

CAIRO AMMAN BANK

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 (UNAUDITED)

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF CAIRO AMMAN BANK
AMMAN - JORDAN**

We have reviewed the accompanying interim condensed consolidated financial statements of **CAIRO AMMAN BANK** (a public shareholding company) as of September 30, 2016, comprising the interim condensed consolidated statement of financial position as of September 30, 2016 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity, and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard "IAS 34" (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Other Matter

The consolidated financial statements for the year ended December 31, 2015 and the interim condensed consolidated financial statements for the period ended September 30, 2015 were audited and reviewed respectively by Ernst & Young – Jordan as the sole auditor of the Bank for the year 2015. Unqualified opinion and unqualified conclusion were issued on these financial statements on February 11, 2016 and October 25, 2015 respectively. Ernst & Young – Jordan and Deloitte & Touche (Middle East) – Jordan were appointed as joint auditors of the Bank for the year 2016 in accordance with Central Bank of Jordan regulations for corporate governance.

Explanatory Paragraph

The accompanying consolidated condensed interim financial statements were prepared in accordance with the instructions of Jordan Securities Commission and for management purposes and does not require Central Bank of Jordan's approval.

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

Amman – Jordan
October 30, 2016

Ernst & Young – Jordan



Deloitte & Touche (M.E) - Jordan



CAIRO AMMAN BANK
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2016

	Notes	September 30, 2016 JD (Unaudited)	December 31, 2015 JD (Audited)
ASSETS			
Cash and balances with Central Banks	4	203,661,257	212,347,289
Balances at banks and financial institutions	5	352,103,383	552,356,037
Deposits at banks and financial institutions	6	162,999,984	113,199,984
Financial assets at fair value through profit or loss	7	26,622,922	28,171,886
Financial assets at fair value through other comprehensive income	8	30,622,053	37,302,031
Direct credit facilities - net	9	1,268,430,121	1,144,240,181
Financial assets at amortized cost - net	10	272,259,302	275,985,687
Financial assets pledged as collateral		15,603,000	77,618,957
Property and equipment - net		42,242,741	30,489,984
Intangible assets - net		9,987,066	10,189,750
Deferred tax assets		5,712,371	4,265,762
Other assets	11	76,189,322	45,894,556
Total Assets		2,466,433,522	2,532,062,104
LIABILITIES AND EQUITY			
LIABILITIES -			
Banks and financial institutions' deposits		354,392,111	382,932,831
Customers' deposits	12	1,569,489,129	1,570,016,124
Margin accounts		81,034,526	86,464,640
Loans and borrowings	13	62,385,220	107,238,340
Sundry provisions		13,694,750	13,569,964
Income tax liabilities	14	16,892,913	23,599,266
Deferred tax liabilities		2,088,448	2,149,293
Other liabilities	15	36,268,044	38,513,667
Total Liabilities		2,136,245,141	2,224,484,125
EQUITY			
SHAREHOLDER'S EQUITY			
Paid in capital	26	180,000,000	160,000,000
Statutory reserve		60,988,222	60,988,222
General banking risk reserve		13,420,000	12,670,000
Cyclical fluctuations reserve		5,902,049	5,902,049
Fair value reserve (net)	16	(9,931,201)	(6,917,105)
Retained earnings		42,203,199	74,934,813
Profit for the period after general banking risk reserve		26,577,879	-
Total Shareholder's Equity		319,160,148	307,577,979
Non-controlling interests		11,028,233	-
Total Equity		330,188,381	307,577,979
Total Liabilities and Equity		2,466,433,522	2,532,062,104

The accompanying notes from 1 to 27 are an integral part of these interim condensed consolidated financial statements and should be read with them

CAIRO AMMAN BANK
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	Notes	For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2016	2015	2016	2015
		JD	JD	JD	JD
Interest income	17	32,294,765	35,046,395	97,454,257	107,404,341
Interest expense	18	8,130,384	9,750,338	25,186,789	32,009,508
Net interest income		<u>24,164,381</u>	<u>25,296,057</u>	<u>72,267,468</u>	<u>75,394,833</u>
Net commission		4,853,887	5,320,081	15,060,676	15,167,918
Net interest and commission income		<u>29,018,268</u>	<u>30,616,138</u>	<u>87,328,144</u>	<u>90,562,751</u>
Gain from foreign currencies		724,302	695,779	2,550,681	2,290,498
(Loss) gain from financial assets at fair value through profit or loss	19	504,268	(81,539)	(261,555)	272,782
Dividends from financial assets at fair value through other comprehensive income		305	292,824	1,117,216	1,291,735
Gain from financial assets at amortized cost		220,336	-	220,336	-
Other income		1,558,002	1,229,438	5,576,567	3,855,256
Gross profit		<u>32,025,481</u>	<u>32,752,640</u>	<u>96,531,389</u>	<u>98,273,022</u>
Employees' expenses		9,845,816	9,367,978	29,251,151	28,705,389
Depreciation and amortization		1,998,982	1,602,700	5,898,809	4,681,413
Other expenses		6,595,995	5,810,256	18,933,164	16,659,032
Impairment losses on direct credit facilities	9	1,200,000	1,250,000	2,813,459	2,650,000
Sundry provisions		246,437	208,392	897,640	848,212
Total expenses		<u>19,887,230</u>	<u>18,239,326</u>	<u>57,794,223</u>	<u>53,544,046</u>
Profit for the period before tax		<u>12,138,251</u>	<u>14,513,314</u>	<u>38,737,166</u>	<u>44,728,976</u>
Income tax expense	14	(3,414,876)	(4,382,721)	(11,544,696)	(13,939,240)
Profit for the period		<u>8,723,375</u>	<u>10,130,593</u>	<u>27,192,470</u>	<u>30,789,736</u>
Profit for the period					
Shareholder's Equity		8,858,784	10,130,593	27,327,879	30,789,736
Non-controlling interests		(135,409)	-	(135,409)	-
Profit for the period		<u>8,723,375</u>	<u>10,130,593</u>	<u>27,192,470</u>	<u>30,789,736</u>
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted earnings per share	20	<u>0/049</u>	<u>0/056</u>	<u>0/152</u>	<u>0/171</u>

