

CAIRO AMMAN BANK

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2015 (UNAUDITED)

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

We have reviewed the accompanying interim condensed consolidated financial statements of CAIRO AMMAN BANK (a public shareholding company) and its subsidiaries ("the Bank") as of 30 September 2015, comprising of interim condensed consolidated statement of financial position as of 30 September 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity, and cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with 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 October 2015



CAIRO AMMAN BANK
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2015
(In Jordanian Dinars)

	Notes	30 September 2015 (Unaudited)	31 December 2014 (Audited)
ASSETS			
Cash and balances with Central Banks	4	186,001,356	188,460,382
Balances at banks and financial institutions	5	182,539,931	466,269,945
Deposits at banks and financial institutions	6	439,962,275	107,399,984
Financial assets at fair value through profit or loss	7	27,907,959	28,575,734
Financial assets at fair value through other comprehensive income	8	46,827,424	25,130,993
Direct credit facilities, net	9	1,129,788,239	1,020,556,375
Financial assets at amortized cost, net	10	343,571,054	394,722,809
Financial assets pledged as collateral		27,413,624	17,994,351
Property and equipment, net		28,884,854	28,885,625
Intangible assets, net		10,376,504	9,144,718
Deferred tax assets		2,819,845	2,819,845
Other assets	11	98,603,014	63,178,353
Total Assets		2,524,696,079	2,353,139,114
LIABILITIES AND EQUITY			
LIABILITIES -			
Banks and financial institutions' deposits		366,428,689	256,347,863
Customers' deposits	12	1,636,424,630	1,587,403,083
Margin accounts		91,429,612	87,128,350
Loans and borrowings	13	54,736,769	50,401,488
Sundry provisions		13,571,305	13,086,103
Income tax liabilities	14	19,943,465	23,808,580
Deferred tax liabilities		202,043	2,592,612
Other liabilities	15	36,888,728	40,559,047
Total Liabilities		2,219,625,241	2,061,327,126
EQUITY-			
Paid in capital	26	160,000,000	125,000,000
Statutory reserve	27	54,539,179	54,539,179
General banking risk reserve		12,570,000	12,270,000
Cyclical fluctuations reserve		5,079,998	5,079,998
Fair value reserve, net	16	1,244,153	2,323,033
Retained earnings		41,147,772	92,599,778
Profit for the period after general banking risk reserve		30,489,736	-
Total Equity		305,070,838	291,811,988
Total Liabilities and Equity		2,524,696,079	2,353,139,114

The accompanying notes from 1 to 28 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UNAUDITED)
(In Jordanian Dinars)

	Notes	For the three months period ended 30 September		For the nine months period ended 30 September	
		2015	2014	2015	2014
Interest income	17	35,046,395	36,595,802	107,404,341	112,674,855
Interest expense	18	9,750,338	11,160,656	32,009,508	36,370,972
Net interest income		25,296,057	25,435,146	75,394,833	76,303,883
Net commission		5,320,081	5,400,149	15,167,918	15,706,810
Net interest and commission income		30,616,138	30,835,295	90,562,751	92,010,693
Other income –					
Net gain from foreign currencies		695,779	669,399	2,290,498	2,160,953
Net gain (loss) from financial assets at fair value through profit or loss	19	(81,539)	395,602	272,782	1,768,661
Dividends from financial assets at fair value through other comprehensive income		292,824	-	1,291,735	1,012,612
Net gain from financial assets at amortized cost		-	-	-	327,136
Other income		1,229,438	1,061,833	3,855,256	3,582,736
Gross profit		32,752,640	32,962,129	98,273,022	100,862,791
Employees' expenses		9,367,978	9,596,876	28,705,389	28,423,687
Depreciation and amortization		1,602,700	1,537,730	4,681,413	4,609,157
Other expenses		5,810,256	5,540,523	16,659,032	16,305,691
Impairment losses on direct credit facilities		1,250,000	102,900	2,650,000	3,102,350
Impairment loss on financial assets at amortized cost		-	-	-	886,250
Sundry provisions		208,392	175,579	848,212	880,743
Total expenses		18,239,326	16,953,608	53,544,046	54,207,878
Profit for the period before tax		14,513,314	16,008,521	44,728,976	46,654,913
Income tax expense	14	(4,382,721)	(4,933,914)	(13,939,240)	(15,012,840)
Profit for the period		10,130,593	11,074,607	30,789,736	31,642,073
		<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>
Basic and diluted earnings per share	20	0/063	0/069	0/192	0/198

