

**CAIRO AMMAN BANK**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**30 JUNE 2014 (UNAUDITED)**



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

We have reviewed the accompanying interim condensed consolidated financial statements of **CAIRO AMMAN BANK** (a public shareholding company) and its subsidiaries ("the Bank") as of 30 June 2014, comprising of interim condensed consolidated statement of financial position as of 30 June 2014 and the related interim condensed consolidated statements 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  
24 July 2014

*Ernst + Young*

**CAIRO AMMAN BANK**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2014**

**(In Jordanian Dinars)**

	<u>Notes</u>	30 June 2014 (Unaudited)	31 December 2013 (Audited)
<b><u>ASSETS</u></b>			
Cash and balances with Central Banks	4	192,229,449	197,351,810
Balances at banks and financial institutions	5	202,815,214	180,633,848
Deposits at banks and financial institutions	6	277,590,000	138,200,000
Financial assets at fair value through profit or loss	7	27,723,798	29,155,168
Financial assets at fair value through other comprehensive income	8	25,366,699	25,219,930
Direct credit facilities, net	9	1,003,827,832	964,787,174
Financial assets at amortized cost, net	10	411,537,635	465,983,466
Financial assets pledged as collateral		47,321,858	110,142,962
Property and equipment, net		30,785,416	31,756,797
Intangible assets, net		8,726,835	8,573,950
Deferred tax assets		727,851	727,851
Other assets	11	77,113,269	60,436,264
<b>Total Assets</b>		<b><u>2,305,765,856</u></b>	<b><u>2,212,969,220</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>LIABILITIES -</b>			
Banks and financial institutions' deposits		270,037,244	213,941,737
Customers' deposits	12	1,537,242,112	1,426,018,472
Margin accounts		57,064,610	69,273,473
Loans and borrowings	13	91,733,418	164,420,379
Sundry provisions		12,936,448	12,526,199
Income tax liabilities	14	16,936,839	22,666,483
Deferred tax liabilities		2,310,787	2,321,405
Other liabilities	15	49,830,201	37,623,425
<b>Total Liabilities</b>		<b><u>2,038,091,659</u></b>	<b><u>1,948,791,573</u></b>
<b>EQUITY</b>			
Paid in capital	28	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
Cyclical fluctuations reserve		4,032,498	4,032,498
Fair value reserve (net)	16	2,186,516	2,107,043
Retained earnings	17	55,592,164	96,420,940
Profit for the period before general banking risk reserve		20,117,466	-
<b>Total Equity</b>		<b><u>267,674,197</u></b>	<b><u>264,177,647</u></b>
<b>Total Liabilities and Equity</b>		<b><u>2,305,765,856</u></b>	<b><u>2,212,969,220</u></b>

**The accompanying notes from 1 to 30 form part of these interim condensed consolidated financial statements**

**CAIRO AMMAN BANK**  
**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)**  
**(In Jordanian Dinars)**

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2014	2013	2014	2013
Interest income	18	38,110,386	37,162,369	76,079,053	72,538,713
Interest expense	19	12,289,583	13,796,331	25,210,316	26,820,827
<b>Net interest income</b>		<b>25,820,803</b>	<b>23,366,038</b>	<b>50,868,737</b>	<b>45,717,886</b>
Net commission		5,442,318	4,924,315	10,306,661	9,433,677
<b>Net interest and commission income</b>		<b>31,263,121</b>	<b>28,290,353</b>	<b>61,175,398</b>	<b>55,151,563</b>
<b>Other income –</b>					
Net gain from foreign currencies		768,080	682,089	1,491,554	1,520,802
Net gain (loss) from financial assets at fair value through profit or loss	20	( 663,927)	203,663	1,373,059	780,460
Dividends from financial assets at fair value through other comprehensive income		336,728	683,491	1,012,612	897,865
Net gain from financial assets at amortized cost		-	-	327,136	-
Other income		1,234,607	1,144,883	2,520,903	1,933,664
<b>Gross profit</b>		<b>32,938,609</b>	<b>31,004,479</b>	<b>67,900,662</b>	<b>60,284,354</b>
Employees' expenses		9,677,265	8,867,469	18,826,811	17,604,406
Depreciation and amortization		1,514,390	1,642,200	3,071,427	3,335,640
Other expenses		5,348,134	5,034,849	10,765,168	10,035,448
Impairment losses on direct credit facilities	9	892,900	1,714,150	2,999,450	2,828,300
Impairment loss on financial assets at amortized cost		-	-	886,250	-
Sundry provisions		235,693	431,312	705,164	856,315
<b>Total expenses</b>		<b>17,668,382</b>	<b>17,689,980</b>	<b>37,254,270</b>	<b>34,660,109</b>
<b>Profit for the period before tax</b>		<b>15,270,227</b>	<b>13,314,499</b>	<b>30,646,392</b>	<b>25,624,245</b>
Income tax expense	14	5,129,644	4,477,926	10,078,926	8,187,840
<b>Profit for the period</b>		<b>10,140,583</b>	<b>8,836,573</b>	<b>20,567,466</b>	<b>17,436,405</b>
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
<b>Basic and diluted earnings per share</b>	21	<b>0/081</b>	<b>0/071</b>	<b>0/165</b>	<b>0/139</b>