The accompanying notes from 1 to 27 are an integral part of these interim condensed consolidated financial statements and should be read with them

CAIRO AMMAN BANK
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	Reserves										Total equity									
	Paid in capital		Statutory		General banking risk		Cyclical fluctuations		Fair value			Retained Earnings		Profit for the period		Total Shareholder's Equity		Non-controlling interests		
	JD		JD		JD		JD		JD			JD		JD		JD		JD		
September 30, 2016																				
Balance as of January 1, 2016	160,000,000		60,988,222		12,670,000		5,902,049		(6,917,105)		74,934,813		-		307,577,979		-		307,577,979	
Total comprehensive income for the period	-		-		-		-		404,436		-		27,327,879		27,732,315		(135,409)		27,596,906	
Transfers to reserves	-		-		750,000		-		-		-		(750,000)		-		-		-	
Capital increase	20,000,000		-		-		-		-		(20,000,000)		-		-		-		-	
Capital increase related expense	-		-		-		-		-		(150,146)		-		(150,146)		-		(150,146)	
Gain from sale of financial assets at fair value through other comprehensive income	-		-		-		-		(3,418,532)		3,418,532		-		-		-		-	
Cash dividends paid	-		-		-		-		-		(16,000,000)		-		(16,000,000)		-		(16,000,000)	
Non-controlling interests from establishing a subsidiary	-		-		-		-		-		-		-		-		11,163,642		11,163,642	
Balance as of September 30, 2016	<u>180,000,000</u>		<u>60,988,222</u>		<u>13,420,000</u>		<u>5,902,049</u>		<u>(9,931,201)</u>		<u>42,203,199</u>		<u>26,577,879</u>		<u>319,160,148</u>		<u>11,028,233</u>		<u>330,188,381</u>	
September 30, 2015																				
Balance as of January 1, 2015	125,000,000		54,539,179		12,270,000		5,079,998		2,323,033		92,599,778		-		291,811,988		-		291,811,988	
Total comprehensive income for the period	-		-		-		-		(1,055,886)		-		30,789,736		29,733,850		-		29,733,850	
Transfers to reserves	-		-		300,000		-		-		-		(300,000)		-		-		-	
Capital increase	35,000,000		-		-		-		-		(35,000,000)		-		-		-		-	
Capital increase related expense	-		-		-		-		-		(225,000)		-		(225,000)		-		(225,000)	
Gain from sale of financial assets at fair value through other comprehensive income	-		-		-		-		(22,994)		22,994		-		-		-		-	
Cash dividends paid	-		-		-		-		-		(16,250,000)		-		(16,250,000)		-		(16,250,000)	
Balance as of September 30, 2015	<u>160,000,000</u>		<u>54,539,179</u>		<u>12,570,000</u>		<u>5,079,998</u>		<u>1,244,153</u>		<u>41,147,772</u>		<u>30,489,736</u>		<u>305,070,838</u>		<u>-</u>		<u>305,070,838</u>	

- The general banking risk reserve and revaluation reserve of financial assets is restricted from use without a prior approval from the Central Bank of Jordan.
- The retained earnings balance as at September 30, 2016 includes a restricted amount of JD 14,427,912, which resulted from the effect of the early implementation of IFRS (9).
- The retained earnings includes deferred tax assets amounting to JD 5,712,371 and is restricted from use as per the Central Bank of Jordan instructions.
- The amount JD (9,931,201) represents negative fair value reserve through other comprehensive income restricted from use as per the Central Bank of Jordan and the Securities Commission instructions.