The accompanying notes from 1 to 28 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UNAUDITED)
(In Jordanian Dinars)

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2015	2014	2015	2014
Profit for the period	10,130,593	11,074,607	30,789,736	31,642,073
Other comprehensive income, which will not be transferred to profit or loss in future periods:				
change in fair value reserve for financial assets, after tax	(428,159)	(61,609)	(1,055,886)	42,475
Total comprehensive income for the period	9,702,434	11,012,998	29,733,850	31,684,548

The accompanying notes from 1 to 28 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UNAUDITED)
(In Jordanian Dinars)

	Paid in capital	Statutory reserve	Voluntary reserve	General banking risk reserve	Cyclical fluctuation reserve	Fair value reserve	Retained earnings	Profit for the period	Total equity
Nine months period ended 30 September 2015									
Balance as of 1 January 2015	125,000,000	54,539,179	-	12,270,000	5,079,998	2,323,033	92,599,778	-	291,811,988
Total comprehensive income for the period	-	-	-	-	-	(1,055,886)	-	30,769,736	29,733,850
Transfers to reserves	-	-	-	300,000	-	-	-	(300,000)	-
Capital increase	35,000,000	-	-	-	-	-	(35,000,000)	-	-
Capital increase related expense	-	-	-	-	-	-	(225,000)	-	(225,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(22,994)	22,994	-	-
Dividends paid	-	-	-	-	-	-	(16,250,000)	-	(16,250,000)
Balance as of 30 September 2015	160,000,000	54,539,179	-	12,570,000	5,079,998	1,244,153	41,147,772	30,489,736	305,070,838
Nine months period ended 30 September 2014									
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	-	264,177,647
Total comprehensive income for the period	-	-	-	-	-	42,475	-	31,642,073	31,684,548
Transfers to reserves	-	-	-	450,000	-	-	-	(450,000)	-
Capital increase	25,000,000	-	(1,321,613)	-	-	-	(23,678,387)	-	-
Capital increase related expense	-	-	-	-	-	-	(175,000)	-	(175,000)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(59,989)	59,989	-	-
Dividends paid	-	-	-	-	-	-	(17,000,000)	-	(17,000,000)
Balance as of 30 September 2014	125,000,000	48,475,553	-	12,270,000	4,032,498	2,089,529	55,627,542	31,192,073	278,687,195

- The general banking risk reserve and revaluation reserve of financial assets is restricted from use without a prior approval from the Central Bank of Jordan.

- The retained earnings balance as at 30 September 2015 include a restricted amount of JD 13,012,187 which resulted from the effect of the early implementation of IFRS (9).

- The retained earnings include deferred tax assets amounted to JD 2,819,845 and is restricted from use as per the Central Bank of Jordan instructions.

The accompanying notes from 1 to 28 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UNAUDITED)
(In Jordanian Dinars)