**The accompanying notes from 1 to 30 form part of these interim condensed consolidated financial statements**

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

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	For the three months ended 30 June		For the six months ended 30 June	
	2014	2013	2014	2013
<b>Profit for the period</b>	10,140,583	8,836,573	20,567,466	17,436,405
<b>Other comprehensive income, which will not be transferred to profit or loss in future periods:</b>				
Net movement in fair value reserve for financial assets, after tax	(211,257)	(488,123)	104,084	(1,316,772)
<b>Total comprehensive income for the period</b>	<u>9,929,326</u>	<u>8,348,450</u>	<u>20,671,550</u>	<u>16,119,633</u>

**The accompanying notes from 1 to 30 form part of these interim condensed  
consolidated financial statements**

**CAIRO AMMAN BANK**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)**  
**(In Jordanian Dinars)**

	Paid in capital	Statutory	Voluntary	General banking risk	Cyclical fluctuation	Fair value reserve	Retained earnings	Profit for the period	Total equity
<b>Six month ended 30 June 2014</b>									
Balance as of 1 January 2014	100,000,000	48,475,553	1,321,613	11,820,000	4,032,498	2,107,043	96,420,940	-	284,177,647
Total comprehensive income for the period	-	-	-	-	-	104,084	-	20,567,466	20,671,550
Dividends paid	-	-	-	-	-	-	(17,000,000)	-	(17,000,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(24,611)	24,611	-	-
Capital increase	25,000,000	-	(1,321,613)	-	-	-	(23,678,367)	-	-
Capital increase related expenses	-	-	-	-	-	-	(175,000)	-	(175,000)
Transfer to reserves	-	-	-	450,000	-	-	-	(450,000)	-
Balance as of 30 June 2014	125,000,000	48,475,553	-	12,270,000	4,032,498	2,186,516	55,592,164	20,117,466	267,674,197
<b>Six month ended 30 June 2013</b>									
Balance as of 1 January 2013	100,000,000	42,947,195	1,321,613	10,700,000	3,222,382	3,085,765	79,959,782	-	241,236,757
Total comprehensive income for the period	-	-	-	-	-	(1,316,772)	-	17,436,405	16,119,633
Dividends paid	-	-	-	-	-	-	(17,000,000)	-	(17,000,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(261,276)	261,276	-	-
Transfer to reserves	-	-	-	1,000,000	-	-	-	(1,000,000)	-
Balance as of 30 June 2013	100,000,000	42,947,195	1,321,613	11,700,000	3,222,382	1,507,737	63,221,058	16,436,405	240,356,390

- The general banking risk reserve and the credit balance of fair value reserve is restricted from use without a prior approval from the Central Bank of Jordan.
- At 30 June 2014, the unrealized gains included in retained earnings and resulting from the early implementation of IFRS 9 amounted to JD 13,295,438. This amount is not available for distribution.
- The retained earnings include deferred tax assets amounted to JD 727,851 and is restricted from use as per the Central Bank of Jordan instruction.