The accompanying notes from 1 to 27 are an integral part of these interim condensed consolidated financial statements and should be read with them

CAIRO AMMAN BANK
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	Notes	For the nine-month period ended September 30,	
		2016	2015
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Profit for the period before tax		38,737,166	44,728,976
Adjustments			
Depreciation and amortization		5,898,809	4,681,413
Impairment loss on direct credit facilities		2,813,459	2,650,000
Sundry provisions		897,640	848,212
Dividends from financial assets at fair value through other comprehensive income		(1,117,216)	(1,291,735)
Unrealized loss from financial assets at fair value through profit or loss	19	2,100,742	1,634,991
(Gain) from sale of property and equipment		(4,991)	(11,021)
(Gain) from sale of repossessed assets		(145,456)	(264,355)
Effect of exchange rate changes on cash and cash equivalents		(2,385,023)	(2,107,185)
Operating profit before changes in operating assets and liabilities		46,795,130	50,869,296
Changes in assets and liabilities -			
(Increase) in deposits at banks and financial institutions		(49,800,000)	(332,562,291)
(Increase) in financial assets at fair value through profit or loss		(551,778)	(967,216)
(Increase) in direct credit facilities		(127,003,399)	(111,881,864)
(Increase) in other assets		(30,149,310)	(54,953,186)
Increase in banks and financial institutions deposits maturing after more than three months		13,529,053	32,783,133
(Decrease) increase in customers' deposits		(526,995)	49,021,547
(Decrease) increase in margin accounts		(5,430,114)	4,301,262
(Decrease) in other liabilities		(2,245,623)	(3,670,319)
Sundry provisions paid		(772,854)	(363,010)
Net cash (used in) operating activities before income tax		(156,155,890)	(367,422,648)
Income tax paid	14	(20,089,447)	(19,724,512)
Net cash (used in) operating activities		(176,245,337)	(387,147,160)
<u>INVESTING ACTIVITIES</u>			
(Purchase) of financial assets at fair value through OCI		(470,998)	(3,562,120)
Sale of financial assets at fair value through OCI		7,886,356	132,271
Dividends from financial assets at fair value through OCI		1,117,216	1,291,735
(Purchase) of financial assets at amortized cost		(85,520,332)	(137,422,020)
Proceeds from maturity of financial assets at amortized cost		151,262,674	179,154,502
(Purchase) of property and equipment		(15,599,384)	(3,352,999)
Sale of property and equipment		12,438	32,955
(Purchase) of intangible assets		(1,856,945)	(2,581,363)
Net cash from investing activities		56,831,025	33,692,961
<u>FINANCING ACTIVITIES</u>			
Dividends paid		(16,000,000)	(16,250,000)
Increase in loans and borrowings		23,532,496	23,819,545
Repayment of loans and borrowings		(68,385,616)	(19,484,264)
Subsidiaries contribution by Non-controlling interests		11,163,642	-
Capital increase expenses		(150,146)	(225,000)
Net cash (used in) financing activities		(49,839,624)	(12,139,719)
Effect of exchange rate changes on cash and cash equivalents		2,385,023	2,107,185
Net (decrease) in cash and cash equivalents		(166,868,913)	(363,486,733)
Cash and cash equivalents, beginning of the period		397,796,995	411,572,964
Cash and cash equivalents, end of the period	21	230,928,082	48,086,231

The accompanying notes from 1 to 27 are an integral part of these interim condensed consolidated financial statements and should be read with them

CAIRO AMMAN BANK
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2016 (UNAUDITED)

1. GENERAL

Cairo Amman Bank was established as a public shareholding company during 1960 in accordance with the Jordanian laws and regulations no. 12 for the year 1964. Its registered office is at Suleiman Arrar Street, Wadi Saqra, Amman-Jordan.

The Bank provides its banking services through its main branch located in Amman and 86 branches and offices located in Jordan and 21 branches in Palestine and 1 in Bahrain, and its subsidiaries.

The Bank's shares are listed on the Amman Stock Exchange.

The interim condensed consolidated financial statements were authorized for issue by the Bank's Board of Directors in their meeting held on October 30, 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim condensed consolidated financial statements of the bank as of September 30, 2016 have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

The interim condensed consolidated financial statements are prepared on a historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial derivatives which are stated at fair value as of the date of the condensed consolidated financial statements. Moreover, financial assets and liabilities whose change in fair value has been hedged are stated at fair value.

The interim financial statements have been presented in Jordanian Dinars ("JD"), which is the functional currency of the Bank.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Bank's annual financial statements as of December 31, 2015. In addition, results for the nine-month period ended September 30, 2016 do not necessarily indicate to the results that may be expected for the financial year ending December 31, 2016.

Changes in accounting policies:

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2015. Except for the followings:

- Amendments to IAS 1 Presentation of Financial Statements relating to disclosure initiative.
- Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation.

- Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for either by cost method using (IFRS 9) or the equity method in separate financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

The adoption of the above new standards has no impact on the amounts reported and disclosures made in the interim condensed consolidated financial statements.

BASIS OF CONSOLIDATION

The interim consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All balances, transactions income, and expenses between the Bank and subsidiaries are eliminated.