	Note	30 September 2015	30 September 2014
<u>OPERATING ACTIVITIES</u>			
Profit for the period before tax		44,728,976	46,654,913
Adjustments -			
Depreciation and amortisation		4,681,413	4,609,157
Impairment loss on direct credit facilities		2,650,000	3,102,350
Sundry provisions		848,212	880,743
Dividends from financial assets at fair value through other comprehensive income		(1,291,735)	(1,012,612)
Unrealized loss from financial assets at fair value through profit or loss		1,634,991	796,685
Impairment loss on financial assets at amortized cost		-	886,250
(Gain) on sale of property and equipment		(11,021)	(21,462)
(Gain) from sale of repossessed assets		(264,355)	(66,320)
Impairment loss on collaterals acquired by the Bank		-	144,856
Effect of exchange rate changes on cash and cash equivalents		(2,107,185)	(1,944,073)
Operating profit before changes in operating assets and liabilities		50,869,296	54,030,487
Changes in assets and liabilities -			
(Increase) in deposits at banks and financial institutions		(332,562,291)	(120,244,984)
(Increase) decrease in financial assets at fair value through profit or loss		(967,216)	147,750
(Increase) in direct credit facilities		(111,881,864)	(34,769,816)
(Increase) in other assets		(54,953,186)	(92,430,759)
Increase in banks and financial institutions deposits maturing after more than three months		32,783,133	12,090,000
Increase in customers' deposits		49,021,547	145,202,903
Increase in margin accounts		4,301,262	15,716,500
(Decrease) increase in other liabilities		(3,670,319)	4,180,373
Sundry provisions paid		(363,010)	(445,501)
Net cash (used in) operating activities before income tax		(367,422,648)	(16,523,047)
Income tax paid		(19,724,512)	(18,769,546)
Net cash (used in) operating activities		(387,147,160)	(35,292,593)
<u>INVESTING ACTIVITIES</u>			
(Purchase) of financial assets at fair value through OCI		(3,562,120)	(21,270)
Sale of financial assets at fair value through OCI		132,271	468,557
Dividends from financial assets at fair value through OCI		1,291,735	1,012,612
(Purchase) of financial assets at amortized cost		(137,422,020)	(18,882,206)
Proceeds from maturity of financial assets at amortized cost		179,154,502	188,426,180
(Purchase) of property and equipment		(3,352,999)	(2,098,037)
Proceeds from sale of property and equipment		32,955	23,324
(Purchase) of intangible assets		(2,581,363)	(1,411,859)
Net cash from investing activities		33,692,961	167,517,301
<u>FINANCING ACTIVITIES</u>			
Cash dividends paid		(16,250,000)	(17,000,000)
Proceeds from loans and borrowings		23,819,545	24,187,634
Repayment of loans and borrowings		(19,484,264)	(129,031,155)
Capital increase expenses		(225,000)	(175,000)
Net cash (used in) financing activities		(12,139,719)	(122,018,521)
Effect of exchange rate changes on cash and cash equivalents		2,107,185	1,944,073
Net (decrease) increase in cash and cash equivalents		(363,486,733)	12,150,260
Cash and cash equivalents, beginning of the period		411,572,964	176,599,421
Cash and cash equivalents, end of the period	21	48,086,231	188,749,681

The accompanying notes from 1 to 28 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2015 (UNAUDITED)
(In Jordanian Dinars)

(1) GENERAL

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

The Bank provides its banking services through 85 branches and offices located in Jordan and 21 branches in Palestine, one in Bahrain, and its subsidiaries.

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

The interim condensed consolidated financial statements were authorized for issue by the Bank's Board of Directors in their meeting held on 25 October 2015.

(2) BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine-months period of 30 September 2015 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

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

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Bank's annual financial statements as of 31 December 2014. In addition, results for the nine - months period ended 30 September 2015 do not necessarily indicate to the results that may be expected for the financial year ending 31 December 2015.

Changes in accounting policies:

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2014.

BASIS OF CONSOLIDATION

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

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

Consolidated subsidiaries are:

- Al-Watanieh Financial Services Company – Jordan, established in 1992; the Bank owned 100% of paid-up capital amounted to JD 5,000,000 as of 30 September 2015. The Company's main activity is investment brokerage and portfolio management.
- Al-Watanieh Securities Company – Palestine, established in 1995, the Bank owned 100% of paid-up capital amounted to JD 1,500,000 as of 30 September 2015. The Company's main activity is investment brokerage.
- Tamallak For Financial Leasing- Jordan (established 2013) owned 100% by the Bank with a paid up capital of JD 1,000,000 as of 30 September 2015.
- No consolidation has been made of the financial statements of Cairo Real Estate Company – LL-Jordan, of which the Bank owns 100% of the paid-up capital of JD 50,000 as of 30 September 2015, due to the fact that on July 31, 2002 all assets and liabilities of the company were transferred to the Bank. The Bank is in the process of completing legal procedures to liquidate the company.

Subsidiaries are fully consolidated from the acquisition date were the control is transferred to the Bank. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.

(3) USE OF ESTIMATES

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

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

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

The income tax provision is calculated based on tax rates and laws that are applicable in the countries of operation.

Management periodically reevaluates the useful lives of tangible and intangible assets in order to assess the amortization and depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the income statement.

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

The management determines the fair value of the financial instruments to determine a value that reflects market expectations considering the market conditions, any risks or expected returns in the valuation.

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. For financial instruments where there is no active market fair value is normally based on one of the following methods:

- Comparison with the current market value of a highly similar financial instrument.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Option pricing models.

(4) CASH AND BALANCES WITH CENTRAL BANKS

Restricted statutory cash reserve held at Central Banks amounted to JD 84,691,739 as of 30 September 2015 (31 December 2014: JD 84,897,594)

Except for statutory cash reserve held at the Central Banks the restricted cash balances amounted to JD 7,444,500 as of 30 September 2015 and 31 December 2014 respectively.

