

CAIRO AMMAN BANK

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2010 (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 June 2010, comprising of interim consolidated statement of financial position as of 30 June 2010 and the related interim consolidated statement of income, comprehensive income, changes in equity, and cash flows for the six 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 International Financial Reporting Standard 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
25 July 2010



CAIRO AMMAN BANK
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2010
(UNAUDITED)
(In Jordanian Dinars)

	Notes	30 June 2010 (Audited)	31 December 2009
ASSETS			
Cash and balances with Central Banks	4	206,353,991	310,442,860
Balances at banks and financial institutions	5	195,728,855	150,778,430
Deposits at banks and financial institutions	6	41,644,944	80,524,650
Financial assets held for trading		296,900	261,243
Direct credit facilities	7	778,610,638	729,800,243
Financial assets available for sale	8	90,560,656	99,636,007
Financial assets held to maturity		380,004,463	305,491,103
Property and equipment		36,510,938	33,828,145
Intangible assets		4,434,252	4,227,295
Other assets	9	<u>36,167,970</u>	<u>31,923,996</u>
Total Assets		<u>1,770,313,607</u>	<u>1,746,913,972</u>
LIABILITIES AND EQUITY			
LIABILITIES -			
Banks and financial institutions' deposits		112,052,552	167,056,953
Customers' deposits	10	1,311,011,336	1,264,096,632
Margin accounts		39,495,390	39,445,139
Loans and borrowings	11	59,491,501	38,185,568
Sundry provisions		9,761,236	9,809,509
Income tax provision	12	17,363,500	18,442,528
Deferred tax liabilities		7,289,363	7,877,838
Other liabilities	13	<u>30,058,623</u>	<u>24,949,226</u>
Total Liabilities		<u>1,586,523,501</u>	<u>1,569,863,393</u>
EQUITY			
Paid in capital		100,000,000	88,000,000
Statutory reserve		27,532,671	27,532,671
Voluntary reserve		1,321,613	1,321,613
General banking risk reserve		8,383,860	7,767,932
Cumulative changes in fair value		21,864,579	21,976,305
Retained earnings		9,652,058	30,452,058
Profit for the period after general banking reserve		<u>15,035,325</u>	<u>-</u>
Total Equity		<u>183,790,106</u>	<u>177,050,579</u>
Total Liabilities and Equity		<u>1,770,313,607</u>	<u>1,746,913,972</u>

The accompanying notes from 1 to 26 form part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)
(In Jordanian Dinars)

	NOTES	For the three months ended		For the six months ended	
		30 June		30 June	
		2010	2009	2010	2009
Interest income	14	25,930,409	23,307,802	51,252,763	45,463,688
Interest expense	15	<u>7,544,615</u>	<u>10,272,199</u>	<u>15,458,711</u>	<u>19,929,715</u>
Net interest income		18,385,794	13,035,603	35,794,052	25,533,973
Net commission		<u>4,903,695</u>	<u>4,804,240</u>	<u>9,831,426</u>	<u>8,272,941</u>
Net interest and commission income		23,289,489	17,839,843	45,625,478	33,806,914
Other income –					
Net gain from foreign currencies		651,479	666,946	1,265,527	1,402,279
Net (loss) gain from financial assets held for trading	16	(32,331)	20,796	(12,896)	12,125
Net realized gain from financial assets available for sale	17	696,013	2,355,278	1,218,982	4,312,090
Other income		<u>1,643,069</u>	<u>1,318,543</u>	<u>3,626,421</u>	<u>2,307,861</u>
Gross profit		26,247,719	22,201,406	51,723,512	41,841,269
Employees' expenses		6,986,802	6,736,649	14,209,658	13,545,824
Depreciation and amortization		1,738,314	1,553,797	3,408,947	3,044,592
Other expenses		4,551,755	3,907,184	8,971,264	7,618,936
Impairment losses on direct credit facilities	7	447,645	95,100	1,556,140	154,733
Sundry provisions		<u>344,345</u>	<u>272,589</u>	<u>1,182,095</u>	<u>726,355</u>
Total expenses		<u>14,068,861</u>	<u>12,565,319</u>	<u>29,328,104</u>	<u>25,090,440</u>
Profit for the period before tax		12,178,858	9,636,087	22,395,408	16,750,829
Income Tax expense	12	<u>3,548,041</u>	<u>2,690,806</u>	<u>6,744,155</u>	<u>4,627,406</u>
Profit for the period		<u>8,630,817</u>	<u>6,945,281</u>	<u>15,651,253</u>	<u>12,123,423</u>
		<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>
Basic and diluted earnings per share	18	<u>0/086</u>	<u>0/069</u>	<u>0/157</u>	<u>0/121</u>

The accompanying notes from 1 to 26 form part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)
(In Jordanian Dinars)

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Profit for the period	8,630,817	6,945,281	15,651,253	12,123,423
Other comprehensive income, net of tax:				
Net change in fair value of financial assets available for sale	<u>(1,341,608)</u>	<u>3,113,800</u>	<u>(111,726)</u>	<u>6,332,347</u>
Total comprehensive income for the period	<u>7,289,209</u>	<u>10,059,081</u>	<u>15,539,527</u>	<u>18,455,770</u>

The accompanying notes from 1 to 26 form part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)
(In Jordanian Dinars)

	R e s e r v e s			Cumulative changes in fair values	Retained earnings	Profit for the period	Total Equity
	Paid in capital	Statutory	Voluntary				
Six month ended 30 June 2010							
Balance as of 1 January 2010	88,000,000	27,532,671	1,321,613	21,976,305	30,452,058	-	177,050,579
Total comprehensive income for the period	-	-	-	(111,726)	-	15,651,253	15,539,527
Increase in capital	12,000,000	-	-	-	(12,000,000)	-	-
Dividends paid	-	-	-	-	(8,800,000)	-	(8,800,000)
Transfer to reserves	-	-	-	615,928	-	(615,928)	-
Balance as of 30 June 2010	<u>100,000,000</u>	<u>27,532,671</u>	<u>1,321,613</u>	<u>21,864,579</u>	<u>9,652,058</u>	<u>15,035,325</u>	<u>183,790,106</u>
Six months ended 30 June 2009							
Balance as of 1 January 2009	80,000,000	24,152,279	1,321,613	17,975,688	21,713,412	-	151,500,924
Total comprehensive income for the period	-	-	-	6,332,347	-	12,123,423	18,455,770
Increase in capital	8,000,000	-	-	-	(8,000,000)	-	-
Dividends paid	-	-	-	-	(4,000,000)	-	(4,000,000)
Transfer to reserves	-	-	-	380,000	-	(380,000)	-
Balance as of 30 June 2009	<u>88,000,000</u>	<u>24,152,279</u>	<u>1,321,613</u>	<u>24,308,035</u>	<u>9,713,412</u>	<u>11,743,423</u>	<u>165,956,694</u>

The accompanying notes from 1 to 26 form part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)
(In Jordanian Dinars)

<u>OPERATING ACTIVITIES</u>	<u>Note</u>	<u>30 June 2010</u>	<u>30 June 2009</u>
Profit for the period before tax		22,395,408	16,750,829
Adjustments -			
Depreciation and amortisation		3,408,947	3,044,592
Impairment loss on direct credit facilities		1,556,140	154,733
Sundry provisions		1,182,095	726,355
Gain from sale of financial assets available for sale		(46,028)	(2,252,041)
Net impairment on financial assets available for sale		1,035,437	755,808
Unrealised (gain) loss from trading financial assets		21,910	(3,831)
Impairment loss on repossessed asset		1,211	30,095
Gain on sale of property and equipment		(6,886)	(12,476)
Gain from sale of repossessed asset		(876,534)	(15,370)
Effect of exchange rate changes on cash and cash equivalents		(1,065,582)	(1,170,234)
Operating profit before changes in operating assets and liabilities		27,606,118	18,008,460
Changes in assets and liabilities -			
Decrease (Increase) in deposits at banks and financial Institutions		38,879,706	(139,840,000)
Increase in direct credit facilities		(50,366,535)	(23,628,652)
(Increase) in trading investments		(57,567)	(100,983)
Increase in other assets		(3,368,651)	(5,821,287)
(Decrease) Increase in banks and financial institutions deposits maturing after more than three months		(12,459,000)	71,550,000
Increase in customers' deposits		46,914,704	14,691,192
Increase in margin accounts		50,251	1,964,627
Sundry provisions paid		(1,230,368)	(394,847)
Increase in other liabilities		5,109,397	4,815,874
Net cash from (used in) operating activities before income tax		51,078,055	(58,755,616)
Income tax paid		(7,823,183)	(10,843,815)
Net cash from (used in) operating activities		43,254,872	(69,599,431)
INVESTING ACTIVITIES			
(Purchase) of financial assets available for sale		(3,907,573)	(105,545,984)
Proceeds from sale of financial assets available for sale		11,293,314	117,763,120
(Purchase) of financial assets held to maturity		(86,987,079)	-
Proceeds from maturity of financial assets held to maturity		12,473,719	-
Proceeds from sale of property and equipment		15,792	29,868
(Purchase) of property and equipment		(5,503,293)	(1,919,292)
(Purchase) of intangible assets		(804,310)	(828,584)
Net cash (used in) from investing activities		(73,419,430)	9,499,128
FINANCING ACTIVITIES			
Cash dividends paid		(8,800,000)	(4,000,000)
Proceeds from Loans and borrowings		21,305,933	131,251
Net cash from (used in) financing activities		12,505,933	(3,868,749)
Effect of exchange rate changes on cash and cash equivalents		1,065,582	1,170,234
Net (decrease) in cash and cash equivalents		(16,593,043)	(62,798,818)
Cash and cash equivalents, beginning of the period		299,533,337	349,730,374
Cash and cash equivalents, end of the period	19	282,940,294	286,931,556

The accompanying notes from 1 to 26 form part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2010
(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 62 branches and offices located in Jordan and 17 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 no. 5/2010 held on 25 July 2010.

(2) BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six-month period ended 30 June 2010 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

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

The consolidated financial statements are prepared on the historical cost basis except for the financial assets held for trading and financial assets available for sale that have been measured at fair value.

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 report as of 31 December 2009. In addition, results for the six-months period ended 30 June 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2009 except for the adoption of new Standards noted below:

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

IFRS 3 (Revised), applicable for annual accounting periods beginning on or after 1 July 2009, introduces significant changes in the accounting for business combinations. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

(3) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity.

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

- Al-Watanieh Financial Services Company – Jordan: established during 1992; the Bank owned 100% of paid-up capital amounted to JD 5,000,000 as of 30 June 2010. The company's main activity is investment brokerage.
- Al-Watanieh Financial Securities Company – Palestine established during 1995, the bank owned 100% of paid-up capital amounted to JD 1,500,000 as of 30 June 2010. The company's main activity is investment brokerage.
- Cairo Amman Company - Marshall Islands: established during 1999; the Bank owned 100% of paid-up capital amounted to JD 5,000 as of 30 June 2010. The company's main activity is the investment in securities. The Bank is in the process of completing legal procedures to liquidate the Company.
- No consolidation has been made of the financial statements of Cairo for Real Estate Investment Company-Jordan, of which the Bank owns 100% of the paid-up capital of JD 50,000 as of 30 June 2010, due to the fact that on 31 July 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 year as the Bank, using consistent accounting policies.

If the subsidiary company follows accounting policies that are different than those followed by the bank, then the necessary adjustments are made on the financial statements of the subsidiaries to conform with the accounting policies followed by the bank.

The results of operation of the subsidiary are consolidated in the consolidated income statement from the date of ownership which is the date on which the actual control of the bank on the subsidiaries is taking place. The results of operation of the subsidiaries that are eliminated in the consolidated income statement are consolidated until the date of release, which is the date the bank loses control on the subsidiaries.

Investments in subsidiaries are shown at cost in the separate financial statements prepared by the bank on a standalone basis.

(4) CASH AND BALANCES WITH CENTRAL BANKS

Restricted statutory cash reserve held at Central Banks amounted to JD 82,167,237 as of 30 June 2010 (31 December 2009: JD 76,054,799).

Except for statutory cash reserve held at the Central Banks the restricted cash balances amounted to JD 7,090,000 as of 30 June 2010 and 31 December 2009, respectively.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

Non interest bearing balances at banks and financial institutions amounted to JD 17,076,683 as of 30 June 2010 (31 December 2009: JD 6,546,304).

There are no restricted balances as of 30 June 2010 and 31 December 2009.

(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

There are no deposits that mature after one year.

There are no restricted balances as of 30 June 2010 and 31 December 2009.

(7) DIRECT CREDIT FACILITIES

	<u>30 June</u> <u>2010</u> JD (Un-audited)	<u>31 December</u> <u>2009</u> JD (Audited)
Consumer lending		
Overdrafts	6,650,473	6,959,998
Loans and bills *	375,853,694	326,002,200
Credit cards	10,019,157	9,649,670
Others	7,790,303	7,546,261
Residential mortgages	107,983,665	102,558,484
Corporate lending		
Overdrafts	55,163,245	53,826,847
Loans and bills *	136,743,401	143,208,196
Small and medium enterprises lending "SMEs"		
Overdrafts	17,804,178	16,139,074
Loans and bills *	26,289,598	24,801,708
Lending to governmental sectors	<u>89,040,048</u>	<u>93,854,037</u>
Total	833,337,762	784,546,475
Less: Suspended interest	(10,563,132)	(12,096,816)
Less: Allowance for impairment losses	<u>(44,163,992)</u>	<u>(42,649,416)</u>
Direct credit facilities, net	<u>778,610,638</u>	<u>729,800,243</u>

* Net of interest and commission received in advance of JD 11,508,248 as of 30 June 2010 (31 December 2009: JD 12,597,156).

As of 30 June 2010, non-performing credit facilities amounted to JD 58,241,970 (31 December 2009: JD 45,819,714), representing 6,99% (31 December 2009: 5,84%) of gross facilities granted.

As of 30 June 2010, non-performing credit facilities, net of suspended interest, amounted to JD 47,967,255 (31 December 2009: JD 35,088,663), representing 5,83% (31 December 2009: 4,53%) of gross facilities granted after excluding the suspended interest.

As of 30 June 2010, credit facilities granted to the Government of Jordan amounted to JD 31,436,058 (31 December 2009: JD 34,150,366), representing 3,77% (31 December 2009: 4,35%) of gross facilities granted.

As of 30 June 2010, credit facilities granted to the public sector in Palestine amounted to JD 38,789,379 (31 December 2009: JD 42,282,014), representing 4,65% (31 December 2009: 5,39%) of gross facilities granted.

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

	<u>Consumer</u>	<u>Residential mortgages</u>	<u>Corporate</u>	<u>SMEs</u>	<u>Total</u>
	JD	JD	JD	JD	JD
30 June 2010 – (un-audited)					
At 1 January 2010	28,664,724	453,965	11,742,314	1,788,413	42,649,416
Charge (surplus) for the period	(239,592)	109,595	1,752,126	(65,989)	1,556,140
Amounts written off	-	-	-	(3,101)	(3,101)
Valuation differences	(38,463)	-	-	-	(38,463)
Balance at the end of the period	28,386,669	563,560	13,494,440	1,719,323	44,163,992
Specific impairment on individual loans	17,044,424	543,199	13,398,458	1,640,678	32,626,759
Watch list	315,204	20,361	95,982	78,645	510,192
Collective impairment	11,027,041	-	-	-	11,027,041
Balance at the end of the period	28,386,669	563,560	13,494,440	1,719,323	44,163,992
31 December 2009 – (audited)					
At 1 January 2009	2,340,159	64,387	(1,017,932)	(72,327)	1,314,287
Charge (surplus) for the year	(603,109)	-	-	(94,689)	(697,798)
Amounts written off	337,490	-	-	-	337,490
Balance at the end of the year	28,664,724	453,965	11,742,314	1,788,413	42,649,416
Specific impairment on individual loans	17,341,670	449,133	11,630,233	1,759,306	31,180,342
Watch list	742,869	4,832	112,081	29,107	888,889
Collective impairment	10,580,185	-	-	-	10,580,185
Balance at the end of the year	28,664,724	453,965	11,742,314	1,788,413	42,649,416

Allowance for impairment related to non-performing credit facilities that were settled or collected amounted to JD 2,691,790 as of 30 June 2010 (31 December 2009: JD 3,107,817).

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

	<u>Consumer</u>	<u>Residential mortgages</u>	<u>Corporate</u>	<u>SMEs</u>	<u>Total</u>
	JD	JD	JD	JD	JD
30 June 2010 – (un-audited)					
Balance at the beginning of the period	5,337,090	50,848	5,542,056	1,166,822	12,096,816
Add: Suspended interest during the period	127,444	-	214,684	122,451	464,579
Less: Amount transferred to income on recovery	(413,029)	(1,250)	(218,613)	(116,363)	(749,255)
Less: Amounts written off	(15,908)	-	(1,197,918)	(35,182)	(1,249,008)
End of the period	5,035,597	49,598	4,340,209	1,137,728	10,563,132
31 December 2009 – (audited)					
Balance at the beginning of the year	5,742,510	49,735	5,994,758	1,139,688	12,926,691
Add: Suspended interest during the year	650,102	1,113	215,949	217,058	1,084,222
Less: Amount transferred to income on recovery	(681,785)	-	(568,031)	(124,353)	(1,374,169)
Less: Amounts written off	(373,737)	-	(100,620)	(65,571)	(539,928)
Balance at the end of the year	5,337,090	50,848	5,542,056	1,166,822	12,096,816

(8) FINANCIAL ASSETS AVAILABLE FOR SALE

Included in financial assets available for sale are investments carried at cost of JD 1,377,183 as at 30 June 2010 (31 December 2009: JD 1,367,046).

The investments were stated at cost since the fair value could not be reliably measured.

(9) OTHER ASSETS

	<u>30 June</u> <u>2010</u> JD (Un-audited)	<u>31 December</u> <u>2009</u> JD (Audited)
Accrued interest and revenue	7,339,087	6,508,911
Prepaid expenses	6,740,527	4,784,618
Clearing checks	6,912,051	5,288,238
Refundable deposits	97,552	97,596
Deposit at Visa International	730,270	662,915
Assets obtained by the Bank by calling on collateral	12,150,903	12,721,857
Trading settlement account	25,000	25,000
Settlement guarantee fund	445,806	179,015
Accounts receivable - net	782,936	683,568
Temporary expenses	223,217	16,066
Others	<u>720,621</u>	<u>956,212</u>
	<u>36,167,970</u>	<u>31,923,996</u>

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

(10) CUSTOMERS' DEPOSITS

<u>30 June 2010 – (un-audited)</u>	Governmental				Total
	Consumer	Corporate	SMEs	sectors	
	JD	JD	JD	JD	JD
Current and demand deposits	282,286,933	87,899,439	31,198,805	88,031,721	489,416,898
Saving accounts	259,493,146	615,742	2,833,231	6,311	262,948,430
Time and notice deposits	230,672,640	166,378,182	18,050,258	143,544,928	558,646,008
Total	<u>772,452,719</u>	<u>254,893,363</u>	<u>52,082,294</u>	<u>231,582,960</u>	<u>1,311,011,336</u>
<u>31 December 2009 – (audited)</u>					
Current and demand deposits	260,774,517	58,603,773	31,383,170	41,277,271	392,038,731
Saving accounts	241,269,984	566,925	3,053,478	78	244,890,465
Time and notice deposits	229,018,442	216,216,025	20,450,031	161,482,938	627,167,436
Total	<u>731,062,943</u>	<u>275,386,723</u>	<u>54,886,679</u>	<u>202,760,287</u>	<u>1,264,096,632</u>

- Governmental institutions' deposits amounted to JD 206,269,313 as of 30 June 2010 (31 December 2009: JD 164,895,236) representing 15,73% (31 December 2009: 13,045%) of total customers' deposits.

- Non-interest bearing deposits amounted to JD 522,428,602 as of 30 June 2010 (31 December 2009: JD 399,974,150) representing 39,85% (31 December 2009: 31,64%) of total deposits.
- Dormant accounts amounted to JD 16,978,449 as of 30 June 2010 (31 December 2009: JD 24,546,678).

(11) LOANS AND BORROWINGS

<u>30 June 2010 – (un-audited)</u>	<u>Amount</u> JD	<u>Total no. of instalments</u>	<u>Outstanding instalments</u>	<u>Frequency of instalments</u>	<u>Collaterals</u> JD	<u>Interest rate</u> %
Amounts borrowed from local institutions*	23,000,000	3	3	At maturity	Endorsement of real state mortgage	8.5 – 9.57 %
Amounts borrowed from international institutions**	35,450,000	1	1	At maturity	None	4,845 – 4,895 %
Amounts borrowed from foreign institutions***	1,041,501	1	1	Monthly	None	5.5%
Total	<u>59,491,501</u>					
<u>31 December 2009 – (audited)</u>						
Amounts borrowed from local institutions*	23,000,000	3	3	At maturity	Endorsement of real state mortgage	8.5 – 9.57 %
Amounts borrowed from international institutions**	14,180,000	1	1	At maturity	None	4,845 %
Amounts borrowed from foreign institutions***	1,005,568			Monthly	None	5.5 %
Total	<u>38,185,568</u>					

* Represents fixed interest loans borrowed from Jordan Mortgage Refinancing Company amounted to JD 23,000,000 with fixed bearing interest, with maturity between 2010 and 2012.

** Represents fixed interest loans borrowed from OPIC and is due on the maturity date 10 May 2034.

*** Represents amounts borrowed from Mortgage Refinancing Company – Palestine, bearing fixed interest of 5.5% and repayable in monthly installments.

(12) INCOME TAX

(A) Income Tax provision

The movement on the income tax provision was as follows:

	<u>30 June 2010</u> (Un-audited)	<u>31 December 2009</u> (Audited)
At January 1	18,442,528	22,513,296
Income tax paid	(7,823,183)	(12,804,619)
Income tax charge for the period / year	<u>6,744,155</u>	<u>8,733,851</u>
At December 31	<u>17,363,500</u>	<u>18,442,528</u>

(B) A reconciliation between tax expense and the accounting profit is as follows:

	<u>30 June</u> <u>2010</u> JD (Un-audited)	<u>30 June</u> <u>2009</u> JD (Un-audited)
Accounting profit	22,395,408	16,750,829
Non-taxable profit	(3,818,510)	(6,672,842)
Non deductible expenses in determining taxable profit	<u>3,963,349</u>	<u>3,637,211</u>
Taxable profit	<u>22,540,247</u>	<u>13,715,198</u>
Effective rate of income tax	<u>30.11%</u>	<u>27.62%</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 31%.

The Bank reached a final settlement with the Income Tax Department for the year ended 31 December 2008, while 2009 was reviewed by the Income Tax Department, but did not reach to a final settlement.

A final settlement has been reached for Palestine branches from the Income Tax Departments for the year ended 31 December 2007.

A final settlement has been reached for Al-Watanieh Financial Services Company from the Income Tax Department for the year 2007 except for the year 1996 which is at court. the Income Tax Department did not review 2008 and 2009 records.

Al-Watanieh Financial Services Company - Palestine has reached a final settlement with the Income Tax Department for the year ended 31 December 2009.

The Income Tax Department has not reviewed the accounts of Cairo Real Estate Company for the years from 1997 to 2009.

No income tax was due on Cairo Amman Company – Marshall Islands as of 30 June 2010.

In the opinion of the Bank's management, income tax provisions as of 30 June 2010 are sufficient.

(13) OTHER LIABILITIES

	30 June 2010	31 December 2009
	JD	JD
	(Un-audited)	(Audited)
Accrued interest expense	2,030,464	2,522,993
Interest and commissions received in advance	35,414	70,826
Accounts payable	6,495,089	5,175,205
Accrued expenses	4,036,070	4,165,501
Temporary deposits	9,859,838	7,063,970
Checks and withdrawals	6,242,169	3,917,727
Negative fair value of forward contract	259,464	287,337
Others	1,100,115	1,745,667
	<u>30,058,623</u>	<u>24,949,226</u>

(14) INTEREST INCOME

	30 June 2010	30 June 2009
	JD	JD
	(Un-audited)	(Audited)
Consumer lending		
Overdrafts	524,753	352,935
Loans and bills	20,013,914	15,638,153
Credit cards	1,147,212	918,067
Others	205,524	212,889
Residential mortgages	4,193,038	4,026,654
Corporate lending		
Overdrafts	1,804,186	1,217,754
Loans and bills	3,664,171	3,623,162
Small and medium enterprises lending		
Overdrafts	448,983	618,678
Loans and bills	989,983	954,263
Public and governmental sectors	3,177,905	4,064,635
Balances at Central Banks	610,328	2,108,146
Balances at banks and financial institutions	3,077,696	2,716,967
Financial assets available for sale	851,427	9,011,385
Financial assets held to maturity	10,543,643	-
	<u>51,252,763</u>	<u>45,463,688</u>

(15) INTEREST EXPENSE

	30 June 2010	30 June 2009
	JD	JD
	(Un-audited)	(Un-audited)
Banks and financial institution deposits	891,131	2,111,697
Customers' deposits -		
Current accounts and deposits	1,536,211	777,708
Saving accounts	1,230,313	886,057
Time and notice placements	8,929,789	13,755,759
Margin accounts	168,402	648,915
Loans and borrowings	1,864,179	1,079,229
Deposit guarantee fees	<u>838,686</u>	<u>670,350</u>
	<u>15,458,711</u>	<u>19,929,715</u>

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

	<u>Realized gain</u>	<u>Unrealized gain (loss)</u>	<u>Dividends</u>	<u>Total</u>
30 June 2010 – (un-audited)				
Equities	<u>7,147</u>	<u>(21,910)</u>	<u>1,867</u>	<u>(12,896)</u>
30 June 2009 – (un-audited)				
Equities	<u>8,294</u>	<u>3,831</u>	<u>-</u>	<u>12,125</u>

(17) NET REALIZED GAIN FROM FINANCIAL ASSETS AVAILABLE FOR SALE

	30 June 2010	30 June 2009
	JD	JD
	(Un-audited)	(Un-audited)
Dividend income	2,208,391	2,815,857
Gain from sale of financial assets available for sale	46,028	2,252,041
Amount reversed from impairment loss	141,800	1,587,096
Less: impairment losses on investments	<u>(1,177,237)</u>	<u>(2,342,904)</u>
	<u>1,218,982</u>	<u>4,312,090</u>

(18) EARNINGS PER SHARE

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Profit for the year	8,630,817	6,945,281	15,651,253	12,123,423
Weighted average number of shares	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Basic and diluted earnings per share (JD/Fils)	<u>0/086</u>	<u>0/069</u>	<u>0/157</u>	<u>0/121</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.

(19) 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:

	<u>30 June</u>	<u>30 June</u>
	<u>2010</u>	<u>2009</u>
	<u>JD</u>	<u>JD</u>
	(Un-audited)	(Un-audited)
Cash and balances with Central Banks maturing within three months	206,353,991	225,416,799
Add: Balances at banks and financial institutions maturing within three months	195,728,855	136,625,603
Less: Banks and financial institutions' deposits maturing within three months	112,052,552	68,020,846
Restricted cash balances	<u>7,090,000</u>	<u>7,090,000</u>
Cash and cash equivalents	<u>282,940,294</u>	<u>286,931,556</u>

(20) CAPITAL ADEQUACY

Capital adequacy ratio is calculated according to Central Bank of Jordan regulation that is compliant with BIS rules as follows:

	30 June 2010	31 December 2009
	JD (Un-audited)	JD (Audited)
Primary capital		
Paid in capital	100,000,000	88,000,000
Statutory reserve	27,532,671	27,532,671
Voluntary reserve	1,321,613	1,321,613
Retained earnings	9,652,058	21,652,058
Less:		
Investment in banks and financial companies	12,740	12,240
Intangible assets	4,434,252	4,227,295
Total Primary capital	134,059,350	134,266,807
Additional capital		
Cumulative changes in fair value	9,839,060	9,889,337
General banking risk reserve	8,383,860	7,767,932
Less:		
Investment in banks and financial companies	12,740	12,240
Total regulatory capital	152,269,530	151,911,836
Total risk weighted assets	1,023,870,896	1,052,022,513
Capital adequacy (regulatory capital) (%)	14.87	14.31
Capital adequacy (primary capital) (%)	13.09	12.63

* According to Basel II regulations, 50% of the value of the investments in banks and subsidiaries is eliminated from the total primary capital and 50% from regulatory capital.

(21) 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.

	<u>Retail Banking</u>	<u>Corporate Bank</u>	<u>Treasury</u>	<u>Other</u>	<u>30 June 2010 JD (Un-audited)</u>	<u>30 June 2009 JD (Un-audited)</u>
Gross income	<u>34,945,808</u>	<u>13,070,732</u>	<u>18,464,123</u>	<u>1,736,997</u>	<u>68,217,660</u>	<u>62,526,792</u>
Provision for credit losses	<u>(129,997)</u>	<u>1,686,137</u>	<u>-</u>	<u>-</u>	<u>1,556,140</u>	<u>154,733</u>
impairment losses on investments	<u>-</u>	<u>-</u>	<u>1,035,437</u>	<u>-</u>	<u>1,035,437</u>	<u>755,808</u>
Segment result	<u>30,107,638</u>	<u>8,429,935</u>	<u>9,892,802</u>	<u>1,736,997</u>	<u>50,167,372</u>	<u>41,686,536</u>
Unallocated costs					<u>27,771,964</u>	<u>24,935,707</u>
Profit before tax					<u>22,395,408</u>	<u>16,750,829</u>
Income tax					<u>6,744,155</u>	<u>4,627,406</u>
Profit for the period					<u>15,651,253</u>	<u>12,123,423</u>
Other information					<u>30 June 2010 JD (Un-audited)</u>	<u>31 December 2009 JD (Audited)</u>
Segment assets	<u>479,037,120</u>	<u>299,573,518</u>	<u>914,589,809</u>	<u>77,113,160</u>	<u>1,770,313,607</u>	<u>1,746,913,972</u>
Segment liabilities	<u>483,102,850</u>	<u>265,374,755</u>	<u>775,669,227</u>	<u>62,376,669</u>	<u>1,586,523,501</u>	<u>1,569,863,393</u>
Capital expenditure					<u>6,307,603</u>	<u>2,747,876</u>
Depreciation and amortization					<u>3,408,947</u>	<u>3,044,592</u>

2. Geographical Information

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

Un-audited	<u>Jordan</u>		<u>Outside Jordan</u>		<u>Total</u>	
	<u>30 June 2010</u>	<u>30 June 2009</u>	<u>30 June 2010</u>	<u>30 June 2009</u>	<u>30 June 2010</u>	<u>30 June 2009</u>
Total Revenue	<u>54,590,054</u>	<u>49,807,206</u>	<u>13,627,606</u>	<u>12,719,586</u>	<u>68,217,660</u>	<u>62,526,792</u>
Capital expenditure	<u>4,437,643</u>	<u>2,171,662</u>	<u>1,869,960</u>	<u>576,214</u>	<u>6,307,603</u>	<u>2,747,876</u>
	<u>Jordan</u>		<u>Outside Jordan</u>		<u>Total</u>	
	<u>30 June 2010</u>	<u>31 December 2009</u>	<u>30 June 2010</u>	<u>31 December 2009</u>	<u>30 June 2010</u>	<u>31 December 2009</u>
Total assets – audited	<u>1,314,301,989</u>	<u>1,325,386,940</u>	<u>456,011,618</u>	<u>421,527,032</u>	<u>1,770,313,607</u>	<u>1,746,913,972</u>

(22) RELATED PARTY TRANSACTIONS

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

<u>Company name</u>	<u>Ownership JD</u>	<u>Paid in capital</u>	
		<u>30 June 2010</u>	<u>31 December 2009 JD</u>
Al-Watanieh Financial Services Co.	100 %	<u>5,000,000</u>	<u>5,000,000</u>
Al-Watanieh Securities Company	100 %	<u>1,500,000</u>	<u>1,500,000</u>
Cairo Amman Company - Marshall Islands	100 %	<u>5,000</u>	<u>5,000</u>

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:

	Associated company JD	Board of Directors JD	Others JD	30 June 2010 JD (Un-audited)	31 December 2009 JD (Audited)
Balance sheet items:					
Direct credit facilities	-	8,498,660	14,949,512	23,448,172	24,179,491
Deposits at the Bank	6,740,795	10,237,459	1,200,530	18,178,784	21,345,775
Margin accounts	-	541,412	207,787	749,199	1,986,480
Off balance items:					
Indirect credit facilities	35,000	1,472,665	642,162	2,149,827	2,753,915
Income statements items					
Interest and commission income	-	277,549	300,420	577,969	1,183,824
Interest and commission expense	32,002	121,044	38,500	191,546	491,951
Commissions on portfolio management	381,726	-	-	381,726	552,226

Credit interest rates on credit facilities in Jordanian Dinar range between 4% - 11%
 Credit interest rates on credit facilities in foreign currency range between 1,4% - 12%
 Debit interest rates on deposits in Jordanian Dinar range between 0% - 6%
 Debit interest rates on deposits in foreign currency range between 0% - 0.4%

Compensation of the key management personnel was as follows:

	30 June 2010 JD (Un-audited)	30 June 2009 JD (Un-audited)
Benefits (Salaries, wages, and bonuses) of senior Management	1,566,287	1,203,936

(23) COMMITMENTS AND CONTINGENT LIABILITIES

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

	30 June 2010 JD (Un-audited)	31 December 2009 JD (Audited)
Letters of credit:		
Issued	37,750,446	54,769,758
Received	26,514,741	39,701,467
Acceptances	639,029	624,912
Letters of guarantee:		
Payments	9,812,931	14,363,160
Performance	14,603,834	13,461,475
Other	13,617,655	14,139,493
Irrevocable commitments to extend credit	78,602,326	67,561,194
	<u>181,540,962</u>	<u>204,621,459</u>

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

	<u>30 June 2010</u>	<u>31 December 2009</u>
	JD (Un-audited)	JD (Audited)
Contracts to purchase property and equipment	<u>3,297,969</u>	<u>3,404,438</u>

(24) LITIGATION

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 24,665,488 as of 30 June 2010 (31 December 2009: JD 24,573,996). In the opinion of the Bank's management and law consultant, provisions for these lawsuits are sufficient.

Provision for possible legal cases amounted to 2,830,188 JD as of 30 June 2010 and 31 December 2009.

An amount of JD 17,889,740 out of the total lawsuits represents four cases filed against the Bank by the customers of Wadi Al-Tuffah Branch.

(25) DIVIDENDS AND RETAINED EARNINGS

The distributed shares to shareholders for the period amounted to JD 12,000,000 which is equivalent to 13.64% of paid in capital.

The distributed cash dividends to shareholders for 2009 amounted to JD 8,800,000 which is equivalent to 10% of paid in capital.

(26) RESERVES

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