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

The Bank owns the following subsidiaries as of September 30, 2016:

<u>Company's Name</u>	<u>Paid-up Capital</u> JD	<u>Ownership Percentage</u> %	<u>Nature of Operation</u>	<u>Country of Operation</u>	<u>Ownership Date</u>
Al-Watanieh Financial Services Company	5,000,000	100	Investment Brokerage	Jordan	1992
Al-Watanieh Securities Company	1,600,000	100	Investment Brokerage	Palestine	1995
Tamallak For Financial Leasing	1,000,000	100	Finance Leasing	Jordan	2013
SAFA BANK	53,175,000	78.6	Islamic Banking	Palestine	2016

- No consolidation has been made of the financial statements of Cairo Real Estate Company – LL-Jordan, of which the Bank owns 100% of the paid-up capital of JD 50,000 due to the fact that on July 31, 2002 all assets and liabilities of the company were transferred to the Bank. The Bank is in the process of completing legal procedures to liquidate the company.
- Subsidiaries are fully consolidated from the acquisition date where the control is transferred to the Bank. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.

3. USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The management believes that their estimates in the financial statements are reasonable and as follow:

- Allowance for direct credit facilities losses: The Bank reviews the credit facilities provision according to the Central Bank of Jordan regulations and IFRS.
- Impairment losses on the valuation of possessed real estate properties are determined based on recent appraisal reports prepared by certified appraisers and reviewed periodically.
- Income Tax Provision: the financial period is bared with income tax expense in accordance with the applicable laws, regulations and accounting standards, in addition to the required deferred tax assets, liabilities and income tax provision.
- Management periodically reevaluates the useful lives of tangible and intangible assets in order to assess the amortization and depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the income statement (if any).
- Legal provisions are provided for lawsuits raised against the Bank based on the Bank's legal advisors' opinion.
- Fair Value for Financial Instruments: The management determines the fair value of the financial instruments to determine a value that reflects market expectations considering the market conditions, any risks or expected returns in the valuation. For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. For financial instruments where there is no active market fair value is normally based on one of the following methods:
 - Comparison with the current market value of a highly similar financial instrument.
 - The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
 - Option pricing models.

4. CASH AND BALANCES WITH CENTRAL BANKS

Statutory cash reserve held at Central Banks amounted to JD 80,899,615 as of September 30, 2016 against JD 85,268,204 as of December 31, 2015.

Apart from the statutory cash reserve held at the Central Banks the restricted cash balances amounted to JD 7,444,500 as of September 30, 2016 and December 31, 2015 respectively.

There are no balances which mature after more than three months as of September 30, 2016 and December 31, 2015.

5. BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

Non-interest bearing balances at banks and financial institutions amounted to JD 43,408,597 as of September 30, 2016 against JD 48,404,115 as of December 31, 2015.

There are no restricted balances as of September 30, 2016 and December 31, 2015.

6. DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

	September 30, 2016	December 31, 2015
	JD (Unaudited)	JD (Audited)
Deposit maturing within:		
More than 3 to 6 months	130,800,000	100,000,000
More than 6 to 9 months	10,000,000	13,199,984
More than 9 to 12 months	22,199,984	-
Total	<u>162,999,984</u>	<u>113,199,984</u>

There are no restricted balances as of September 30, 2016 and December 31, 2015.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2016	December 31, 2015
	JD (Unaudited)	JD (Audited)
Quoted Equities	24,768,469	26,113,577
Investment Funds	1,854,453	2,058,309
	<u>26,622,922</u>	<u>28,171,886</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2016	December 31, 2015
	JD (Unaudited)	JD (Audited)
Quoted Investments		
Quoted Equities	18,009,916	24,742,107
Total quoted investments	<u>18,009,916</u>	<u>24,742,107</u>
Unquoted Investments		
Unquoted Equities	12,612,137	12,559,924
Total unquoted investments	<u>12,612,137</u>	<u>12,559,924</u>
Financial assets at fair value through other comprehensive income	<u>30,622,053</u>	<u>37,302,031</u>

9. DIRECT CREDIT FACILITIES, NET

	September 30, 2016	December 31, 2015
	<u>JD</u>	<u>JD</u>
	(Unaudited)	(Audited)
Consumer lending		
Overdrafts	10,968,066	5,472,818
Loans and bills *	602,485,079	586,594,232
Credit cards	10,248,284	10,363,103
Other	6,380,299	8,645,632
Finance leasing	13,337,479	9,559,331
Residential mortgages	173,473,171	157,188,180
Corporate lending		
Overdrafts	60,850,939	62,972,852
Loans and bills *	210,416,229	157,672,233
Small and medium enterprises lending "SMEs"		
Overdrafts	20,508,888	14,853,464
Loans and bills *	46,758,358	45,831,463
Lending to governmental sectors	<u>172,829,702</u>	<u>141,653,211</u>
Total	<u>1,328,256,494</u>	<u>1,200,806,519</u>
Less: Suspended interest	(10,725,558)	(10,266,892)
Less: Allowance for impairment losses	<u>(49,100,815)</u>	<u>(46,299,446)</u>
Direct credit facilities, net	<u>1,268,430,121</u>	<u>1,144,240,181</u>

* Net after deducting interest and commission received in advance of JD 5,220,669 as of September 30, 2016 (December 31, 2015: JD 4,958,504).