There are no balances which mature after more than three months as of 30 September 2015 and 31 December 2014.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

Non interest bearing balances at banks and financial institutions amounted to JD 22,654,892 as of 30 September 2015 (31 December 2014: JD 39,069,145)

There are no restricted balances as of 30 September 2015 and 31 December 2014

(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

	30 September 2015	31 December 2014
	JD	JD
	(Unaudited)	(Audited)
Deposit maturing within:		
More than 3 to 6 months	346,763,000	53,900,000
More than 6 to 9 months	80,000,000	53,499,984
More than 9 to 12 months	13,199,275	-
	<u>439,962,275</u>	<u>107,399,984</u>

There are no restricted balances as of 30 September 2015 and 31 December 2014.

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

	30 September 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Quoted equity	25,522,638	25,830,751
Bonds	211,105	211,372
Funds	2,174,216	2,533,611
	<u>27,907,959</u>	<u>28,575,734</u>

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

	30 September 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Quoted Investments		
Quoted Equities	44,673,127	24,330,363
Total quoted investments	<u>44,673,127</u>	<u>24,330,363</u>
Unquoted Investments		
Unquoted Equities	2,154,297	800,630
Total unquoted investments	<u>2,154,297</u>	<u>800,630</u>
Total	<u>46,827,424</u>	<u>25,130,993</u>

(9) DIRECT CREDIT FACILITIES, NET

	30 September 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Consumer lending		
Overdrafts	9,535,916	12,805,508
Loans and bills *	587,742,268	561,080,236
Finance leasing	8,226,720	2,438,678
Credit cards	10,660,961	10,709,855
Others	6,885,438	6,326,800
Residential mortgages	146,551,287	136,781,446
Corporate lending		
Overdrafts	71,855,409	79,200,211
Loans and bills *	156,293,281	124,671,383
Small and medium enterprises lending "SMEs"		
Overdrafts	15,231,722	18,098,316
Loans and bills *	40,265,198	37,925,891
Lending to governmental sectors	137,117,430	88,127,869
Total	<u>1,190,365,630</u>	<u>1,078,166,193</u>
Less: Suspended interest	(10,618,287)	(10,259,482)
Less: Allowance for impairment losses	(49,959,104)	(47,350,336)
Direct credit facilities, net	<u>1,129,788,239</u>	<u>1,020,556,375</u>

* Net of interest and commission received in advance of JD 5,626,601 as of 30 September 2015 (31 December 2014: JD 5,271,107).

- As of 30 September 2015, non-performing credit facilities amounted to JD 57,496,842 (31 December 2014: JD 58,171,141), representing 4.83% (31 December 2014: 5.40%) of gross facilities granted.
- As of 30 September 2015, non-performing credit facilities, net of suspended interest, amounted to JD 47,325,010 (31 December 2014: JD 47,972,194), representing 4.01% (31 December 2014 : 4.49%) of gross facilities granted after excluding the suspended interest.
- As of 30 September 2015, credit facilities granted to the Government of Jordan amounted to JD 50,122,093 (31 December 2014: JD 17,859,314), representing 4.21%(31 December 2014 : 1.66%) of gross facilities granted.
- As of 30 September 2015, credit facilities granted to the public sector in Palestine amounted to JD 57,638,856 (31 December 2014: JD 49,092,423), representing 4.84% (31 December 2014: 4.55%) of gross facilities granted.

Direct facilities impairment provision:

The movement of the provision for impairment is as follows:

	30 September 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Balance beginning of the period/ year	47,350,336	50,960,953
Charge during the period/ year	2,650,000	5,488,203
Amount written off	-	(8,842,679)
Revaluation differences	(41,232)	(256,141)
Balance at the end of the period/ year	<u>49,959,104</u>	<u>47,350,336</u>

Interest in suspense

The movement of interest in suspense is as follows:

	30 September 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Balance beginning of the period/ year	10,259,482	11,387,288
Suspended interest during the period/ year	791,655	187,623
Amount transferred to income on recovery	(320,895)	(287,494)
Amount written off	(111,955)	(1,027,935)
Balance at the end of the period/ year	<u>10,618,287</u>	<u>10,259,482</u>

