,492	27,028,155	32,248,627	37,034,760	40,124,638	43,275,168	46,771,448
Gains from Foreign Exchange	695,475	977,539	1,159,728	871,435	897,154	1,181,403	1,343,090	1,454,142	1,570,107	1,697,478
Gains (Losses) from Trading Investments	(3,406,302)	135,737	(72,437)	(340,615)	(56,974)	-	-	-	-	-
Gains (Losses) from Av.-for-Sale Inv.	1,064,710	432,045	(3,573,657)	(57,910)	(2,319,835)	-	-	-	-	-
Other Income	3,042,388	2,642,490	2,832,433	1,942,747	2,219,814	5,000,000	2,541,465	2,719,368	2,909,723	3,113,404
Gross Income	21,747,542	27,327,322	27,833,864	26,737,149	27,768,314	38,430,030	40,919,316	44,298,147	47,754,998	51,582,331
Employee Costs	4,871,345	5,640,773	6,719,922	6,917,326	7,692,605	7,307,975	7,673,373	8,440,711	8,862,746	9,305,884
Depreciation and Amortisation	2,658,069	2,966,524	3,019,731	3,181,223	3,464,299	3,983,944	4,581,535	5,039,689	5,543,658	6,098,024
Other Expenses	4,609,441	5,122,633	5,819,251	5,264,515	5,722,638	6,180,449	6,674,885	7,208,876	7,785,586	8,408,433
Provision for Credit Losses	321,073	-	-	3,923,638	3,305,343	8,000,000	5,000,000	3,000,000	3,244,786	3,509,634
Sundry Provisions	22,918	436,056	759,128	220,065	412,269	472,561	537,236	581,657	628,043	678,991
Total Expenses	12,482,846	14,165,986	16,318,032	19,506,767	20,597,154	25,944,929	24,467,030	24,270,932	26,064,819	28,000,965
Profit before Income Tax	9,264,696	13,161,336	11,515,832	7,230,382	7,171,160	12,485,101	16,452,286	20,027,215	21,690,179	23,581,365
Income Tax	(1,418,004)	741,182	2,177,611	1,669,517	2,794,734	3,121,275	4,113,071	5,006,804	5,422,545	5,895,341
Profit for the Year / Period	10,682,700	12,420,154	9,338,221	5,560,865	4,376,426	9,363,826	12,339,214	15,020,411	16,267,634	17,686,024