**The accompanying notes from 1 to 30 form part of these interim condensed consolidated financial statements**

**CAIRO AMMAN BANK**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)**  
**(In Jordanian Dinars)**

	Note	30 June 2014	30 June 2013
<b><u>OPERATING ACTIVITIES</u></b>			
Profit for the period before tax		30,646,392	25,624,245
<b>Adjustments -</b>			
Depreciation and amortisation		3,071,427	3,335,640
Impairment loss on direct credit facilities		2,999,450	2,828,300
Sundry provisions		705,164	856,315
Impairment loss on financial assets at amortized cost		886,250	-
Unrealized loss from financial assets at fair value through profit or loss		1,331,558	1,406,808
(Gain) on sale of property and equipment		( 10,515)	( 136,666)
Impairment loss on repossessed assets		144,856	-
(Gain) from sale of repossessed assets		( 66,320)	( 89,562)
Effect of exchange rate changes on cash and cash equivalents		( 1,336,914)	( 727,959)
<b>Operating profit before changes in assets and liabilities</b>		<b>38,371,348</b>	<b>33,097,121</b>
<b>Changes in assets and liabilities -</b>			
(Increase) in deposits at banks and financial institutions		(139,390,000)	( 102,900,000)
Decrease in financial assets at fair value through profit or loss		99,812	396,469
(Increase) decrease in direct credit facilities		( 42,040,108)	2,821,919
(Increase) in other assets		( 16,755,541)	( 19,690,296)
Increase in banks and financial institutions deposits maturing after more than three months		12,725,000	10,000,000
Increase in customers' deposits		111,223,640	36,078,685
(Decrease) increase in margin accounts		( 12,208,863)	13,029,435
Sundry provisions paid		( 294,915)	( 323,349)
Increase in other liabilities		12,206,776	7,353,991
<b>Net cash (used in) operating activities before income tax</b>		<b>(36,062,851)</b>	<b>( 20,136,025)</b>
Income tax paid		( 15,891,328)	( 11,532,951)
<b>Net cash from (used in) operating activities</b>		<b>( 51,954,179)</b>	<b>( 31,668,976)</b>
<b><u>INVESTING ACTIVITIES</u></b>			
(Purchase) of financial assets at fair value through OCI		( 21,270)	( 70,900)
Proceeds from sale of financial assets at fair value through OCI		50,725	1,060,225
(Purchase) of financial assets at amortized cost		( 6,855,111)	( 180,441,746)
Proceeds from financial assets at amortized cost		123,235,796	58,682,916
Proceeds from sale of property and equipment		28,953	138,304
(Purchase) of property and equipment		( 1,312,347)	( 1,942,776)
(Purchase) of intangible assets		( 959,022)	( 1,145,013)
<b>Net cash from (used in) investing activities</b>		<b>114,167,724</b>	<b>(123,718,990)</b>
<b><u>FINANCING ACTIVITIES</u></b>			
Cash dividends paid		( 17,000,000)	( 17,000,000)
Proceeds from loans and borrowings		36,483,723	120,764,773
Repayment for loans and borrowings		( 109,170,684)	(106,876,600)
Capital increase expenses		( 175,000)	-
<b>Net cash (used in) financing activities</b>		<b>(89,861,961)</b>	<b>(3,111,827)</b>
Effect of exchange rate changes on cash and cash equivalents		1,336,914	727,959
<b>Net (decrease) in cash and cash equivalents</b>		<b>( 26,311,502)</b>	<b>(157,771,834)</b>
Cash and cash equivalents, beginning of the period		176,599,421	294,950,815
<b>Cash and cash equivalents, end of the period</b>	23	<b>150,287,919</b>	<b>137,178,981</b>

**The accompanying notes from 1 to 30 form part of these interim condensed consolidated financial statements**

**CAIRO AMMAN BANK**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2014**  
**(In Jordanian Dinars)**

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**(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 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 24 July 2014.

**(2) BASIS OF PREPARATION**

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

The interim condensed consolidated financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, derivatives and financial assets and liabilities which have been measured at fair value.

The interim condensed consolidated 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 six - months period ended 30 June 2014 do not necessarily indicate to the results that may be expected for the financial year ending 31 December 2014.

The accounting policies used in preparing the interim consolidated financial statement are consistent with those followed in the preparation of the consolidated financial statement for the year ended 31 December 2013 except for the application of standards and interpretations listed below:



**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.

### **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.

Consolidated subsidiaries are:

- Al-Watanieh for Financial Services Company – Jordan (established 1992): Owned 100% by the Bank, with a paid-up capital of JD 5,000,000 as of 30 June 2014. The company's main activity is investment brokerage.
- Al-Watanieh Securities Company – Palestine (established 1995): Owned 100% by the Bank, with a paid-up capital of JD 1,500,000 as of 30 June 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 500,000 as of 30 June 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 June 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 date on which 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 interim 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:

Allowance 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 life's 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 80,619,712 as of 30 June 2014 (31 December 2013: JD 78,067,477).

Apart from the statutory cash reserve held at the Central Banks the restricted cash balances amounted to JD 7,444,500 as of 30 June 2014 and 31 December 2013.

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

#### **(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS**

Non interest bearing balances at banks and financial institutions amounted to JD 46,551,139 as of 30 June 2014 (31 December 2013: JD 22,171,352).

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

#### **(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS**

	30 June 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Deposit maturing within		
More than 3 to 6 months	113,890,000	69,400,000
More than 6 to 9 months	109,800,000	-
More than 9 to 12 months	53,900,000	68,800,000
<b>Total</b>	<u>277,590,000</u>	<u>138,200,000</u>

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

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

	30 June 2014	31 December 2013
	JD	JD
	(Unaudited)	(Audited)
Quoted Equities	24,702,682	27,050,501
Bonds	463,399	-
Funds	2,557,717	2,104,667
<b>Total</b>	<b>27,723,798</b>	<b>29,155,168</b>

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

	30 June 2014	31 December 2013
	JD	JD
	(Unaudited)	(Audited)
<b>Quoted Investments</b>		
Quoted Equities	24,556,863	24,416,217
<b>Total quoted investments</b>	<b>24,556,863</b>	<b>24,416,217</b>
<b>Unquoted Investments</b>		
Unquoted Equities	809,836	803,713
<b>Total unquoted investments</b>	<b>809,836</b>	<b>803,713</b>
<b>Total</b>	<b>25,366,699</b>	<b>25,219,930</b>