(10) FINANCIAL ASSETS OF AMORTIZED COST, NET

	30 September 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Quoted Investments		
Treasury bills	1,771,203	1,766,629
Corporate debt securities	13,330,524	17,052,930
Total quoted investments	<u>15,101,727</u>	<u>18,819,559</u>
Unquoted Investments		
Treasury bills	319,498,642	352,518,965
Government debt securities	2,780,416	11,665,326
Corporate debt securities	6,311,650	11,843,400
Other debt securities	20,419	17,359
Impairment losses	(141,800)	(141,800)
Total unquoted investments	<u>328,469,327</u>	<u>375,903,250</u>
Total financial assets at amortized cost	<u>343,571,054</u>	<u>394,722,809</u>
Analysis of debt instruments		
Fixed rate	342,153,054	393,304,809
Floating rate	1,418,000	1,418,000
Total	<u>343,571,054</u>	<u>394,722,809</u>

(11) OTHER ASSETS

	30 September 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Accrued interest income	15,468,348	19,716,346
Prepaid expenses	7,801,700	5,440,198
Assets obtained by the Bank by calling on collateral*	10,063,840	10,089,921
Accounts receivable - net	1,504,853	605,727
Clearing checks	61,016,895	4,292,501
Trading settlement account	25,000	25,000
Refundable deposits	254,745	300,680
Deposit at Visa International	1,332,920	1,276,200
Payment on account to purchase of investments	-	20,390,716
Others	1,134,713	1,041,064
	<u>98,603,014</u>	<u>63,178,353</u>

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

(12) CUSTOMERS' DEPOSITS

	30 September 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Current accounts and demand deposits	443,851,835	402,662,457
Saving deposits	352,257,324	345,753,785
Time and notice deposits	840,315,471	838,986,841
Total	1,636,424,630	1,587,403,083

- Governmental institutions' deposits amounted to JD 402,606,669 as of 30 September 2015 (31 December 2014: JD 371,517,375) representing 24.60% (31 December 2014: 23.40%) of total customers' deposits.
- There are no restricted deposits as of 30 September 2015 and 31 December 2014.
- Non-interest bearing deposits amounted to JD 628,119,335 as of 30 September 2015 (31 December 2014: JD 586,761,944) representing 38.38% (31 December 2014: 36.96%) of total deposits.
- Dormant accounts amounted to JD 35,503,011 as of 30 September 2015 (31 December 2014: JD 45,699,235).

(13) LOANS AND BORROWINGS

	Amount	Total no. of instalments	Outstanding instalments	Payable Every	Maturity Date	Collaterals	Interest rate
	JD					JD	%
30 September 2015 – (unaudited)							
Amounts borrowed from overseas investment company (OPIC)	15,598,000	2	2	At maturity/ per loan	2034	None	-4.845% 4.895%
Amounts borrowed from French Development Agency	3,545,000	1	1	At maturity	2015	None	3.358%
Amounts borrowed from Central Bank of Jordan*	9,500,000	10	10	Semi- annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan**	16,729,545	35	35	At maturity/ per loan	2016	Treasury Bills	1.75% -2.25%
Amounts borrowed from Central Bank of Jordan**	1,200,000	14	14	Semi- annually	2015- 2028	None	2.5%
Amounts borrowed from European bank For reconstruction and development	7,090,000	7	7	Semi- annually	2020	Treasury Bills	3.25%
Amounts borrowed from International financial markets (IFM)	1,074,224	1	1	-	2015	None	-
	<u>54,736,769</u>						
31 December 2014 – (Audited)							
Amounts borrowed from overseas investment company (OPIC)	21,270,000	1	1	At maturity/ per loan	2034	None	-4.845% 4.895%
Amounts borrowed from French Development Agency	3,545,000	1	1	At maturity	2015	None	3.358%
Amounts borrowed from Central Bank of Jordan	9,500,000	10	10	Semi- annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan	1,200,000	14	14	Semi- annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan	13,812,264	21	21	At maturity/ per loan	2015	Treasury Bills	-2.25% 2.75%
Amounts borrowed from International financial markets	1,074,224	1	1	-	2015	None	-
Total	<u>50,401,488</u>						

- * The borrowed amount from CBJ for SMEs loans were re-lent on an average interest rate of 6%.
- ** The borrowed amount from CBJ for industrial and energy financing loans were re-lent on an average interest rate of 5.25%, and the loans repayment to CBJ will start after 5 years from granting date.

