

CAIRO AMMAN BANK

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

30 SEPTEMBER 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 September 2010, comprising of the interim consolidated statement of financial position as of 30 September 2010 and the related interim consolidated statement of income for the three and nine month periods then ended, and interim consolidated statements of, 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 International Financial Reporting 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.

Explanatory Paragraph

The condensed interim consolidated financial statements have been prepared for the purposes of Securities Exchange Commission and management and it does not require the Central Bank of Jordan approval.

Amman – Jordan
20 October 2010



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

| | Notes | 30 September 2010 | 31 December 2009 (Audited) |
|-----------------------------------------------------|-------|-----------------------------|----------------------------------|
| ASSETS | | | |
| Cash and balances with Central Banks | 4 | 169,822,443 | 310,442,860 |
| Balances at banks and financial institutions | 5 | 160,105,670 | 150,778,430 |
| Deposits at banks and financial institutions | | 67,059,066 | 80,524,650 |
| Financial assets held for trading | | 863,699 | 261,243 |
| Direct credit facilities | 6 | 800,961,451 | 729,800,243 |
| Financial assets available for sale | 7 | 90,998,898 | 99,636,007 |
| Financial assets held to maturity | | 410,298,464 | 305,491,103 |
| Property and equipment | | 37,102,830 | 33,828,145 |
| Intangible assets | | 4,370,968 | 4,227,295 |
| Other assets | | <u>60,560,486</u> | <u>31,923,996</u> |
| Total Assets | | <u>1,802,143,975</u> | <u>1,746,913,972</u> |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES - | | | |
| Banks and financial institutions' deposits | | 169,169,701 | 167,056,953 |
| Customers' deposits | 8 | 1,274,875,361 | 1,264,096,632 |
| Margin accounts | | 40,067,435 | 39,445,139 |
| Loans and borrowings | | 59,510,388 | 38,185,568 |
| Sundry provisions | | 9,519,471 | 9,809,509 |
| Income tax liabilities | 9 | 19,577,042 | 18,442,528 |
| Deferred tax liabilities | | 7,401,346 | 7,877,838 |
| Other liabilities | | <u>28,730,177</u> | <u>24,949,226</u> |
| Total Liabilities | | <u>1,608,850,921</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 | | 8,483,860 | 7,767,932 |
| Cumulative changes in fair value | | 22,950,452 | 21,976,305 |
| Retained earnings | | 9,652,058 | 30,452,058 |
| Profit for the period after general banking reserve | | <u>23,352,400</u> | <u>-</u> |
| Total Equity | | <u>193,293,054</u> | <u>177,050,579</u> |
| Total Liabilities and Equity | | <u>1,802,143,975</u> | <u>1,746,913,972</u> |

The accompanying notes from 1 to 17 are an integral part of these interim condensed consolidated financial statements

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

| | Notes | For the three months ended | | For the nine months ended | |
|---------------------------------------------------------|-------|----------------------------|-------------------|---------------------------|-------------------|
| | | 30 September | | 30 September | |
| | | 2010 | 2009 | 2010 | 2009 |
| Interest income | | 27,113,165 | 24,335,044 | 78,365,928 | 69,798,732 |
| Interest expense | | <u>7,517,609</u> | <u>8,756,892</u> | <u>22,976,320</u> | <u>28,686,607</u> |
| Net interest income | | 19,595,556 | 15,578,152 | 55,389,608 | 41,112,125 |
| Net commission | | <u>4,779,864</u> | <u>4,637,553</u> | <u>14,611,290</u> | <u>12,910,494</u> |
| Net interest and commission income | | 24,375,420 | 20,215,705 | 70,000,898 | 54,022,619 |
| Net gain from dealing in foreign currencies | | 536,022 | 631,060 | 1,801,549 | 2,033,339 |
| (Losses) gains from financial assets held for trading | | 16,419 | (3,855) | 3,523 | 8,270 |
| Gains (losses) from financial assets available for sale | | 11,348 | 393,337 | 1,230,330 | 4,705,427 |
| Other income | | <u>1,156,427</u> | <u>1,267,559</u> | <u>4,782,848</u> | <u>3,575,420</u> |
| Gross profit | | 26,095,636 | 22,503,806 | 77,819,148 | 64,345,075 |
| Employees' expenses | | 6,827,266 | 6,647,627 | 21,036,924 | 20,193,451 |
| Depreciation and amortization | | 1,768,989 | 1,612,364 | 5,177,936 | 4,656,956 |
| Other expenses | | 4,491,884 | 4,466,171 | 13,463,148 | 12,085,107 |
| Impairment losses on direct credit facilities | | 1,108,495 | 95,100 | 2,664,635 | 249,833 |
| Sundry provisions | | <u>196,432</u> | <u>759,477</u> | <u>1,378,527</u> | <u>1,485,832</u> |
| Total expenses | | <u>14,393,066</u> | <u>13,580,739</u> | <u>43,721,170</u> | <u>38,671,179</u> |
| Profit before income tax | | 11,702,570 | 8,923,067 | 34,097,978 | 25,673,896 |
| Income tax expense | | (3,285,495) | (2,773,754) | (10,029,650) | (7,401,160) |
| Profit for the period | | <u>8,417,075</u> | <u>6,149,313</u> | <u>24,068,328</u> | <u>18,272,736</u> |
| Basic and diluted earnings per share | 10 | <u>0/084</u> | <u>0/061</u> | <u>0/241</u> | <u>0/183</u> |

