

CAIRO AMMAN BANK

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2014 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **CAIRO AMMAN BANK** (a public shareholding company) and its subsidiaries ("the Bank") as of 30 September 2014, comprising of interim consolidated statement of financial position as of 30 September 2014 and the related interim consolidated statements of income, comprehensive income, changes in equity, and cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). 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.

Amman – Jordan
19 October 2014



Ernst & Young

CAIRO AMMAN BANK
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2014
(In Jordanian Dinars)

	Notes	30 September 2014 (Unaudited)	31 December 2013 (Audited)
ASSETS			
Cash and balances with Central Banks	4	164,267,079	197,351,810
Balances at banks and financial institutions	5	286,071,974	180,633,848
Deposits at banks and financial institutions	6	258,444,984	138,200,000
Financial assets at fair value through profit or loss	7	28,210,733	29,155,168
Financial assets at fair value through other comprehensive income	8	24,849,627	25,219,930
Direct credit facilities	9	996,454,640	964,787,174
Financial assets at amortized cost	10	374,790,086	465,983,466
Financial assets pledged as collateral		30,906,118	110,142,962
Property and equipment		30,467,050	31,756,797
Intangible assets		8,762,574	8,573,950
Deferred tax assets		727,851	727,851
Other assets	11	152,788,487	60,436,264
Total Assets		2,356,741,203	2,212,969,220
LIABILITIES AND EQUITY			
LIABILITIES -			
Banks and financial institutions' deposits		286,234,872	213,941,737
Customers' deposits	12	1,571,221,375	1,426,018,472
Margin accounts		84,989,973	69,273,473
Loans and borrowings	13	59,576,858	164,420,379
Sundry provisions		12,961,441	12,526,199
Income tax liabilities	14	19,007,524	22,666,483
Deferred tax liabilities		2,258,167	2,321,405
Other liabilities	15	41,803,798	37,623,425
Total Liabilities		2,078,054,008	1,948,791,573
EQUITY			
Paid in capital	26	125,000,000	100,000,000
Statutory reserve		48,475,553	48,475,553
Voluntary reserve		-	1,321,613
General banking risk reserve		12,270,000	11,820,000
Other reserves		4,032,498	4,032,498
Fair value reserve (net)	16	2,089,529	2,107,043
Retained earnings	26	55,627,542	96,420,940
Profit for the period after general banking risk reserve		31,192,073	-
Total Equity		278,687,195	264,177,647
Total Liabilities and Equity		2,356,741,203	2,212,969,220

The accompanying notes from 1 to 29 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)
(In Jordanian Dinars)

	Notes	For the three months period ended 30 September		For the nine months period ended 30 September	
		2014	2013	2014	2013
Interest income	17	36,595,802	38,658,730	112,674,855	111,197,443
Interest expense	18	11,160,656	13,976,001	36,370,972	40,796,828
Net interest income		25,435,146	24,682,729	76,303,883	70,400,615
Net commission		5,400,149	4,685,879	15,706,810	14,119,556
Net interest and commission income		30,835,295	29,368,608	92,010,693	84,520,171
Other income –					
Net gain from foreign currencies		669,399	590,960	2,160,953	2,111,762
Net gain from financial assets through profit or loss	19	395,602	1,032,552	1,768,661	1,813,012
Dividends from financial assets at fair value through other comprehensive income		-	-	1,012,612	897,865
Net gain from financial assets at amortized cost		-	-	327,136	-
Other income		1,061,833	921,929	3,582,736	2,855,593
Gross profit		32,962,129	31,914,049	100,862,791	92,198,403
Employees' expenses		9,596,876	8,837,611	28,423,687	26,442,017
Depreciation and amortization		1,537,730	1,614,438	4,609,157	4,950,078
Other expenses		5,540,523	5,215,345	16,305,691	15,250,793
Impairment losses on direct credit facilities		102,900	1,614,150	3,102,350	4,442,450
Impairment loss on financial assets at amortized cost		-	-	886,250	-
Sundry provisions		175,579	140,441	880,743	996,756
Total expenses		16,953,608	17,421,985	54,207,878	52,082,094
Profit for the period before tax		16,008,521	14,492,064	46,654,913	40,116,309
Income tax expense	14	(4,933,914)	(4,521,863)	(15,012,840)	(12,709,703)
Profit for the period		11,074,607	9,970,201	31,642,073	27,406,606
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted earnings per share	20	0/0886	0/0798	0/253	0/219

The accompanying notes from 1 to 29 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)
(In Jordanian Dinars)

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2014	2013	2014	2013
Profit for the period	11,074,607	9,970,201	31,642,073	27,406,606
Other comprehensive income, which will not be transferred to profit or loss in future periods:				
change in fair value reserve for financial assets, after tax	(61,609)	456,554	42,475	(860,218)
Total comprehensive income for the period	<u>11,012,998</u>	<u>10,426,755</u>	<u>31,684,548</u>	<u>26,546,388</u>

**The accompanying notes from 1 to 29 are an integral part of these interim
condensed consolidated financial statements**

CAIRO AMMAN BANK
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)
(In Jordanian Dinars)

	Paid in capital	Statutory reserve	Voluntary reserve	General banking risk reserve	Cyclical fluctuation reserve	Fair value reserve	Retained earnings	Profit for the period	Total equity
Nine months period ended 30 September 2014									
Balance as of 1 January 2014	100,000,000	48,475,553	1,321,613	11,620,000	4,032,498	2,107,043	96,420,940	-	294,177,647
Total comprehensive income for the period	-	-	-	-	-	42,475	-	31,642,073	31,684,548
Dividends paid	-	-	-	-	-	-	(17,000,000)	-	(17,000,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(59,989)	59,989	-	-
Increase capital	25,000,000	-	(1,321,613)	-	-	-	(23,678,387)	-	-
Increase capital expense	-	-	-	-	-	-	(175,000)	-	(175,000)
Transfers to reserves	-	-	-	450,000	-	-	-	(450,000)	-
Balance as of 30 September 2014	125,000,000	48,475,553	-	12,270,000	4,032,498	2,089,529	55,627,542	31,192,073	278,687,195
Nine months period ended 30 September 2013									
Balance as of 1 January 2013	100,000,000	42,947,195	1,321,613	10,700,000	3,222,382	3,085,785	79,959,782	-	241,236,757
Total comprehensive income for the period	-	-	-	-	-	(860,218)	-	27,408,606	26,546,388
Dividends paid	-	-	-	-	-	-	(17,000,000)	-	(17,000,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(81,274)	81,274	-	-
Transfers to reserves	-	-	-	1,000,000	-	-	-	(1,000,000)	-
Balance as of 30 September 2013	100,000,000	42,947,195	1,321,613	11,700,000	3,222,382	2,144,293	63,041,056	26,408,606	250,783,145

- 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 30 September 2014 include a restricted amount of JD 13,295,438 which resulted from the effect of the early implementation of IFRS (9).

- The retained earnings include deferred tax assets amounted to JD 727,851 and is restricted from use as per the Central Bank of Jordan instructions.

The accompanying notes from 1 to 29 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)
(In Jordanian Dinars)

	Note	30 September 2014	30 September 2013
OPERATING ACTIVITIES			
Profit for the period before tax		46,654,913	40,116,309
Adjustments -			
Depreciation and amortisation		4,609,157	4,950,078
Impairment loss on direct credit facilities		3,102,350	4,442,450
Sundry provisions		880,743	996,756
Dividends from financial assets at fair value through other comprehensive income		(1,012,612)	(897,865)
Unrealized loss from financial assets at fair value through profit or loss		796,685	378,895
Impairment loss on financial assets at amortized cost		886,250	-
(Gain) on sale of property and equipment		(21,462)	(156,408)
Gain from sale of repossessed assets		(66,320)	(113,372)
Impairment loss on collaterals acquired by the bank		144,856	-
Effect of exchange rate changes on cash and cash equivalents		(1,944,073)	(992,072)
Operating profit before changes in operating assets and liabilities		54,030,487	48,724,771
Changes in assets and liabilities -			
(Increase) in deposits at banks and financial institutions		(120,244,984)	(103,207,090)
Decrease in financial assets at fair value through profit or loss		147,750	5,913
Decrease (increase) in direct credit facilities		(34,769,816)	26,411,457
(Increase) in other assets		(92,430,759)	(33,910,750)
Increase (decrease) in banks and financial institutions deposits maturing after more than three months		12,090,000	10,000,000
Increase in customers' deposits		145,202,903	63,977,173
Increase in margin accounts		15,716,500	16,291,903
Increase in other liabilities		4,180,373	5,678,903
Sundry provisions paid		(445,501)	(444,144)
Net cash (used in) from operating activities before income tax		(16,523,047)	33,528,136
Income tax paid		(18,769,546)	(13,753,477)
Net cash (used in) from operating activities		(35,292,593)	19,774,659
INVESTING ACTIVITIES			
(Purchase) of financial assets at fair value through OCI		(21,270)	(442,385)
Sale of financial assets at fair value through OCI		468,557	1,193,815
Dividends from financial assets at fair value through OCI		1,012,612	897,865
(Purchase) of financial assets at amortized cost		(18,882,206)	(254,105,234)
Proceeds from maturity of financial assets at amortized cost		188,426,180	124,826,144
(Purchase) of property and equipment		(2,098,037)	(2,033,721)
Proceeds from sale of property and equipment		23,324	163,496
(Purchase) of intangible assets		(1,411,859)	(1,916,335)
Net cash from (used in) investing activities		167,517,301	(131,416,355)
FINANCING ACTIVITIES			
Cash dividends paid		(17,000,000)	(17,000,000)
Proceeds from loans and borrowings		24,187,634	141,515,829
Repayment of loans and borrowings		(129,031,155)	(111,218,200)
Capital increase expense		(175,000)	-
Net cash (used in) from financing activities		(122,018,521)	13,297,629
Effect of exchange rate changes on cash and cash equivalents		1,944,073	992,072
Net increase (decrease) in cash and cash equivalents		12,150,260	(97,351,995)
Cash and cash equivalents, beginning of the period		176,599,421	294,950,815
Cash and cash equivalents, end of the period	21	188,749,681	197,598,820

The accompanying notes from 1 to 29 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2014 (UNAUDITED)
(In Jordanian Dinars)

(1) GENERAL

Cairo Amman Bank was established as a public shareholding company during 1960 in accordance with the Jordanian laws and regulations. Its registered office is at Suleiman Arrar Street, Wadi Saqra, Amman-Jordan.

The Bank provides its banking services through 85 branches and offices located in Jordan and 21 branches in Palestine, 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 19 October 2014.

(2) BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine-months period of 30 September 2014 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

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 31 December 2013. In addition, results for the nine - month period ended 30 September 2014 do not necessarily indicate to the results that may be expected for the financial year ending 31 December 2014.

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 31 December 2013 except for the following:

Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods which started on or after 1 January 2014. The amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The application of the new amendments did not have any impact on the Bank's, financial position or performance.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. Application of the new amendments did not have any impact on the Bank's financial position or performance and became effective for annual periods which started on or after 1 January 2014.

IFRIC 21 Levies

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period.

The application of the new standards did not have a significant impact on the financial position or performance of the Bank.

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.

- Al-Watanieh Financial Services Company – Jordan, established in 1992; the Bank owned 100% of paid-up capital amounted to JD 5,000,000 as of 30 September 2014. The Company's main activity is investment brokerage and portfolio management.
- Al-Watanieh Securities Company – Palestine, established in 1995, the Bank owned 100% of paid-up capital amounted to JD 1,500,000 as of 30 September 2014. The Company's main activity is investment brokerage.
- Tamallak For Financial Leasing- Jordan (established 2013) owned 100% by the Bank with a paid up capital of JD 1,000,000 as of 30 September 2014.
- 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 as of 30 September 2014, 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.

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.

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 are reasonable:

Provision for credit losses: The Bank reviews and provides for its loan portfolios according to the Central Bank of Jordan regulations and IFRS.

Impairment losses on the valuation of possessed real estate properties are determined based on appraisal reports prepared by certified appraisers and reviewed periodically.

The income tax provision is calculated based on the applications of relevant laws.

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.

Legal provisions are provided for lawsuits raised against the Bank based on the Bank's legal advisors' opinion.

(4) CASH AND BALANCES WITH CENTRAL BANKS

Restricted statutory cash reserve held at Central Banks amounted to JD 81,768,686 as of 30 September 2014 (31 December 2013: JD 78,067,477).

Except for statutory cash reserve held at the Central Banks the restricted cash balances amounted to JD 7,444,500 as of 30 September 2014 and 31 December 2013, respectively.

There are no balances which mature more than three months as of 30 September 2014 and 31 December 2013.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

Non interest bearing balances at banks and financial institutions amounted to JD 20,614,474 as of 30 September 2014 (31 December 2013: JD 22,171,352).

There are no restricted balances as of 30 September 2014 and 31 December 2013.

(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

Deposits mature more than three months and less than six months amounted JD 156,045,000 as of 30 September 2014 (31 December 2013: JD 69,400,000).

Deposits mature more than six months and less than nine months amounted JD 53,900,000 as of 30 September 2014 (31 December 2013: Zero).

Deposit mature more than nine months and less than twelve months amounted JD 48,499,984 as of 30 September 2014 (31 December 2013: JD 68,800,000).

There are no restricted balances as of 30 September 2014 and 31 December 2013.

(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Quoted equity	24,943,915	27,050,501
Bonds	324,113	-
Funds	2,942,705	2,104,667
	<u>28,210,733</u>	<u>29,155,168</u>

(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Quoted Investments		
Quoted Equities	24,045,663	24,416,217
Total quoted investments	<u>24,045,663</u>	<u>24,416,217</u>
Unquoted Investments		
Unquoted Equities	803,964	803,713
Total unquoted investments	<u>803,964</u>	<u>803,713</u>
Total	<u>24,849,627</u>	<u>25,219,930</u>

(9) DIRECT CREDIT FACILITIES

	30 September 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Consumer lending		
Overdrafts	4,125,008	5,693,576
Loans and bills *	564,136,013	541,666,808
Credit cards	10,586,006	10,199,846
Finance leasing	1,034,345	-
Others	7,274,534	5,487,169
Residential mortgages	132,055,477	128,484,249
Corporate lending		
Overdrafts	76,551,204	63,825,074
Loans and bills *	113,626,241	109,340,181
Small and medium enterprises lending "SMEs"		
Overdrafts	18,353,366	17,423,084
Loans and bills *	40,981,771	32,100,879
Lending to governmental sectors	92,706,922	112,914,549
Total	<u>1,061,430,887</u>	<u>1,027,135,415</u>
Less: Suspended interest	(11,061,303)	(11,387,288)
Less: Allowance for impairment losses	(53,914,944)	(50,960,953)
Direct credit facilities, net	<u>996,454,640</u>	<u>964,787,174</u>

* Net of interest and commission received in advance of JD 5,506,267 as of 30 September 2014 (31 December 2013: JD 6,553,129).

As of 30 September 2014, non-performing credit facilities amounted to JD 65,363,334 (31 December 2013: JD 59,893,154), representing 6.16% (31 December 2013: 5.83%) of gross facilities granted.

As of 30 September 2014, non-performing credit facilities, net of suspended interest, amounted to JD 54,468,154 (31 December 2013: JD 48,557,975), representing 5.19% (31 December 2013: 4.78%) of gross facilities granted after excluding the suspended interest.

As of 30 September 2014, credit facilities granted to the Government of Jordan amounted to JD 24,080,304 (31 December 2013: JD 42,029,661), representing 2.27% (31 December 2013: 4.09%) of gross facilities granted.

As of 30 September 2014, credit facilities granted to the public sector in Palestine amounted to JD 51,972,772 (31 December 2013: JD 55,117,710), representing 4.90% (31 December 2013: 5.37%) of gross facilities granted.

The following table shows the distribution by the geographical area and economic sector for the direct credit facilities:

<u>Industry sector</u>	Jordan	Outside Jordan	30 September 2014	31 December 2013
	JD	JD	JD	JD
Financial	4,351,056	-	4,351,056	10,528,855
Industrial	34,949,525	11,090,233	46,039,758	49,164,520
Commercial	84,371,807	72,760,107	157,131,914	94,099,440
Real estate	154,375,773	15,629,861	170,005,634	179,616,346
Agriculture	2,386,963	152,734	2,539,697	3,241,700
Trading	9,069,695	739,184	9,808,879	7,600,352
Consumer	513,402,905	65,444,122	578,847,027	569,969,653
Public and Government	40,734,150	51,972,772	92,706,922	112,914,549
Total	843,641,874	217,789,013	1,061,430,887	1,027,135,415

Direct facilities impairment provision:

The movement of the provision for impairment is as follows:

	30 September 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Balance beginning of the period/ year	50,960,953	45,774,043
Charge during the period/ year	3,102,350	6,800,000
Amount written off	(2,593)	(1,584,486)
Revaluation differences	(145,766)	(28,604)
Balance at the end of the period/ year	53,914,944	50,960,953

Interest in suspense

The movement of interest in suspense is as follows:

	30 September 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Balance beginning of the period/ year	11,387,288	10,994,072
Suspended interest during the period/ year	290,014	806,292
Amount transferred to income on recovery	(192,363)	(199,427)
Amount written off	(33,699)	(167,719)
Revaluation differences	(389,937)	(45,930)
Balance at the end of the period/ year	11,061,303	11,387,288

(10) FINANCIAL ASSETS OF AMORATIZED COST

	30 September 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Quoted Investments		
Treasury bills	1,764,867	1,759,582
Corporate debt securities	17,761,646	20,241,046
Total quoted investments	<u>19,526,513</u>	<u>22,000,628</u>
Unquoted Investments		
Treasury bills	318,035,730	396,034,498
Government debt securities	31,396,268	46,400,076
Corporate debt securities	6,843,400	1,666,150
Other debt securities	16,225	23,914
Impairment losses	(1,028,050)	(141,800)
Total unquoted investments	<u>355,263,573</u>	<u>443,982,838</u>
Total financial assets at amortized cost	<u>374,790,086</u>	<u>465,983,466</u>
Analysis of debt instruments		
Fixed rate	374,238,336	464,459,116
Floating rate	551,750	1,524,350
Total	<u>374,790,086</u>	<u>465,983,466</u>

(11) OTHER ASSETS

	30 September 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Accrued revenue and interest	17,378,049	16,224,360
Prepaid expenses	5,044,703	4,259,888
Assets obtained by the Bank by calling on collateral*	12,699,826	10,761,166
Accounts receivable - net	568,652	1,476,656
Clearing checks	94,765,042	4,630,025
Trading settlement account	25,000	25,000
Refundable deposits	300,180	286,240
Deposit at Visa International	1,063,500	1,063,500
Payment on account for purchase of investments	20,140,716	20,140,716
Depository center reconciliation	-	542,963
Others	802,819	1,025,750
	<u>152,788,487</u>	<u>60,436,264</u>

* Central Bank of Jordan instructions require that the repossessed assets are sold within two years of repossession.

(12) CUSTOMERS' DEPOSITS

	30 September 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Current and demand deposits	516,646,037	418,594,017
Saving deposits	338,462,785	331,423,322
Time and notice deposits	716,112,553	676,001,133
Total	1,571,221,375	1,426,018,472

- Governmental institutions' deposits amounted to JD 337,150,259 as of 30 September 2014 (31 December 2013: JD 187,784,256) representing 21.46% (31 December 2013: 13.17%) of total customers' deposits.
- There are no restricted deposits as of 30 September 2014 and 31 December 2013.
- Non-interest bearing deposits amounted to JD 683,562,059 as of 30 September 2014 (31 December 2013: JD 584,817,896) representing 43.51% (31 December 2013: 41.01%) of total deposits.
- Dormant accounts amounted to JD 46,110,730 as of 30 September 2014 (31 December 2013: JD 40,672,310).

(13) LOANS AND BORROWINGS

	Amount	Total no. of instalments	Outstanding instalments	Payable Every	Maturity Date	Collaterals	Interest rate
30 September 2014 - (unaudited)	JD					JD	%
Amounts borrowed from Jordan Mortgage Refinancing company							
Amounts borrowed from overseas investment company (OPIC)	21,270,000	1	1	At maturity	2034	None	4.845-4.895%
Amounts borrowed from French Development Agency	3,545,000	1	1	At maturity	2015	None	1.22%
Amounts borrowed from Central Bank of Jordan	16,661,567	1	1	At maturity	2014	Repo	3.25%
Amounts borrowed from Central Bank of Jordan*	9,500,000	20	20	Semi-annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan**	7,526,067	18	18	At maturity	2014-2015	Treasury Bills	2.25%-2.75%
Amounts borrowed from Financial markets international company	1,074,224	1	1	Monthly		None	-
Total	59,576,858						
31 December 2013 - (Audited)							
Amounts borrowed from Jordan Mortgage Refinancing company	5,000,000	1	1	At maturity	2014	Pledged bonds	6.85%
Amounts borrowed from overseas investment company (OPIC)	35,450,000	1	1	At maturity	2034	None	4.845-4.895%
Amounts borrowed from French Development Agency	3,545,000	1	1	At maturity	2015	None	1.22%
Amounts borrowed from Central Bank of Jordan	108,880,435	3	3	At maturity	2014	Repo	3.75%
Amounts borrowed from Central Bank of Jordan	9,500,000	20	20	Semi-annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan	90,800	12	7	Monthly	2014	Treasury Bills	2.75%
Amounts borrowed from Central Bank of Jordan	879,920	5	5	At maturity	2014	Treasury Bills	2.75%-3%
Amounts borrowed from International financial markets	1,074,224	1	1	Monthly		None	-
Total	164,420,379						

* The borrowed amount from CBJ for SMEs loans were re-lent on an average interest rate of 6% and the loan repayment to CBJ will start after 5 years from granting day.

** The borrowed amount from CBJ for industrial and energy financing loans were re-lent on an average interest rate of 6.5%.

(14) INCOME TAX

(A) Income Tax provision

The movement on the income tax provision was as follows:

	30 September 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Beginning of the period / year	22,666,483	23,064,940
Income tax paid	(18,769,546)	(18,808,237)
Income tax payable	15,085,946	18,409,780
Deferred tax liabilities transferred to income tax provision*	24,641	-
End of the period / year	<u>19,007,524</u>	<u>22,666,483</u>

* This amount represents income tax on gain from sale of financial assets at fair value through other comprehensive income which is not recorded in the income statement, instead the realised gains are recorded directly in the statement of changes in equity in the retained earning account in accordance with IFRS 9.

Income tax appearing in the statement of income represents following:

	30 September 2014	30 September 2013
	JD (Unaudited)	JD (Unaudited)
Provision for income tax for the period	15,085,946	12,843,755
Amortization of deferred tax liabilities	(73,106)	(81,107)
Deferred tax assets, net	-	(52,945)
Income tax charge for the period	<u>15,012,840</u>	<u>12,709,703</u>

The statutory tax rate on banks in Jordan is 30% and the statutory tax rates on foreign branches and subsidiaries range between 15% to 36%. (Banks in Palestine are subject to 20% income tax and VAT tax of 16%).

The Bank reached a final settlement with the Income Tax Department for the year ended 31 December 2012.

A final settlement has been reached with the tax authorities for Palestine branches for the years from 2009 to 2012. The Income Tax Department is reclaiming from the Bank an extra amount for the years 2006 and 2007. The Bank had appealed against the court decision. Also a tax assessments was issued from the tax department for the year 2008 but the Bank disputed the assessment. The Income Tax Department did not review 2013 records yet.

Al-Watanieh Financial Services Company has reached a final settlement with the Income Tax Department up to the year 2009. The Income Tax Department did not review 2010, 2011, 2012 and 2013 records yet.

Al-Watanieh Financial Services Company - Palestine has reached a final settlement with the Income Tax Department up to the year 2013.

The Income Tax Department did not review the records of Cairo Real Estate Investments Company for the years from 1997 to 2013.

In the opinion of the Bank's management, income tax provisions as of 30 September 2014 are sufficient.

(15) OTHER LIABILITIES

	30 September 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Accrued interest expense	4,720,029	5,599,944
Accounts payable	4,553,706	6,236,360
Accrued expenses	7,396,102	6,693,891
Temporary deposits	13,661,583	11,731,589
Checks and withdrawals	8,560,235	4,864,091
Others	2,912,143	2,497,550
	<u>41,803,798</u>	<u>37,623,425</u>

(16) FAIR VALUE RESERVE

The movement is as follows:

	30 September 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Beginning balance	2,107,043	3,085,785
Unrealized (losses) gain	52,341	(419,464)
Gain from sale of financial assets at fair value through other comprehensive income	(59,989)	(123,736)
Deferred tax liability	(9,866)	(435,542)
Ending balance	<u>2,089,529</u>	<u>2,107,043</u>

(17) INTEREST INCOME (UNAUDITED)

	30 September 2014	30 September 2013
	JD	JD
Overdrafts	8,685,061	9,115,243
Loans and bills	61,739,833	64,186,634
Credit cards	1,872,476	1,823,867
Financial leasing	11,562	-
Others	215,421	172,048
Balances at Central Banks	99,276	218,496
Balances at banks and financial institutions	13,480,664	6,781,448
Financial assets at amortized cost	26,570,562	28,899,707
Total	112,674,855	111,197,443

(18) INTEREST EXPENSE (UNAUDITED)

	30 September 2014	30 September 2013
	JD	JD
Banks and financial institutions deposits	4,662,889	2,935,618
Customers' deposits -		
Current accounts and deposits	1,977,148	2,340,335
Saving accounts	1,765,238	1,833,954
Time and notice placements	21,758,928	25,252,820
Margin accounts	693,913	414,385
Loans and borrowings	3,086,342	6,534,941
Deposits guarantee fees	2,426,514	1,484,775
	36,370,972	40,796,828

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

	Realized gain (loss)	Unrealized gain (loss)	Dividends	Total
30 September 2014				
Equity instruments	321,282	(1,642,937)	2,244,064	922,409
Bonds	-	8,214	-	8,214
Investment funds	-	838,038	-	838,038
Total	321,282	(796,685)	2,244,064	1,768,661
30 September 2013				
Equity instruments	70,935	(651,860)	2,120,972	1,540,047
Investment funds	-	272,965	-	272,965
Total	70,935	(378,895)	2,120,972	1,813,012

(20) EARNINGS PER SHARE (UNAUDITED)

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2014	2013	2014	2013
Profit for the period	11,074,607	9,970,201	31,642,073	27,406,606
Weighted average number of shares	125,000,000	125,000,000	125,000,000	125,000,000
Basic and diluted earnings per share (JD/Fils)	<u>0/0886</u>	<u>0/0798</u>	<u>0/253</u>	<u>0/219</u>

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 (UNAUDITED)

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

	30 September 2014	30 September 2013
	JD	JD
Cash and balances with Central Banks maturing within three months	164,267,079	158,531,024
Add: Balances at banks and financial institutions maturing within three months	286,071,974	229,222,162
Less: Banks and financial institutions' deposits maturing within three months	254,144,872	182,709,866
Restricted cash balances	<u>7,444,500</u>	<u>7,444,500</u>
Cash and cash equivalents	<u>188,749,681</u>	<u>197,598,820</u>

(22) RELATED PARTY TRANSACTIONS

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

Company name	Ownership %	Paid in capital	
		30 September 2014	31 December 2013
		JD (unaudited)	JD (audited)
Al-Watanieh Financial Services Co.	100 %	5,000,000	5,000,000
Al-Watanieh Securities Company	100 %	1,500,000	1,500,000
Tamleek for financial leasing	100 %	1,000,000	500,000

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	Executive management	Others	30 September 2014	31 December 2013
	JD	JD	JD	JD (Unaudited)	JD (Audited)
Balance sheet items:					
Direct credit facilities	20,699,604	3,795,952	12,209,650	36,705,206	26,534,057
Deposits at the Bank	23,699,702	3,441,262	17,029,235	44,170,199	25,804,020
Margin accounts	35,065,186	-	201,244	35,266,430	217,571
Off balance items:					
Indirect credit facilities	1,902,190	-	70,150	1,972,340	1,495,122
				For the nine months period ended 30 September	
				2014	2013
				JD (Unaudited)	JD (Unaudited)
Income statements items					
Interest and commission income	653,450	115,540	780,555	1,549,545	1,654,862
Interest and commission expense	245,448	50,830	290,125	586,403	577,285

Credit interest rates on credit facilities in Jordanian Dinar range between 4% - 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% - 4.25%
 Debit interest rates on deposits in foreign currency range between 0% - 1.5%

Compensation of the key management personnel was as follows:

	30 September 2014	30 September 2013
	JD (Unaudited)	JD (Unaudited)
Benefits (Salaries, wages, and bonuses)	1,558,083	1,644,429

(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 funds transfer 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 by use of treasury bills, government securities and placements and acceptances with other Banks, through treasury and wholesale banking.

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

	Retail Banking	Corporate Bank	Treasury	Others	30 September 2014	30 September 2013
	JD	JD	JD	JD	JD (Unaudited)	JD (Unaudited)
Gross income	67,566,883	22,486,020	45,250,070	1,930,790	137,233,763	132,995,231
Provision for credit losses	(2,154,946)	(947,404)	-	-	(3,102,350)	(4,442,450)
Impairment loss on financial assets at amortized cost	-	-	(886,250)	-	(886,250)	-
Segment result	50,157,109	16,265,191	28,521,101	1,930,790	96,874,191	87,755,953
Unallocated costs					(50,219,278)	(47,639,644)
Profit before tax					46,654,913	40,116,309
Income tax					(15,012,840)	(12,709,703)
Profit for the period					31,642,073	27,406,606
Other Information						
Capital expenditure					3,509,896	3,950,056
Depreciation and amortization					4,609,157	4,950,078
					30 September 2014	31 December 2013
					JD (Unaudited)	JD (Audited)
Segment assets	683,021,569	313,433,071	1,168,268,452	192,018,111	2,356,741,203	2,212,969,220
Segment liabilities	728,203,929	333,598,515	942,778,801	73,472,763	2,078,054,008	1,948,791,573

2. Geographical Information

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

	Jordan		Outside Jordan		Total	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	JD	JD	JD	JD	JD (Unaudited)	JD (Unaudited)
Total Revenue	119,954,864	116,380,185	17,278,899	16,615,046	137,233,763	132,995,231
Capital expenditure	2,418,500	2,720,449	1,091,396	1,229,607	3,509,896	3,950,056
	Jordan		Outside Jordan		Total	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	JD	JD	JD	JD	JD (Unaudited)	JD (Audited)
Total assets	1,906,298,705	1,816,635,665	450,442,498	396,333,555	2,356,741,203	2,212,969,220

(24) COMMITMENTS AND CONTINGENT LIABILITIES

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

	<u>30 September 2014</u>	<u>31 December 2013</u>
	JD (Unaudited)	JD (Audited)
Letters of credit:		
Received	260,069,166	279,059,985
Issued	65,200,987	143,870,776
Acceptances	16,720,331	15,278,187
Letters of guarantee:		
Payments	14,501,438	15,696,517
Performance	18,624,463	17,860,124
Other	21,084,771	24,832,446
Irrevocable commitments to extend credit	92,653,203	89,790,169
	<u>488,854,359</u>	<u>586,388,204</u>

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

	<u>30 September 2014</u>	<u>31 December 2013</u>
	JD (Unaudited)	JD (Audited)
Contracts to purchase property and equipment	427,940	613,355
	<u>427,940</u>	<u>613,355</u>

(25) LITIGATION

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 39,058,377 as of 30 September 2014 (31 December 2013: JD 39,798,169). 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 5,511,669 as of 30 September 2014 and (31 December 2013: JD 5,518,223).

(26) ISSUED AND PAID IN CAPITAL

The paid in capital is measured at JD 125,000,000 divided into 125,000,000 shares, at a par value of JD 1 per shares as at 30 September 2014 and JD 100,000,000 divided into 100,000,000 shares, at a par value of JD 1 per shares as 31 December 2013.

The General Assembly decided in its ordinary meeting held on 22 April 2014 distributing cash dividends to shareholders amounted to JD 17,000,000 representing 17% of paid in capital, and the General Assembly decided in its extra ordinary meeting held in the same date to increase the capital to JD 125,000,000 by capitalizing an amount of JD 1,321,613 from the voluntary reserve and an amount of JD 23,678,387 from the retained earnings and to distribute the increase as 25% stock dividends to the shareholders.