(14) INCOME TAX

(A) Income Tax provision

The movement on the income tax provision was as follows:

	30 September 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
At January 1	23,808,580	22,666,483
Income tax paid	(19,724,512)	(18,695,449)
Income tax payable	15,847,042	19,812,862
Amortization of deferred tax liabilities	12,355	24,684
Balance at the end of the period / year	<u>19,943,465</u>	<u>23,808,580</u>

Income tax appearing in the statement of income represents following:

	30 September 2015	30 September 2014
	JD (Unaudited)	JD (Unaudited)
Income tax for the period	15,847,042	15,085,946
Amortization of deferred tax liabilities	(1,907,802)	(73,106)
Income tax charge for the period	<u>13,939,240</u>	<u>15,012,840</u>

- The statutory tax rate on banks in Jordan is 35% and the statutory tax rates on foreign branches and subsidiaries range between 15% to 31% (income tax rate banks in Palestine is 15% plus VAT of 16%).
- The Bank reached a final settlement with the Income and Sales Tax Department for the year ended 31 December 2013. The Income and Sales Tax Department did not review 2014 records up to the date of these financial statements.
- A final settlement was reached with the tax authorities for Palestine branches for the years from 2009 to 2012. The Income Tax Department reviewed the Bank records for 2008 and the Bank rejected the results of the review and filed an appeal. The Income Tax Department had a reclaim for the Bank with extra amount for the year 2006 and 2007. The Bank had appealed against the court decision. The Income Tax Department did not review 2013 and 2014 records up to the date of these financial statements.

- Al-Watanieh Financial Services Company has reached a final settlement with the Income and Sales Tax Department up to the year 2009. The Income and sales Tax Department reviewed 2010, 2011 records. The company appealed against the court decision. The records of 2012, 2013 and 2014 were not reviewed yet.
- Al-Watanieh Securities Company - Palestine has reached a final settlement with the Income Tax Department up to the year 2013.
- The Income Tax Department did not review the records of Cairo Real Estate Investments Company for the years 2013.

In the opinion of the Bank's management, income tax provisions as of 30 September 2015 are sufficient.

(15) OTHER LIABILITIES

	30 September 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Accrued interest expense	3,415,165	6,448,418
Accounts payable	5,196,678	4,613,337
Accrued expenses	7,252,183	6,640,242
Temporary deposits	12,791,252	12,552,502
Checks and withdrawals	5,172,793	6,137,669
Settlement guarantee fund	26,003	113,682
Others	3,034,654	4,053,197
	<u>36,888,728</u>	<u>40,559,047</u>

(16) FAIR VALUE RESERVE

The movement is as follows:

	30 September 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Beginning balance	2,323,033	2,107,043
Unrealized (losses) gain	(1,538,653)	337,038
Deferred tax liability	482,767	(61,064)
Gain from sale of financial assets at fair value through other comprehensive income	(22,994)	(59,984)
Ending balance	<u>1,244,153</u>	<u>2,323,033</u>

(17) INTEREST INCOME (UNAUDITED)

	30 September 2015	30 September 2014
	JD	JD
Direct credit facilities		
Overdrafts	8,807,358	8,685,061
Loans and bills	60,283,915	61,739,833
Financial leasing	407,037	11,562
Credit cards	1,797,621	1,872,476
Brokerage margin accounts	237,819	215,421
Balances at Central Banks	67,198	99,276
Balances at banks and financial institutions	16,014,993	13,480,664
Financial assets at amortized cost	19,788,400	26,570,562
Total	107,404,341	112,674,855

(18) INTEREST EXPENSE (UNAUDITED)

	30 September 2015	30 September 2014
	JD	JD
Banks and financial institutions deposits	4,179,037	4,662,889
Customers' deposits:		
Current accounts and demand deposits	777,787	1,977,148
Saving accounts	1,487,286	1,765,238
Time and notice deposits	20,265,923	21,758,928
Margin accounts	1,116,268	693,913
Loans and borrowings	1,789,689	3,086,342
Deposits guarantee fees	2,393,518	2,426,514
	32,009,508	36,370,972

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

	Realized (loss) gain	Unrealized (loss)	Dividends	Total
	JD	JD	JD	JD
30 September 2015				
Equity instruments	(111,025)	(1,275,330)	2,018,798	632,443
Bonds	-	(266)	-	(266)
Investment funds	-	(359,395)	-	(359,395)
Total	(111,025)	(1,634,991)	2,018,798	272,782
30 September 2014				
Equity instruments	321,282	(1,642,937)	2,244,064	922,409
Bonds	-	8,214	-	8,214
Investment funds	-	838,038	-	838,038
Total	321,282	(796,685)	2,244,064	1,768,661

(20) EARNINGS PER SHARE (UNAUDITED)