**(9) DIRECT CREDIT FACILITIES**

	30 June 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
<b>Consumer lending</b>		
Overdrafts	5,967,528	5,693,576
Loans and bills *	552,435,487	541,666,808
Credit cards	10,615,976	10,199,846
Finance leases	25,000	-
Others	7,262,343	5,487,169
<b>Residential mortgages</b>	130,799,383	128,484,249
<b>Corporate lending</b>		
Overdrafts	80,671,592	63,825,074
Loans and bills *	108,950,986	109,340,181
<b>Small and medium enterprises lending "SMEs"</b>		
Overdrafts	17,762,979	17,423,084
Loans and bills *	38,597,436	32,100,879
<b>Lending to governmental sectors</b>	116,110,810	112,914,549
<b>Total</b>	<u>1,069,199,520</u>	<u>1,027,135,415</u>
Less: Suspended interest	(11,359,484)	(11,387,288)
Less: Allowance for impairment losses	(54,012,204)	(50,960,953)
<b>Direct credit facilities, net</b>	<u>1,003,827,832</u>	<u>964,787,174</u>

\* Net of interest and commission received in advance of JD 5,685,662 as of 30 June 2014 (31 December 2013: JD 6,553,129).

As of 30 June 2014, non-performing credit facilities amounted to JD 63,186,273 (31 December 2013: JD 59,893,154), representing 5.9% (31 December 2013: 5.83%) of gross facilities granted.

As of 30 June 2014, non-performing credit facilities, net of suspended interest, amounted to JD 51,858,841 (31 December 2013: JD 48,557,975), representing 4.85% (31 December 2013: 4.78%) of gross facilities granted after excluding the suspended interest.

As of 30 June 2014, credit facilities granted to the Government of Jordan amounted to JD 24,157,830 (31 December 2013: JD 42,029,661), representing 2.26% (31 December 2013: 4.09%) of gross facilities granted.

As of 30 June 2014, credit facilities granted to the public sector in Palestine amounted to JD 55,898,566 (31 December 2013: JD 55,117,710), representing 5.23% (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>			30 June 2014	31 December 2013
	Inside	Outside	JD	JD
Financial	4,548,929	-	4,548,929	10,528,855
Industrial	45,234,911	12,547,957	57,782,868	49,164,520
Commercial	67,744,246	25,754,445	93,498,691	94,099,440
Real estate	152,446,274	52,143,382	204,589,656	179,616,346
Agriculture	1,620,900	133,891	1,754,791	3,241,700
Trading	8,787,343	-	8,787,343	7,600,352
Consumer	505,263,657	76,862,775	582,126,432	569,969,653
Public and Government	60,212,244	55,898,566	116,110,810	112,914,549
<b>Total</b>	<b>845,858,504</b>	<b>223,341,016</b>	<b>1,069,199,520</b>	<b>1,027,135,415</b>

**Allowance for impairment in direct facilities:**

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

	Consumer	Residential mortgages	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
<b>30 June 2014- (Unaudited)</b>					
At 1 January 2014	28,906,055	882,320	17,939,495	3,233,083	50,960,953
Charge for the period	1,996,371	123,293	146,463	733,323	2,999,450
Amounts written off	(2,593)	-	-	-	(2,593)
Revaluation difference	54,394	-	-	-	54,394
<b>At 30 June 2014</b>	<b>30,954,227</b>	<b>1,005,613</b>	<b>18,085,958</b>	<b>3,966,406</b>	<b>54,012,204</b>
Specific impairment on Individual loans	25,087,169	980,149	17,932,862	3,962,514	47,962,694
Watch list	609,487	25,464	153,096	3,892	791,939
Collective impairment	5,257,571	-	-	-	5,257,571
<b>At 30 June 2014</b>	<b>30,954,227</b>	<b>1,005,613</b>	<b>18,085,958</b>	<b>3,966,406</b>	<b>54,012,204</b>

	Consumer	Residential mortgages	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
<b>31 December 2013 (Audited)-</b>					
At 1 January 2013	23,241,948	712,242	19,503,382	2,316,471	45,774,043
Charge for the year	6,790,123	170,078	(1,101,368)	941,167	6,800,000
Amounts written off	(1,097,412)	-	(462,519)	(24,555)	(1,584,486)
Revaluation difference	(28,604)	-	-	-	(28,604)
<b>At 31 December 2013</b>	<b>28,906,055</b>	<b>882,320</b>	<b>17,939,495</b>	<b>3,233,083</b>	<b>50,960,953</b>
Specific impairment on Individual loans	22,451,046	848,009	17,793,958	2,958,423	44,051,436
Watch list	1,351,826	34,311	145,537	274,660	1,806,334
Collective impairment	5,103,183	-	-	-	5,103,183
<b>At 31 December 2013</b>	<b>28,906,055</b>	<b>882,320</b>	<b>17,939,495</b>	<b>3,233,083</b>	<b>50,960,953</b>

Allowance for impairment related to non-performing credit facilities that were settled or collected amounted to JD 3,871,607 as of 30 June 2014 (31 December 2013: 4,399,526).

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

	Consumer	Residential mortgages	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
<b>30 June 2014- (Unaudited)</b>					
At 1 January 2014	4,930,101	21,359	5,351,212	1,084,616	11,387,288
Add: Suspended interest during the period	( 137,149)	-	195,051	185,991	243,893
Less: Amount transferred to income on recovery	( 23,993)	( 3,540)	( 104,043)	( 26,626)	( 158,202)
Less: Amounts written off	( 82,400)	-	( 12,500)	( 18,595)	( 113,495)
<b>At 30 June 2014</b>	<b>4,686,559</b>	<b>17,819</b>	<b>5,429,720</b>	<b>1,225,386</b>	<b>11,359,484</b>
<b>31 December 2013 (Audited)-</b>					
At 1 January 2013	4,800,185	26,117	5,266,231	901,539	10,994,072
Add: Suspended interest during the year	408,589	-	195,051	202,652	806,292
Less: Amount transferred to income on recovery	( 146,403)	( 4,758)	( 28,786)	( 19,480)	( 199,427)
Less: Amounts written off	( 132,270)	-	( 81,284)	( 95)	( 213,649)
<b>At 31 December 2013</b>	<b>4,930,101</b>	<b>21,359</b>	<b>5,351,212</b>	<b>1,084,616</b>	<b>11,387,288</b>

**(10) FINANCIAL ASSETS AT AMORATIZED COST**

	30 June 2014	31 December 2013
	JD	JD
	(Unaudited)	(Audited)
<b>Quoted Investments</b>		
Treasury bills	1,763,105	1,759,582
Corporate debt securities	18,115,746	20,241,046
<b>Total quoted investments</b>	<b>19,878,851</b>	<b>22,000,628</b>
<b>Unquoted Investments</b>		
Treasury bills	344,322,946	396,034,498
Government debt securities	46,398,089	46,400,076
Corporate debt securities	1,949,750	1,666,150
Other debt securities	16,049	23,914
Impairment losses	(1,028,050)	(141,800)
<b>Total unquoted investments</b>	<b>391,658,784</b>	<b>443,982,838</b>
<b>Total financial assets at amortized cost</b>	<b>411,537,635</b>	<b>465,983,466</b>
<b>Analysis of debt instruments</b>		
Fixed rate	410,013,285	464,459,116
Floating rate	1,524,350	1,524,350
<b>Total</b>	<b>411,537,635</b>	<b>465,983,466</b>

**(11) OTHER ASSETS**

	30 June 2014	31 December 2013
	JD	JD
	(Unaudited)	(Audited)
Accrued interest and revenue	19,077,209	16,224,360
Prepaid expenses	5,986,501	4,259,888
Assets obtained by the Bank by calling on collateral*	12,699,826	10,761,166
Accounts receivable - net	1,033,408	1,476,656
Clearing checks	13,783,244	4,630,025
Trading settlement account	25,000	25,000
Refundable deposits	300,381	286,240
Deposit at Visa International	1,063,500	1,063,500
Payment on account to purchase investments	20,140,716	20,140,716
Depository Centre reconciliation	112,184	542,963
Others	2,891,300	1,025,750
	<b>77,113,269</b>	<b>60,436,264</b>

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



**(12) CUSTOMERS' DEPOSITS**

30 June 2014 (Unaudited)-	Consumer	Corporate	SMEs	Governmental sectors	Total
	JD	JD	JD	JD	JD
Current and demand deposits	250,079,718	95,611,024	40,335,487	54,688,256	440,714,485
Saving accounts	338,989,507	1,594,254	1,384,809	2,228	341,970,798
Time and notice deposits	311,216,413	197,594,492	17,758,318	227,987,606	754,556,829
<b>Total</b>	<b>900,285,638</b>	<b>294,799,770</b>	<b>59,478,614</b>	<b>282,678,090</b>	<b>1,537,242,112</b>

**31 December 2013 (Audited)-**

Current and demand deposits	233,327,017	77,655,217	38,183,510	69,428,273	418,594,017
Saving accounts	328,548,837	1,294,892	1,578,027	1,566	331,423,322
Time and notice deposits	338,564,912	179,063,332	16,531,370	141,841,519	676,001,133
<b>Total</b>	<b>900,440,766</b>	<b>258,013,441</b>	<b>56,292,907</b>	<b>211,271,358</b>	<b>1,426,018,472</b>

- Governmental institutions' deposits amounted to JD 251,414,449 as of 30 June 2014 (31 December 2013: JD 187,784,256) representing 16.35% (31 December 2013: 13.17%) of total customers' deposits.
- Restricted deposits amounted to JD 711,436 as of 30 June 2014 (31 December 2013: Nil).
- Non-interest bearing deposits amounted to JD 578,102,106 as of 30 June 2014 (31 December 2013: JD 584,817,896) representing 37.60% (31 December 2013: 41.01%) of total deposits.
- Dormant accounts amounted to JD 44,925,631 as of 30 June 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 June 2014 – (Unaudited)	JD					JD	%
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-
Amounts borrowed from French Development Agency	3,545,000	1	1	At maturity	2015	None	1.22%
Amounts borrowed from Central Bank of Jordan***	33,355,162	2	2	At maturity	2014	Repo	3.25%
Amounts borrowed from Central Bank of Jordan	9,500,000	10	10	Semi-annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan**	3,809,032	12	12	At maturity	2014	Treasury Bills	2.25%-2,75%
Amounts borrowed from International financial markets	1,074,224	1	1	-		None	-
<b>Total</b>	<b>91,733,418</b>						

31 December 2013 (Audited)-	Amount JD	Total no. of instalments	Outstanding instalments	Payable Every	Maturity Date	Collaterals JD	Interest rate %
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	10	10	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	-
<b>Total</b>	<b>164,420,379</b>						

\*The borrowed from Jordan Mortgage Refinancing Company was re-lent as residential mortgages at an average interest rate of 8%.

\*\*The borrowed from the CBJ for Industrial and energy financing loans was re-lent at an average of interest rate of 6.5%.

\*\*\*The borrowed from the CBJ for SMEs financing loans was re-lent at an average of interest rate of 6%.

All borrowings are subject to fixed interest rate.

## **(14) INCOME TAX**

### **(A) Income Tax provision**

The movement on the income tax provision was as follows:

	30 June 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
At January 1	22,666,483	23,064,940
Income tax paid	(15,891,328)	(18,808,237)
Income tax payable	10,152,032	18,409,780
Deferred tax liabilities transferred to income tax provision*	9,652	-
<b>Balance at the end of the period/year</b>	<b>16,936,839</b>	<b>22,666,483</b>

\* 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 June 2014	30 June 2013
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	10,152,032	8,481,388
Amortization of deferred tax liabilities	( 73,106)	( 158,251)
Deferred tax assets	-	( 135,297)
Income tax charge for the period	<u>10,078,926</u>	<u>8,187,840</u>

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

	30 June 2014	30 June 2013
	JD	JD
	(Unaudited)	(Unaudited)
Accounting profit	30,646,392	25,624,245
Non-taxable profit	(2,634,263)	(2,031,771)
Non deductible expenses	4,887,162	3,158,654
Taxable profit	<u>32,899,291</u>	<u>26,751,128</u>
Effective rate of income tax	<u>32.89%</u>	<u>31.95%</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% (income tax rate banks in Palestine is 20% plus VAT 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 had a re-claim for the Bank with 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

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.

Al-Watanieh Financial Services Company - Palestine has reached a final settlement with the Income Tax Department up to the year 2012.

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 June 2014 are sufficient.

**(15) OTHER LIABILITIES**

	30 June 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Accrued interest expense	6,077,947	5,599,944
Accounts payable	4,864,096	6,236,360
Accrued expenses	6,416,165	6,693,891
Temporary deposits	19,223,740	11,731,589
Checks and withdrawals	10,424,530	4,864,091
Others	2,823,723	2,497,550
	<u>49,830,201</u>	<u>37,623,425</u>

**(16) FAIR VALUE RESERVE**

The movement is as follows:

	30 June 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Beginning balance	2,107,043	3,085,785
Unrealized gain (loss)	166,570	(419,464)
Gain from sale of financial assets at fair value through other comprehensive income	(24,611)	(123,736)
Deferred tax liability	(62,486)	(435,542)
Ending balance	<u>2,186,516</u>	<u>2,107,043</u>

**(17) RETAINED EARNING**

The movement is as follows:

	30 June 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Balance at 1 January	96,420,940	79,959,782
Profit for the year	-	40,795,896
Transferred to statutory reserve	-	( 5,528,358)
Transferred to general banking risk reserve	-	( 1,120,000)
Transferred to cyclical reserve	-	(810,116)
Cash dividends	(17,000,000)	(17,000,000)
Net gain from sale of financial assets at fair value through other comprehensive income	24,611	123,736
Transfer for capital increase (Note 28)	(23,853,387)	-
	<u>55,592,164</u>	<u>96,420,940</u>

The balance of the retained earnings as of 30 June 2014 contains restricted amount JD 13,295,438 which resulted from the early adoption of the IFRS 9, this balance represents unrealized gains which can not be distributed.

**(18) INTEREST INCOME**

	30 June 2014 <u>JD</u> (Unaudited)	30 June 2013 <u>JD</u> (Unaudited)
<b>Consumer lending</b>		
Overdrafts	283,174	216,768
Loans and bills	29,797,017	30,967,919
Credit cards	1,244,354	1,233,032
Others	136,066	113,744
<b>Residential mortgages</b>	4,656,202	4,545,780
<b>Corporate lending</b>		
Overdrafts	2,975,126	2,671,811
Loans and bills	3,495,101	3,373,023
<b>Small and medium enterprises lending</b>		
Overdrafts	562,237	574,908
Loans and bills	1,407,380	1,240,313
<b>Public and governmental sectors</b>	4,094,675	5,064,645
Balances at Central Banks	9,740	190,967
Balances at banks and financial institutions	8,890,846	3,990,023
Financial assets at amortized cost	18,527,135	18,355,780
<b>Total</b>	<u>76,079,053</u>	<u>72,538,713</u>

**(19) INTEREST EXPENSE**

	30 June 2014 <u>JD</u> (Unaudited)	30 June 2013 <u>JD</u> (Unaudited)
Banks and financial institutions deposits	2,509,705	1,605,493
Customers' deposits -		
Current accounts and deposits	1,380,325	1,651,035
Saving accounts	1,221,986	1,222,947
Time and notice placements	16,013,010	16,793,646
Margin accounts	304,094	240,356
Loans and borrowings	2,157,648	4,317,500
Deposits guarantee fees	1,623,548	989,850
	<u>25,210,316</u>	<u>26,820,827</u>

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

	Realized gain (loss) JD	Unrealized gain (loss) JD	Dividends JD	Total JD
<b>30 June 2014</b>				
Equity instruments	469,444	(1,795,271)	2,235,173	909,346
Bonds	-	10,663	-	10,663
Investment funds	-	453,050	-	453,050
<b>Total</b>	<b>469,444</b>	<b>(1,331,558)</b>	<b>2,235,173</b>	<b>1,373,059</b>
<b>30 June 2013</b>				
Equity instruments	67,646	(1,654,958)	2,119,622	532,310
Investment funds	-	248,150	-	248,150
<b>Total</b>	<b>67,646</b>	<b>(1,406,808)</b>	<b>2,119,622</b>	<b>780,460</b>

**(21) EARNINGS PER SHARE**

	For the three months ended 30 June		For the six months ended 30 June	
	2014 JD	2013 JD	2014 JD	2013 JD
Profit for the period	10,140,583	8,836,573	20,567,466	17,436,405
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>0/081</u>	<u>0/071</u>	<u>0/165</u>	<u>0/139</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.

**(22) CAPITAL ADEQUACY**

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the Central Bank of Jordan.

According to Central Bank of Jordan regulation (52/2010), the minimum paid in capital of Jordanian banks should be JD 100 million before the end of 2011. In addition, the regulation requires a minimum leverage ratio of 6%.

The Bank, since its inception, has always maintained an adequate capital adequacy ratio that exceeds the minimum required by the Central Bank of Jordan of 12% (8% as per BIS rules/ratios).

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. The Bank increased its capital from 100,000,000 JD to 125,000,000 JD during the period ended 30 June 2014 .

### Capital Description

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, reserves, retained earnings including current year profit, less accrued dividends. Certain adjustments are made to IFRS-based results and reserves, as prescribed by the Central Bank of Jordan. The other component of regulatory capital is Tier 2 capital, which includes subordinated long term debt, preference shares and revaluation reserves which should not exceed 45% of the full amount if it was positive and deducted in full if it was negative. The third component of capital is Tier 3 which is used against market risk. Investments in the capital of banks and other financial institutions are deducted from regulatory capital if not consolidated in addition to investments in the capital of insurance companies. Also, excess over 10% of the Bank's capital if invested in an individual company investee and excess over 50% of the Bank's capital for aggregate investments is deducted from regulatory capital.

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

	30 June 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
<b>Primary capital:</b>		
Paid in capital	125,000,000	100,000,000
Statutory reserve	48,475,553	48,475,553
Voluntary reserve	-	1,321,613
Cyclical reserve	4,032,498	4,032,498
Retained earnings	47,551,822	71,065,740
<b>Less:</b>		
Investment in banks and financial companies*	646,292	418,150
Assets obtained by the Bank by calling on collateral more than four years	6,753,374	7,183,254
Intangible assets	8,726,835	8,573,950
<b>Total Primary capital</b>	<u>208,933,372</u>	<u>208,720,050</u>
<b>Additional capital</b>		
Fair value reserve	983,932	948,169
General banking risk reserve	12,270,000	11,820,000
<b>Less:</b>		
Investment in banks and financial companies*	646,292	418,150
<b>Total additional capital</b>	<u>12,607,640</u>	<u>12,350,019</u>
<b>Total regulatory capital</b>	221,541,012	221,070,069
<b>Total risk weighted assets</b>	1,565,156,845	1,397,065,131
<b>Capital adequacy (regulatory capital) (%)</b>	14.15	15.82
<b>Capital adequacy (primary capital) (%)</b>	13.35	14.94

\*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.

**(23) 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:

	30 June 2014	30 June 2013
	JD	JD
	(Unaudited)	(Unaudited)
Cash and balances with Central Banks maturing within three months	192,229,449	198,678,273
Add: Balances at banks and financial institutions maturing within three months	202,815,214	133,668,270
Less: Banks and financial institutions' deposits maturing within three months	237,312,244	187,723,062
Restricted cash balances	7,444,500	7,444,500
<b>Cash and cash equivalents</b>	<b>150,287,919</b>	<b>137,178,981</b>

**(24) RELATED PARTY TRANSACTIONS**

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

Company name	Ownership %	Paid in capital	
		30 June 2014	31 December 2013
		JD	JD
		(Unaudited)	(Audited)
Al-Watanieh Financial Services Co.	100	5,000,000	5,000,000
Al-Watanieh Securities Company	100	1,500,000	1,500,000
Tamallak leasing Company	100	500,000	-

The Bank entered into transactions with major shareholders, directors and, senior management 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:

	<u>Board of Directors</u> JD	<u>Executive management</u> JD	<u>Others*</u> JD	<u>30 June 2014</u> JD (Unaudited)	<u>31 December 2013</u> JD (Audited)
<b><u>Balance sheet items:</u></b>					
Direct credit facilities	8,823,962	3,678,434	12,415,157	24,917,553	26,534,057
Deposits at the Bank	19,476,807	2,942,670	16,353,092	38,772,569	25,804,020
Margin accounts	74,502	-	203,857	278,359	217,571
<b><u>Off balance items:</u></b>					
Indirect credit facilities	1,926,502	-	15,300	1,941,802	1,495,122
				For the six months ended 30 June	
				<u>2014</u> JD (Unaudited)	<u>2013</u> JD (Unaudited)
<b><u>Income statement items</u></b>					
Interest and commission income	295,670	103,931	495,640	895,241	653,613
Interest and commission expense	420,700	51,421	245,320	717,441	305,413

\* Other related parties include the Bank employees and their relatives to the third degree.

Credit interest rates on credit facilities in Jordanian Dinar range between 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% - 7.25%

Debit interest rates on deposits in foreign currency range between 0% - 1.25%

Benefits of key management personnel (salaries, wages, and bonuses) amounted to JD 1,095,793 as at 30 June 2014 (30 June 2013: JD 1,101,649).

## **(25) 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 information are detailed below:

	Retail Banking	Corporate Bank	Treasury	Others	30 June 2014	30 June 2013
	JD	JD	JD	JD	JD (Unaudited)	JD (Unaudited)
Gross income	44,804,944	15,366,645	31,514,034	1,425,355	93,110,978	87,105,181
Allowance for credit losses	2,119,664	879,786	-	-	2,999,450	2,828,300
Impairment loss on financial assets at amortized cost	-	-	886,250	-	886,250	-
Segment result	<u>31,274,534</u>	<u>10,515,996</u>	<u>21,685,327</u>	<u>1,425,355</u>	<u>64,901,212</u>	<u>57,456,054</u>
Unallocated costs					<u>33,368,570</u>	<u>31,831,809</u>
Profit before tax					<u>30,646,392</u>	<u>25,624,245</u>
Income tax					<u>10,078,926</u>	<u>8,187,840</u>
Profit for the period					<u>20,567,466</u>	<u>17,436,405</u>
<b>Other information</b>						
Capital expenditure					2,271,369	3,087,789
Depreciation and amortization					3,071,427	3,335,640
					30 June 2014	31 December 2013
					JD (Unaudited)	JD (Audited)
Segment assets	<u>670,441,499</u>	<u>333,386,333</u>	<u>1,185,312,504</u>	<u>116,625,520</u>	<u>2,305,765,856</u>	<u>2,212,969,220</u>
Segment liabilities	<u>735,622,655</u>	<u>352,058,936</u>	<u>870,706,580</u>	<u>79,703,488</u>	<u>2,038,091,659</u>	<u>1,948,791,573</u>

## 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 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	JD	JD	JD	JD	JD (Unaudited)	JD (Unaudited)
Total Revenue	81,336,584	76,096,432	11,774,394	11,008,749	93,110,978	87,105,181
Capital expenditure	1,713,893	1,859,213	557,476	1,228,576	2,271,369	3,087,789
	Jordan		Outside Jordan		Total	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	JD	JD	JD	JD	JD (Unaudited)	JD (Audited)
Total assets	<u>1,840,223,373</u>	<u>1,816,635,665</u>	<u>465,542,483</u>	<u>396,333,555</u>	<u>2,305,765,856</u>	<u>2,212,969,220</u>

**(26) COMMITMENTS AND CONTINGENT LIABILITIES**

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

	30 June 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
<b>Letters of credit:</b>		
Received	205,997,123	279,059,985
Issued	83,115,356	143,870,776
Acceptances	8,736,536	15,278,187
<b>Letters of guarantee:</b>		
Payments	15,106,414	15,696,517
Performance	18,322,746	17,860,124
Other	28,133,850	24,832,446
Commitments to extend credit	92,514,810	89,790,169
	<u>451,926,835</u>	<u>586,388,204</u>

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

	30 June 2014	31 December 2013
	JD (Unaudited)	JD (Audited)
Contracts to purchase property and equipment	<u>392,727</u>	<u>613,355</u>

**(27) LITIGATION**

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 39,822,734 as of 30 June 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 5,501,914 as of 30 June 2014 (31 December 2013: JD 5,518,223).

#### **(28) ISSUED AND PAID IN CAPITAL**

The paid in capital is measured at JD 125,000,000 divided to 125,000,000 shares, at a par value of JD 1 per shares as at 30 June 2014 and JD 100,000,000 divided to 125,000,000 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.

#### **(29) RESERVES**

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

#### **(30) STANDARDS ISSUED BUT NOT YET EFFECTIVE**

##### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue—Barter Transactions Involving Advertising Services. The standard is effective for annual periods beginning on or after 1 January 2017, and early adoption is permitted.