The accompanying notes from 1 to 17 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 ENDED 30 SEPTEMBER 2010 (UNAUDITED)
 (In Jordanian Dinars)

| | <u>For the three months ended</u> | | <u>For the nine months ended</u> | |
|------------------------------------------------------------------|-----------------------------------|--------------------|----------------------------------|-------------------|
| | <u>30 September</u> | | <u>30 September</u> | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Profit for the period | 8,417,075 | 6,149,313 | 24,068,328 | 18,272,736 |
| Other comprehensive income, net of tax: | | | | |
| Net changes in fair value of financial assets available for sale | <u>1,085,873</u> | <u>(2,666,199)</u> | <u>974,147</u> | <u>3,666,148</u> |
| Total Comprehensive income for the period | <u>9,502,948</u> | <u>3,483,114</u> | <u>25,042,475</u> | <u>21,938,884</u> |

The accompanying notes from 1 to 17 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 ENDED 30 SEPTEMBER 2010 (UNAUDITED)
(In Jordanian Dinars)

| | Reserves | | | | | Cumulative changes in fair values | Retained earnings | Profit For the period | Total Equity |
|-------------------------------------------|--------------------|-------------------|------------------|----------------------|-------------------|-----------------------------------|-------------------|-----------------------|--------------|
| | Paid in capital | Statutory | Voluntary | General banking risk | | | | | |
| 30 September 2010 | | | | | | | | | |
| Balance as of 1 January 2010 | 88,000,000 | 27,532,671 | 1,321,613 | 7,767,932 | 21,976,305 | 30,452,058 | - | 177,050,579 | |
| Total comprehensive income for the period | - | - | - | - | 974,147 | - | 24,068,328 | 25,042,475 | |
| Increase in capital | 12,000,000 | - | - | - | - | (12,000,000) | - | - | |
| Dividends paid | - | - | - | - | - | (8,800,000) | - | (8,800,000) | |
| Transfer to reserves | - | - | - | 715,928 | - | - | (715,928) | - | |
| Balance as of 30 September 2010 | 100,000,000 | 27,532,671 | 1,321,613 | 8,483,860 | 22,950,452 | 9,652,058 | 23,352,400 | 193,293,054 | |
| 30 September 2009 | | | | | | | | | |
| Balance as of 1 January 2009 | 80,000,000 | 24,152,279 | 1,321,613 | 6,337,932 | 17,975,688 | 21,713,412 | - | 151,500,924 | |
| Total comprehensive income for the period | - | - | - | - | 3,666,148 | - | 18,272,736 | 21,938,884 | |
| Increase in capital | 8,000,000 | - | - | - | - | (8,000,000) | - | - | |
| Dividends paid | - | - | - | - | - | (4,000,000) | - | (4,000,000) | |
| Transfer to reserves | - | - | - | 580,000 | - | - | (580,000) | - | |
| Balance as of 30 September 2009 | 88,000,000 | 24,152,279 | 1,321,613 | 6,917,932 | 21,641,836 | 9,713,412 | 17,692,736 | 169,439,808 | |

The accompanying notes from 1 to 17 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010 (UNAUDITED)
(In Jordanian Dinars)

| <u>OPERATING ACTIVITIES</u> | Notes | 30 September 2010 | 30 September 2009 |
|--------------------------------------------------------------------------------------------------------|-------|----------------------|----------------------|
| Profit for the period before tax | | 34,097,978 | 25,673,896 |
| Adjustments - | | | |
| Depreciation and amortisation | | 5,177,936 | 4,656,956 |
| Impairment loss on direct credit facilities | | 2,664,635 | 249,833 |
| Sundry provisions | | 1,378,527 | 1,485,832 |
| Gain from sale of financial asset available for sale | | (56,526) | (1,900,335) |
| Impairment of available for sale investments | | 1,035,437 | 11,734 |
| Unrealised (gains) losses from financial asset held for trading | | (980) | (3,831) |
| Losses (gain) on sale of property and equipment | | (4,920) | 1,495 |
| Gain from sale of repossessed assets | | (1,169,743) | (40,850) |
| Impairment loss on repossessed assets | | 1,211 | 53,287 |
| Effect of exchange rate changes on cash and cash equivalents | | <u>(1,526,229)</u> | <u>(1,669,460)</u> |
| Operating profit before changes in operating assets and liabilities | | 41,597,326 | 28,518,557 |
| Changes in assets and liabilities - | | | |
| Decrease (increase) in deposits at banks and financial institutions | | 13,465,584 | (90,300,000) |
| (Increase) in direct credit facilities | | (73,825,843) | (60,653,753) |
| (Increase) in financial assets held for trading | | (601,476) | (262,407) |
| (Increase) in other assets | | (27,467,958) | (2,504,472) |
| Increase (decrease) in banks and financial institutions deposits maturing after more than three months | | (2,459,000) | 45,300,000 |
| Increase in customers' deposits | | 10,778,729 | 101,190,006 |
| Increase in margin accounts | | 622,296 | 1,507,466 |
| Sundry provisions paid | | (1,668,565) | (477,576) |
| Increase in other liabilities | | <u>3,780,951</u> | <u>4,034,749</u> |
| Net cash from operating activities before income tax | | (35,777,956) | 26,352,570 |
| Income tax paid | | <u>(8,895,136)</u> | <u>(10,837,634)</u> |
| Net cash (used in) from operating activities | | <u>(44,673,092)</u> | <u>15,514,936</u> |
| INVESTING ACTIVITIES | | | |
| Purchase of financial assets available for sale | | (4,090,832) | (100,617,379) |
| Sale of financial assets available for sale | | 12,246,685 | 119,181,120 |
| Purchase of financial assets held to maturity | | (117,232,777) | - |
| Proceeds from maturity of financial assets held to maturity | | 12,425,416 | - |
| Purchase of property and equipment | | (7,629,617) | (3,158,634) |
| Sale of property and equipment | | 94,248 | 29,868 |
| Purchase of intangible assets | | <u>(1,056,005)</u> | <u>(1,077,129)</u> |
| Net cash (used in) from investing activities | | <u>(105,242,882)</u> | <u>14,357,846</u> |
| FINANCING ACTIVITIES | | | |
| Cash dividends paid | | (8,800,000) | (4,000,000) |
| Proceeds from loans and borrowings | | <u>21,324,820</u> | <u>14,358,895</u> |
| Net cash from financing activities | | <u>12,524,820</u> | <u>10,358,895</u> |
| Net increase in cash and cash equivalents | | (137,391,154) | 40,231,677 |
| Effect of exchange rate changes on cash and cash equivalents | | 1,526,229 | 1,669,460 |
| Cash and cash equivalents, beginning of the period | | <u>299,533,337</u> | <u>349,730,374</u> |
| Cash and cash equivalents, end of the period | 11 | <u>163,668,412</u> | <u>391,631,511</u> |

The accompanying notes from 1 to 17 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2010
(In Jordanian Dinars)

(1) GENERAL

Cairo Amman Bank ("Bank") is a public shareholding company registered and incorporated in Jordan during 1960 in accordance with the Companies Law No. (12) of 1964. Its registered office is at Amman-Jordan.

The Bank provides its banking services through 65 branches and offices located in Jordan and 18 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 20 October 2010.

(2) Basis of preparation

The interim condensed financial statements for the nine-month period to 30 September 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 most 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 financial statements as of 31 December 2009. In addition, results for the nine-month period ended 30 September 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 financial statements are consistent with those used in the preparation of the annual 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 a number of changes in the accounting for business combinations. 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 no longer give rise to goodwill, nor 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.

(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 September 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 September 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 September 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 September 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 operations of the subsidiary are consolidated in the consolidated income statement from the date of ownership which is the date on which the actual control by the bank on the subsidiaries is taking place. The results of operations 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 separate financial statements prepared by the bank on a standalone basis.

(4) CASH AND BALANCES WITH CENTRAL BANKS

Restricted statutory cash reserve held at the Central Banks amounted to JD 70,750,739 as of 30 September 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 September 2010 and 31 December 2009.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

Non interest bearing balances at banks and financial institutions amounted to JD 15,770,542 as of 30 September 30, 2010 (31 December 2009: JD 6,546,304).

(6) DIRECT CREDIT FACILITIES

| | <u>30 September</u> <u>2010</u> JD | <u>31 December</u> <u>2009</u> JD |
|----------------------------------------------------|------------------------------------------|-----------------------------------------|
| Consumer lending | | |
| Overdrafts | 6,031,440 | 6,959,998 |
| Loans and bills * | 398,303,026 | 326,002,200 |
| Credit cards | 10,094,397 | 9,649,670 |
| Others | 6,894,744 | 7,546,261 |
| Residential mortgages | 110,585,670 | 102,558,484 |
| Corporate lending | | |
| Overdrafts | 43,847,224 | 53,826,847 |
| Loans and bills * | 150,268,873 | 143,208,196 |
| Small and medium enterprises lending "SMEs" | | |
| Overdrafts | 19,082,775 | 16,139,074 |
| Loans and bills * | 28,399,749 | 24,801,708 |
| Lending to governmental sectors | <u>83,871,772</u> | <u>93,854,037</u> |
| Total | 857,379,670 | 784,546,475 |
| Less: Suspended interest | (10,935,279) | (12,096,816) |
| Less: Allowance for impairment losses | <u>(45,482,940)</u> | <u>(42,649,416)</u> |
| Direct credit facilities, net | <u>800,961,451</u> | <u>729,800,243</u> |

* Net of interest and commissions received in advance of JD 10,623,726 as of 30 September 2010 (2009: JD 12,597,156).

(7) FINANCIAL ASSETS AVAILABLE FOR SALE

Included in financial assets available for sale investments carried at cost with value of JD 1,380,928 as of 30 September 2010 (31 December 2009: JD 1,367,046). The investments were stated at cost since the fair value could not be measured reliably.

(8) CUSTOMERS' DEPOSITS

| | <u>30 September</u> <u>2010</u> JD | <u>31 December</u> <u>2009</u> JD |
|-----------------------------|------------------------------------------|-----------------------------------------|
| Current and demand deposits | 442,469,431 | 392,038,731 |
| Saving deposits | 265,984,307 | 244,890,465 |
| Time and notice deposits | <u>566,421,623</u> | <u>627,167,436</u> |
| | <u>1,274,875,361</u> | <u>1,264,096,632</u> |

Governmental institutions' deposits amounted to JD 155,037,193 as of 30 September 2010 (31 December 2009: JD 164,895,236) representing 12,16% (31 December 2009: 13,045%) of total customers' deposits.

Non-interest bearing deposits amounted to JD 334,835,924 as of 30 September 2010 (31 December 2009: JD 399,974,150) representing 26,26% (31 December 2008: 31,64%) of total deposits.

(9) INCOME TAX

Income Tax liabilities

The movements on the income tax provision were as follows:

| | <u>30 September</u> <u>2010</u> JD | <u>31 December</u> <u>2009</u> JD |
|--------------------------------|------------------------------------------|-----------------------------------------|
| At January 1 | 18,442,528 | 22,513,296 |
| Income tax paid | (8,895,136) | (12,804,619) |
| Income tax charge for the year | <u>10,029,650</u> | <u>8,733,851</u> |
| At December 31 | <u>19,577,042</u> | <u>18,442,528</u> |

Income tax appearing in the statement of income represents the following:

| | <u>2010</u> JD | <u>2009</u> JD |
|---------------------------|-------------------|-------------------|
| Income tax for the period | <u>10,029,650</u> | <u>7,401,160</u> |

A final settlement has been reached for Jordan branches from the Income Tax Departments for the year 2009.

A final settlement has been reached for Palestine branches from the Income Tax Departments for the year 2007. The Income Tax Department did not review 2008 and 2009 records.

Al-Watanieh Financial Services Company has reached a final settlement with the Income Tax Department for the years ended 31 December 2008 except for the year 1996 which is at court. The Income Tax Department did not review 2009 records.

Al-Watanieh Securities Company – Palestine has reached a final settlement for the year 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 September 2010.

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

(10) BASIC EARNINGS PER SHARE

| | <u>Three months period ended</u> | | <u>Nine months period ended</u> | |
|------------------------------------------------|----------------------------------|--------------------|---------------------------------|--------------------|
| | <u>30 September</u> | | <u>30 September</u> | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| | <u>JD</u> | <u>JD</u> | <u>JD</u> | <u>JD</u> |
| Profit for the period | 8,417,075 | 6,149,313 | 24,068,328 | 18,272,736 |
| 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>0/084</u> | <u>0/061</u> | <u>0/241</u> | <u>0/183</u> |

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

(11) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

Cash and cash equivalent balances in the statement of cash flows consist of the following balance sheet items:

| | <u>30 September</u> | <u>30 September</u> |
|--------------------------------------------------------------------------------|---------------------|---------------------|
| | <u>2010</u> | <u>2009</u> |
| | <u>JD</u> | <u>JD</u> |
| Cash and balances with Central Banks maturing within three months | 169,822,443 | 356,492,572 |
| Add: Balances at banks and financial institutions maturing within three months | 160,105,670 | 159,260,765 |
| Less: Banks and financial institutions' deposits maturing within three months | 159,169,701 | 117,031,826 |
| Certificate of deposit maturing after three months | | - |
| Restricted cash balances | <u>7,090,000</u> | <u>7,090,000</u> |
| Cash and cash equivalents | <u>163,668,412</u> | <u>391,631,511</u> |

(12) RELATED PARTY TRANSACTIONS

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

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

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.

| | <u>ASSOCIATED COMPANY</u> | <u>Board of Directors</u> | <u>Others</u> | <u>Total</u> | |
|----------------------------------------|---------------------------|---------------------------|---------------|-----------------------------------------------|-------------------------|
| | | | | <u>30 September 2010</u> | <u>31 December 2009</u> |
| | | | | <u>JD</u> | <u>JD</u> |
| <u>Balance sheet items:</u> | | | | | |
| Direct credit facilities | - | 7,703,699 | 5,469,519 | 13,173,218 | 24,179,491 |
| Deposits at the Bank | 6,921,025 | 11,851,294 | 1,100,140 | 19,872,459 | 21,345,775 |
| Margin accounts | - | 543,376 | 96,656 | 640,032 | 1,986,480 |
| <u>Off balance sheet items:</u> | | | | | |
| Indirect credit facilities | 35,000 | 1,493,672 | 253,230 | 1,781,902 | 2,753,915 |
| | | | | <u>For the nine months ended 30 September</u> | |
| | | | | <u>2010</u> | <u>2009</u> |
| | | | | <u>JD</u> | <u>JD</u> |
| <u>Income statement items:</u> | | | | | |
| Interest and commission income | | | | 866,953 | 1,183,824 |
| Interest and commission expense | | | | 288,320 | 491,951 |
| Portfolio management commission | | | | 582,856 | 552,226 |

Credit interest rates on credit facilities range between 4% - 9.25%

Debit interest rates on deposits range between 0% - 4.75%

Compensation of the key management personnel is as follows:

| | <u>For the Nine Months ended 30 September</u> | |
|--------------------------------------------------------------|-----------------------------------------------|------------------|
| | <u>2010</u> | <u>2009</u> |
| | <u>JD</u> | <u>JD</u> |
| Benefits (Salaries, wages, and bonuses) of senior management | <u>1,853,610</u> | <u>1,447,445</u> |

(13) SEGMENTAL INFORMATION

For management purposes the Bank is organized into four major business segments:

- 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.
- Others - Includes income from repossessed assets, brokerage and other activities

| | <u>Retail Banking</u> JD | <u>Corporate Banking</u> JD | <u>Treasury</u> JD | <u>Other</u> JD | <u>30 September 2010</u> JD | <u>30 September 2009</u> JD |
|--------------------------------------------------|---------------------------------|------------------------------------|-----------------------|--------------------|------------------------------------|------------------------------------|
| Gross income | <u>53,554,394</u> | <u>19,491,558</u> | <u>25,511,906</u> | <u>2,237,610</u> | <u>100,795,468</u> | <u>93,031,682</u> |
| Impairment losses on direct Credit facilities | <u>(130,454)</u> | <u>(2,534,181)</u> | <u>-</u> | <u>-</u> | <u>(2,664,635)</u> | <u>(249,833)</u> |
| Segment result | <u>46,180,254</u> | <u>12,201,426</u> | <u>14,535,223</u> | <u>2,237,610</u> | <u>75,154,513</u> | <u>64,095,242</u> |
| Unallocated costs | | | | | <u>(41,056,535)</u> | <u>(38,421,346)</u> |
| Profit before tax | | | | | <u>34,097,978</u> | <u>25,673,896</u> |
| Income tax | | | | | <u>(10,029,650)</u> | <u>(7,401,160)</u> |
| Profit for the period | | | | | <u>24,068,328</u> | <u>18,272,736</u> |
| Other information | | | | | | |
| Segment assets | <u>483,121,692</u> | <u>317,839,759</u> | <u>899,148,240</u> | <u>102,034,284</u> | <u>1,802,143,975</u> | <u>1,746,913,972</u> |
| Segment liabilities | <u>473,008,713</u> | <u>272,184,706</u> | <u>804,770,424</u> | <u>58,887,078</u> | <u>1,608,850,921</u> | <u>1,569,863,393</u> |
| Capital expenditure | | | | | <u>8,685,622</u> | <u>4,235,763</u> |
| Depreciation | | | | | <u>5,177,936</u> | <u>4,656,956</u> |

(14) COMMITMENTS AND CONTINGENT LIABILITIES

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

| | <u>30 September 2010</u> | <u>31 December 2009</u> |
|------------------------------------------|------------------------------|-----------------------------|
| Letters of credit | | |
| Issued | 31,443,847 | 54,769,758 |
| Received | 28,088,759 | 39,701,467 |
| Acceptances | 698,240 | 624,912 |
| Letters of guarantee: | | |
| Payments | 10,909,098 | 14,363,160 |
| Performance | 14,252,615 | 13,461,475 |
| Others | 14,501,328 | 14,139,493 |
| Irrevocable commitments to extend credit | <u>78,329,965</u> | <u>67,561,194</u> |
| | <u>178,223,852</u> | <u>204,621,459</u> |

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

| | <u>30 September 2010</u> | <u>31 December 2009</u> |
|----------------------------------------------|------------------------------|-----------------------------|
| Contracts to purchase property and equipment | <u>2,921,953</u> | <u>3,404,438</u> |

(15) LITIGATION

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to approximately JD 25,141,934 as of 30 September 2010 (31 December 2009: JD 24,573,996).

An amount of JD 17,673,440 out of the total lawsuits represents cases filed against the Bank by the customers of Wadi Al-Tuffah Branch.

In the opinion of the Bank's management and legal counsel, the Bank maintains adequate provisions against the lawsuits.

(16) DISTRIBUTED PROFITS

The distributed shares to shareholders during the period for 2009 amounted to 12,000,000 share which is equivalent to 13.64% of the 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.

(17) RESERVES

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