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2015	2014	2015	2014
	JD	JD	JD	JD
Profit for the period	10,130,593	11,074,607	30,789,736	31,642,073
Weighted average number of shares	160,000,000	160,000,000	160,000,000	160,000,000
	(JD/Fils)	(JD/Fils)	(JD/Fils)	(JD/Fils)
Basic and diluted earnings per share	0/063	0/069	0/192	0/198

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

(21) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (UNAUDITED)

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

	30 September 2015	30 September 2014
	JD	JD
Cash and balances with Central Banks maturing within three months	186,001,356	164,267,079
Add: Balances at banks and financial institutions maturing within three months	182,539,931	286,071,974
Less: Banks and financial institutions' deposits maturing within three months	313,010,556	254,144,872
Restricted cash balances	7,444,500	7,444,500
Cash and cash equivalents	48,086,231	188,749,681

(22) RELATED PARTY TRANSACTIONS

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

Company name	Ownership %	Paid in capital	
		30 September 2015	31 December 2014
		JD (Unaudited)	JD (audited)
Al-Watanieh Financial Services Co.	100	5,000,000	5,000,000
Al-Watanieh Securities Company	100	1,500,000	1,500,000
Tamallak For Financial Leasing	100	1,000,000	1,000,000

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

The following related party transactions took place during the period:

	Board of Directors JD	Executive management JD	Others JD	30 September 2015 JD (Unaudited)	31 December 2014 JD (Audited)
<u>Items within the statements of financial position:</u>					
Direct credit facilities	48,140,947	5,184,269	11,016,655	64,341,871	56,119,744
Deposits at the Bank	28,143,705	1,407,962	11,063,172	40,614,839	39,034,536
Margin accounts	35,062,353	-	-	35,062,353	36,179,463
<u>Off balance items:</u>					
Indirect credit facilities	1,526,011		103,724	1,629,735	2,392,780
				For the nine months period ended 30 September	
				2015 JD (Unaudited)	2014 JD (Unaudited)
<u>Income statements items</u>					
Interest and commission income	1,706,456	213,851	619,686	2,539,993	1,549,545
Interest and commission expense	1,325,000	51,450	341,284	1,717,734	586,403

Credit interest rates on credit facilities in Jordanian Dinar range between 3.5% - 8.85%

Credit interest rates on credit facilities in foreign currency range between 1.98% - 7%

Debit interest rates on deposits in Jordanian Dinar range between 0% - 5.25%

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

Compensation of the key management personnel was as follows:

	30 September 2015 JD (Unaudited)	30 September 2014 JD (Unaudited)
Benefits (Salaries, wages, and bonuses)	2,948,601	2,347,833

(23) SEGMENTAL INFORMATION

1. Primary segment information

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

- Retail banking - Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and funds transfer facilities;
- Corporate banking - Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Treasury - Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations by use of treasury bills, government securities and placements and acceptances with other Banks, through treasury and wholesale banking.

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

	<u>Retail Banking</u>	<u>Corporate Banking</u>	<u>Treasury</u>	<u>Others</u>	<u>30 September 2015</u>	<u>30 September 2014</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
					<u>(Unaudited)</u>	<u>(Unaudited)</u>
Gross income	<u>67,327,348</u>	<u>21,022,824</u>	<u>40,192,025</u>	<u>1,740,333</u>	<u>130,282,530</u>	<u>137,233,763</u>
Provision for credit losses	<u>(2,612,402)</u>	<u>(37,598)</u>	<u>-</u>	<u>-</u>	<u>(2,650,000)</u>	<u>(3,102,350)</u>
Impairment loss on financial assets at amortized cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(886,250)</u>
Segment result	<u>51,606,677</u>	<u>14,379,697</u>	<u>27,896,315</u>	<u>1,740,333</u>	<u>95,623,022</u>	<u>96,874,191</u>
Unallocated costs					<u>(50,894,046)</u>	<u>(50,219,278)</u>
Profit before tax					<u>44,728,976</u>	<u>46,654,913</u>
Income tax					<u>(13,939,240)</u>	<u>(15,012,840)</u>
Profit for the period					<u>30,789,736</u>	<u>31,642,073</u>
Other information						
Capital expenditure					<u>5,934,362</u>	<u>3,509,896</u>
Depreciation and amortization					<u>4,681,413</u>	<u>4,609,157</u>
					<u>30 September 2015</u>	<u>31 December 2014</u>
					<u>JD</u>	<u>JD</u>
					<u>(Unaudited)</u>	<u>(Audited)</u>
Segment assets	<u>730,989,621</u>	<u>398,798,618</u>	<u>1,257,043,468</u>	<u>137,864,372</u>	<u>2,524,696,079</u>	<u>2,353,139,114</u>
Segment liabilities	<u>765,867,246</u>	<u>443,636,326</u>	<u>939,718,171</u>	<u>70,403,498</u>	<u>2,219,625,241</u>	<u>2,061,327,126</u>