- As of September 30, 2016, non-performing credit facilities amounted to JD 60,600,274 (December 31, 2015: JD 57,133,741), representing 4.56% (December 31, 2015: 4.76%) of gross facilities granted.
- As of September 30, 2016, non-performing credit facilities, after deducting suspended interest, amounted to JD 49,874,899 (December 31, 2015: JD 46,866,849), representing 3.79% (December 31, 2015: 3.94%) of gross facilities granted after excluding the suspended interest.
- As of September 30, 2016, credit facilities granted to the Government of Jordan amounted to JD 64,028,086 (December 31, 2015: JD 50,100,512), representing 4.82% (December 31, 2015 : 4.17%) of gross facilities granted.
- As of September 30, 2016, credit facilities granted to the public sector in Palestine amounted to JD 57,077,019 (December 31, 2015: JD 57,360,297), representing 4.30% (December 31, 2015: 4.78%) of gross facilities granted.

Direct credit facilities impairment provision:

The movement of the provision for impairment is as follows:

	September 30, 2016	December 31, 2015
	JD (Unaudited)	JD (Audited)
Beginning balance of the period/year	46,299,446	47,350,336
Charge during the period/year	2,813,459	2,756,444
Amount used from provision within the period/year (written off debts)	(90,921)	(3,781,911)
Revaluation differences	78,831	(25,423)
Balance at the end of the period/year	<u>49,100,815</u>	<u>46,299,446</u>

Interest in suspense

The movement of interest in suspense is as follows:

	September 30, 2016	December 31, 2015
	JD (Unaudited)	JD (Audited)
Beginning balance of the period/ year	10,266,892	10,259,482
Add: Suspended interest during the period/year	686,116	602,651
Less: Amount transferred to income	(150,764)	(426,084)
Written off interest in suspense	(76,686)	(169,157)
Balance at the end of the period/year	<u>10,725,558</u>	<u>10,266,892</u>

10. FINANCIAL ASSETS OF AMORTIZED COST, NET

	September 30, 2016	December 31, 2015
	JD (Unaudited)	JD (Audited)
Quoted Investments		
Treasury bills	2,303,713	2,513,658
Corporate debt securities	17,619,336	13,329,635
Total quoted investments	<u>19,923,049</u>	<u>15,843,293</u>
Unquoted Investments		
Treasury bills	240,511,560	251,274,012
Government debt securities	10,638,140	2,695,418
Corporate debt securities	1,311,650	6,311,650
Other debt securities	16,703	3,114
Less: Impairment losses	(141,800)	(141,800)
Total unquoted investments	<u>252,336,253</u>	<u>260,142,394</u>
Total financial assets at amortized cost	<u>272,259,302</u>	<u>275,985,687</u>
Analysis of debt instruments		
Fixed rate	271,373,052	275,099,437
Floating rate	886,250	886,250
Total	<u>272,259,302</u>	<u>275,985,687</u>

11. OTHER ASSETS

	September 30, 2016	December 31, 2015
	JD	JD
	(Unaudited)	(Audited)
Accrued interest revenues	9,544,781	21,196,794
Prepaid expenses	8,822,659	6,796,580
Repossessed assets - net *	11,833,123	10,274,263
Accounts receivable - net	683,007	551,563
Clearing checks	42,171,805	4,645,171
Trading settlement account	25,000	25,000
Refundable deposits	389,920	241,643
Deposit at Visa International	1,956,840	1,212,390
Others	762,187	951,152
Total	<u>76,189,322</u>	<u>45,894,556</u>

- * Central Bank of Jordan instructions require that the repossessed assets are sold within two years of repossession, and can be extended under specific circumstances by the Central Bank of Jordan for a maximum of four years. In addition, the Bank has recognized a provision for the repossessed assets which is being held for more than four years in accordance to the Central Bank of Jordan instructions number 10/1/4076 dated March 27, 2014 and 10/1/7096 dated June 8, 2014.

12. CUSTOMERS' DEPOSITS

	September 30, 2016	December 31, 2015
	JD	JD
	(Unaudited)	(Audited)
Current accounts and demand deposits	487,673,820	458,425,051
Saving deposits	388,341,935	368,843,608
Time and notice deposits	693,473,374	742,747,465
Total	<u>1,569,489,129</u>	<u>1,570,016,124</u>

- Governmental institutions' deposits amounted to JD 321,854,398 as of September 30, 2016 (December 31, 2015: JD 360,846,036) representing 20.51% (December 31, 2015: 22.98%) of gross customers' deposits.
- There are no restricted deposits as of September 30, 2016 and December 31, 2015.
- Non-interest bearing deposits amounted to JD 595,793,009 as of September 30, 2016 (December 31, 2015: JD 625,400,173) representing 37.96% (December 31, 2015: 39.83%) of gross deposits.

13. LOANS AND BORROWINGS

September 30, 2016 (Unaudited)

	Amount	Total no. of instalments	Outstanding instalments	Payable Every	Maturity Date	Collaterals	Interest rate
	JD						
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity /per loan	2034	None	4.845%- 4.895%
Amounts borrowed from French Development Agency	3,190,500	1	1	At maturity	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan *	9,500,000	10	10	Semi- annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan **	19,432,496	53	53	At maturity /per loan	2016-2017	Treasury Bills	1.75%-2.25%
Amounts borrowed from Central Bank of Jordan *	2,400,000	14	14	Semi- annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan *	7,090,000	7	7	Semi- annually	2020	None	1.75%- 3.25%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	4,100,000	20	20	Semi- annually	2031	None	2.39%
Amounts borrowed from Central Bank of Jordan	1,074,224	1	1	-	None	None	-
Total	62,385,220						

December 31, 2015 (Audited)

	Amount	Total no. of instalments	Outstanding instalments	Payable Every	Maturity Date	Collaterals	Interest rate
	JD						
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.145%- 4.895%
Amounts borrowed from French Development Agency	3,367,750	1	1	At maturity	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan	50,000,000	1	1	At maturity	2016	Treasury Bills	2.5%
Amounts borrowed from Central Bank of Jordan	9,500,000	10	10	Semi- annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan	2,400,000	14	14	Semi- annually	2028	None	2.5%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	7,090,000	7	7	Semi- annually	2020	None	1.75%- 3.25%
Amounts borrowed from Central Bank of Jordan	18,208,366	22	22	At maturity /per loan	2016	Treasury Bills	2%- 2.75%
Amounts borrowed from International financial markets	1,074,224	1	1	-	None	None	-
Total	107,238,340						

* The borrowed amount from CBJ was re-lent to SME's on an average interest rate of 6%. In addition, the repayment starts after 5 years of granting date.

** The borrowed amount from CBJ for industrial and energy financing loans were re-lent on an average interest rate of 5.25%.

14. INCOME TAX

A. Income Tax provision

The movement on the income tax provision was as follows:

	September 30, 2016	December 31, 2015
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	23,599,266	23,808,580
Income tax paid	(20,089,447)	(19,727,689)
Income tax payable	11,544,696	19,356,487
Amortization of deferred tax liabilities	1,838,398	161,888
Balance at the end of the period/year	<u>16,892,913</u>	<u>23,599,266</u>

Income tax appearing in the statement of income represents following:

	For the Nine-Month Period Ended September 30,	
	2016	2015
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	11,544,696	15,847,042
Amortization of deferred tax liabilities	-	(1,907,802)
Income tax charge for the period	<u>11,544,696</u>	<u>13,939,240</u>

- The statutory tax rate on banks in Jordan is 35% and the statutory tax rates on foreign branches and subsidiaries range between 0% to 31% (income tax rate banks in Palestine is 15% plus VAT of 16%).
- The Bank reached a final settlement with the Income and Sales Tax Department for the year ended December 31, 2013 for the Bank's branches in Jordan. The Income and Sales Tax Department did not review 2014 and 2015 records up to the date of these interim condensed consolidated financial statements.
- A final settlement was reached with the tax authorities for Palestine branches for the years from 2008 to 2014. The Income Tax Department revaluated the Bank records for 2006, 2007 the Bank rejected the results of the revaluation and filed an appeal. The Income Tax Department did not review 2015 records up to the date of these interim condensed consolidated financial statements.
- Al-Watanieh Financial Services Company has reached a final settlement with the Income and Sales Tax Department up to the year 2009. The Income and sales Tax Department reviewed 2010, 2011 records. The company appealed against the court decision.
- Al-Watanieh Securities Company - Palestine has reached a final settlement with the Income and Sales Tax Department up to the year 2014.

- Tamallak For Financial Leasing- Jordan has reached a final settlement with the Income and sales Tax Department up to the year 2014.
- Cairo Real Estate Investments Company has reached a final settlement with the Income and Sales Tax Department up to the year 2013.

In the opinion of the Bank's management, income tax provisions as of September 30, 2016 are sufficient.

15. OTHER LIABILITIES

	September 30, 2016	December 31, 2015
	JD	JD
	(Unaudited)	(Audited)
Accrued interest expense	3,126,012	3,642,517
Accounts payable	3,643,146	6,721,287
Accrued expenses	8,010,106	7,607,054
Temporary deposits	14,795,396	11,503,501
Checks and withdrawals	3,962,699	5,067,536
Settlement guarantee fund	19,530	1,062,434
Distributed unclaimed dividends	326,041	800,622
Others	2,385,114	2,108,716
	<u>36,268,044</u>	<u>38,513,667</u>

16. FAIR VALUE RESERVE (NET)

The movement is as follows:

	September 30, 2016	December 31, 2015
	JD	JD
	(Unaudited)	(Audited)
Beginning balance of period/year	(6,917,105)	2,323,033
Unrealized gain (loss)	448,721	(10,579,157)
(Gain) from sale of financial assets at fair value through other comprehensive income	(3,418,532)	(312,875)
Deferred tax assets	(105,130)	1,465,946
Deferred tax liabilities	60,845	185,948
Ending balance of the period/year	<u>(9,931,201)</u>	<u>(6,917,105)</u>

17. INTEREST INCOME

	September 30,	
	2016	2015
	JD (Unaudited)	JD (Unaudited)
Direct credit facilities		
Overdrafts	10,842,862	8,807,358
Loans and bills	62,241,669	60,283,915
Financial leasing	845,969	407,037
Credit cards	1,698,893	1,797,621
Brokerage margin accounts	233,628	237,819
Balances at Central Banks	241,487	67,198
Balances and deposits at banks and financial institutions	10,574,299	16,014,993
Financial assets at amortized cost	10,771,345	19,788,400
Financial assets at fair value	4,105	-
Total	<u>97,454,257</u>	<u>107,404,341</u>

18. INTEREST EXPENSE

	September 30,	
	2016	2015
	JD (Unaudited)	JD (Unaudited)
Banks and financial institutions deposits	3,631,597	4,179,037
Customers' deposits:		
Current accounts and demand deposits	733,603	777,787
Saving accounts	1,668,248	1,487,286
Time and notice deposits	14,216,435	20,265,923
Margin accounts	977,584	1,116,268
Loans and borrowings	1,487,146	1,789,689
Deposits guarantee fees	2,472,176	2,393,518
Total	<u>25,186,789</u>	<u>32,009,508</u>

19. (LOSS) GAIN FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (UNAUDITED)

	Realized (loss)	Unrealized (loss)	Dividends	Total
	JD	JD	JD	JD
September 30, 2016				
Equity instruments	(199,837)	(1,896,886)	2,028,389	(68,334)
Bonds	10,635	-	-	10,635
Investment funds	-	(203,856)	-	(203,856)
Total	<u>(189,202)</u>	<u>(2,100,742)</u>	<u>2,028,389</u>	<u>(261,555)</u>
September 30, 2015				
Equity instruments	(111,025)	(1,275,330)	2,018,798	632,443
Bonds	-	(266)	-	(266)
Investment funds	-	(359,395)	-	(359,395)
Total	<u>(111,025)</u>	<u>(1,634,991)</u>	<u>2,018,798</u>	<u>272,782</u>

20. EARNINGS PER SHARE (UNAUDITED)

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2016	2015	2016	2015
	JD	JD	JD	JD
Profit for the period attributable to shareholder's	8,858,784	10,130,593	27,327,879	30,789,736
Weighted average number of shares	180,000,000	180,000,000	180,000,000	180,000,000
	(JD/Fils)	(JD/Fils)	(JD/Fils)	(JD/Fils)
Basic and diluted earnings per share	0/049	0/056	0/152	0/171

Diluted earnings per share equal basic earnings per share as the Bank has not issued any potentially convertible instruments to shares which would have an impact on earnings per share.

21. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

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

	September 30,	
	2016	2015
	JD (Unaudited)	JD (Unaudited)
Cash and balances with Central Banks maturing within three months	203,661,257	186,001,356
Add: Balances at banks and financial institutions maturing within three months	352,103,383	182,539,931
Less: Banks and financial institutions' deposits maturing within three months	317,392,058	313,010,556
Restricted balances	7,444,500	7,444,500
Total	230,928,082	48,086,231

22. RELATED PARTY TRANSACTIONS

The accompanying interim condensed consolidated financial statements of the Bank include the following subsidiaries:

Company Name	Ownership %	Paid in capital	
		September 30, 2016	December 31, 2015
		JD (Unaudited)	JD (audited)
Al-Watanieh Financial Services Co.	100	5,000,000	5,000,000
Al-Watanieh Securities Company	100	1,600,000	1,600,000
Tamallak For Financial Leasing	100	1,000,000	1,000,000
Safa BANK	78.6	53,175,000	-

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

The following related party transactions took place during the period:

	Board of Directors JD	Executive management JD	Others *	Total	
				September 30, 2016 JD (Unaudited)	December 31, 2015 JD (Audited)
<u>Items within the statements of financial position:</u>					
Direct credit facilities	53,175,981	5,371,414	12,965,516	71,512,911	66,558,080
Deposits at the Bank	31,824,967	2,526,510	12,612,903	46,964,380	28,339,749
Margin accounts	35,652,933	-	167,756	35,820,689	35,826,275
<u>Off balance items:</u>					
Indirect credit facilities	2,445,223	-	195,947	2,641,170	3,397,452
				For the nine-month period ended September 30,	
				2016	2015
				JD	JD
				(Unaudited)	(Unaudited)
<u>Income statements items</u>					
Interest and commission income	1,207,968	176,177	1,586,501	2,970,646	2,539,993
Interest and commission expense	716,672	42,133	159,665	918,470	1,717,734

- * Other related parties include the Bank employees and their relatives to the third degree.
- Credit interest rates on credit facilities in Jordanian Dinar range between 3.5% - 8.85%
 - Credit interest rates on credit facilities in foreign currency range between 1.98% - 7%
 - Debit interest rates on deposits in Jordanian Dinar range between 0% - 3.5%
 - Debit interest rates on deposits in foreign currency range between 0% - 1.25%

Benefits of key management personnel (salaries, wages and bonuses) amounted to JD 1,966,271 as of September 30, 2016 against JD 1,837,016 as of September 30, 2015.

23. SEGMENTAL INFORMATION

1. Primary segment information

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

- Retail banking** - Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and other facilities.
- Corporate banking** - Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Treasury** - Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations.

These segments are the basis on which the bank reports its primary segment information.

	Retail Banking JD	Corporate Banking JD	Treasury JD	Others JD	September 30,	
					2016 JD (Unaudited)	2015 JD (Unaudited)
Gross income	<u>70,345,164</u>	<u>23,653,694</u>	<u>25,594,143</u>	<u>2,125,177</u>	<u>121,718,178</u>	<u>130,282,530</u>
Allowance for credit losses	<u>(2,399,226)</u>	<u>(414,233)</u>	-	-	<u>(2,813,459)</u>	<u>(2,650,000)</u>
Segment result	<u>56,777,539</u>	<u>16,201,301</u>	<u>18,613,913</u>	<u>2,125,177</u>	<u>93,717,930</u>	<u>95,623,022</u>
Unallocated costs					54,980,764	50,894,046
Profit before tax					<u>38,737,166</u>	<u>44,728,976</u>
Income tax					<u>(11,544,696)</u>	<u>(13,939,240)</u>
Profit for the period					<u>27,192,470</u>	<u>30,789,736</u>
Other information						
Capital expenditure					17,456,329	5,934,362
Depreciation and amortization					5,898,809	4,681,413
					September 30, 2016 JD (Unaudited)	December 31, 2015 JD (Audited)
Total segment assets	<u>776,979,989</u>	<u>491,450,132</u>	<u>1,069,584,272</u>	<u>128,419,129</u>	<u>2,466,433,522</u>	<u>2,532,062,104</u>
Total segment liabilities	<u>808,584,517</u>	<u>544,993,200</u>	<u>715,811,717</u>	<u>66,855,707</u>	<u>2,136,245,141</u>	<u>2,224,484,125</u>

2. Geographical Information

This item represents the geographical distribution of the Bank's operations, the Bank's main activities are located in Jordan which represents local operation as well as international operations in the Middle East, Europe, Asia, America and Low East.

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

	Inside Jordan		Outside Jordan		Total	
	September 30,		September 30,		September 30,	
	2016 JD	2015 JD	2016 JD	2015 JD	2016 JD (Unaudited)	2015 JD (Unaudited)
Total Revenue	102,744,066	116,795,659	18,974,112	13,486,871	121,718,178	130,282,530
Capital expenditure	12,283,161	5,058,075	5,173,168	876,287	17,456,329	5,934,362
	Inside Jordan		Outside Jordan		Total	
	September 30, 2016 JD	December 31, 2015 JD	September 30, 2016 JD	December 31, 2015 JD	September 30, 2016 JD (Unaudited)	December 31, 2015 JD (Audited)
Total assets	<u>1,761,823,974</u>	<u>1,902,241,316</u>	<u>704,609,548</u>	<u>629,820,788</u>	<u>2,466,433,522</u>	<u>2,532,062,104</u>

24. COMMITMENTS AND CONTINGENT LIABILITIES

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

	September 30, 2016	December 31, 2015
	JD	JD
	(Unaudited)	(Audited)
Letters of credit:		
Received	114,618,906	143,248,725
Issued	29,891,908	44,504,481
Acceptances	1,317,918	8,022,412
Letters of guarantee:		
Payments	17,296,302	15,113,408
Performance	16,572,362	19,736,500
Other	11,292,236	12,660,163
Irreversible commitments to extend credit	139,634,606	128,103,103
	<u>330,624,238</u>	<u>371,388,792</u>

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

	September 30, 2016	December 31, 2015
	JD	JD
	(Unaudited)	(Audited)
Contracts to purchase property and equipment	<u>2,813,211</u>	<u>181,832</u>

25. LITIGATION

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 44,280,501 as of September 30, 2016 (December 31, 2015: JD 44,023,331). In the opinion of the Bank's management and law consultant, provisions for these lawsuits are sufficient.

Provision for possible legal cases amounted to JD 4,427,425 as of September 30, 2016 (December 31, 2015: JD 5,496,016).

26. ISSUED AND PAID IN CAPITAL

The paid in capital is measured at JD 180,000,000 divided to 180,000,000 shares, at a par value of JD 1 per shares as at September 30, 2016 and JD 160,000,000 divided to 160,000,000 shares, at a par value of JD 1 per shares as December 31, 2015.

The General Assembly decided in its ordinary meeting held on April 17, 2016 distributing cash dividends to shareholders at a rate of 10% of the par value per share, and the General Assembly decided in its extra ordinary meeting held in the same date to increase the capital to JD 180,000,000 by capitalizing an amount of JD 20,000,000 from the retained earnings and to distribute the increase as 12.5% stock dividends to the shareholders.

27. RESERVES

The Bank did not appropriate any legal reserves according to Companies' Law since these are interim financial statements.