2. Geographical Information

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

	<u>Jordan</u>		<u>Outside Jordan</u>		<u>Total</u>	
	<u>30 September 2015</u>	<u>30 September 2014</u>	<u>30 September 2015</u>	<u>30 September 2014</u>	<u>30 September 2015</u>	<u>30 September 2014</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
					<u>(Unaudited)</u>	<u>(Unaudited)</u>
Total Revenue	<u>116,795,659</u>	<u>119,954,864</u>	<u>13,486,871</u>	<u>17,278,899</u>	<u>130,282,530</u>	<u>137,233,763</u>
Capital expenditure	<u>5,058,075</u>	<u>2,418,500</u>	<u>876,287</u>	<u>1,091,396</u>	<u>5,934,362</u>	<u>3,509,896</u>
	<u>Jordan</u>		<u>Outside Jordan</u>		<u>Total</u>	
	<u>30 September 2015</u>	<u>31 December 2014</u>	<u>30 September 2015</u>	<u>31 December 2014</u>	<u>30 September 2015</u>	<u>31 December 2014</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
					<u>(Unaudited)</u>	<u>(Audited)</u>
Total assets	<u>1,899,090,094</u>	<u>1,884,385,500</u>	<u>625,605,985</u>	<u>468,753,614</u>	<u>2,524,696,079</u>	<u>2,353,139,114</u>

(24) COMMITMENTS AND CONTINGENT LIABILITIES

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

	<u>30 September 2015</u>	<u>31 December 2014</u>
	JD (Unaudited)	JD (Audited)
Letters of credit:		
Received	158,562,021	261,523,492
Issued	40,089,516	82,161,566
Acceptances	8,830,298	13,766,063
Letters of guarantee:		
Payments	14,957,092	16,767,845
Performance	14,458,593	18,359,541
Other	19,620,902	17,550,096
Irrevocable commitments to extend credit	122,771,465	89,235,760
	<u>379,289,887</u>	<u>499,364,363</u>

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

	<u>30 September 2015</u>	<u>31 December 2014</u>
	JD (Unaudited)	JD (Audited)
Contracts to purchase property and equipment	<u>569,928</u>	<u>412,077</u>

(25) LITIGATION

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 44,179,940 as of 30 September 2015 (31 December 2014: JD 38,784,252). 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 5,496,016 as of 30 September 2015 (31 December 2014: JD 5,511,669).

(26) ISSUED AND PAID IN CAPITAL

The paid in capital is measured at JD 160,000,000 divided to 160,000,000 shares, at a par value of JD 1 per shares as at 30 September 2015 and JD 125,000,000 divided to 125,000,000 shares, at a par value of JD 1 per shares as 31 December 2014.

The General Assembly decided in its ordinary meeting held on 12 April 2015 distributing cash dividends to shareholders at a rate of 13% 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 160,000,000 by capitalizing an amount of JD 35,000,000 from the retained earnings and to distribute the increase as 28% stock dividends to the shareholders.

(27) RESERVES

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

(28) 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 2018, and early adoption is permitted.

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". The Bank has implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The new version of IFRS 9 will be implemented at the mandatory date on 1 January 2018, which will have an impact on the recognition and measurement of financial assets.

Equity Method in Separate Financial Statements (Amendments to IAS 27 and IFRS 1)

In August 2014, the IASB amended IAS 27 Separate Financial Statements which restore the option for entities, in the separate financial statements, to account for investments in subsidiaries, associates and joint ventures using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

The amendments are effective for annual periods beginning on or after 1 January 2016, must be applied retrospectively and earlier adoption is permitted.

IAS 1 Presentation of Financial Statements – Amendments to IAS 1

The amendments to IAS 1 include narrow-focus improvements related to :

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments

These amendments are not expected to impact the Bank's financial position or performance. The application of the amendments are not expected to have a significant impact on the Bank's disclosures.

The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Investment entities (Amendments to IFRS 10 and IAS 28)

The amendments address the issues arising in practice in the application of the investment entities consolidation exception and clarify that:

- The exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted.