

CAIRO AMMAN BANK

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 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 June 2015, comprising the interim condensed consolidated statement of financial position as of 30 June 2015 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
29 July 2015



CAIRO AMMAN BANK
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2015

	<u>Notes</u>	<u>30 June 2015</u> JD (Unaudited)	<u>31 December 2014</u> JD (Audited)
<u>ASSETS</u>			
Cash and balances with Central Banks	4	172,131,245	188,460,382
Balances at banks and financial institutions	5	308,018,522	466,269,945
Deposits at banks and financial institutions	6	302,500,000	107,399,984
Financial assets at fair value through profit or loss	7	27,092,656	28,575,734
Financial assets at fair value through other comprehensive income	8	45,318,590	25,130,993
Direct credit facilities, net	9	1,123,728,486	1,020,556,375
Financial assets at amortized cost, net	10	357,013,652	394,722,809
Financial assets pledged as collateral		81,893,624	17,994,351
Property and equipment, net		29,275,179	28,885,625
Intangible assets, net		10,336,113	9,144,718
Deferred tax assets		2,819,845	2,819,845
Other assets	11	128,211,683	63,178,353
Total Assets		2,588,339,595	2,353,139,114
<u>LIABILITIES AND EQUITY</u>			
LIABILITIES -			
Banks and financial institutions' deposits		342,624,380	256,347,863
Customers' deposits	12	1,662,966,314	1,587,403,083
Margin accounts		101,624,410	87,128,350
Loans and borrowings	13	112,813,852	50,401,488
Sundry provisions		13,368,612	13,086,103
Income tax liabilities	14	18,754,449	23,808,580
Deferred tax liabilities		438,757	2,592,612
Other liabilities	15	40,380,417	40,559,047
Total Liabilities		2,292,971,191	2,061,327,126
EQUITY -			
Paid in capital	28	160,000,000	125,000,000
Statutory reserve		54,539,179	54,539,179
General banking risk reserve		12,570,000	12,270,000
Cyclical fluctuation reserves		5,079,998	5,079,998
Fair value reserve net	16	1,672,338	2,323,033
Retained earnings	17	41,147,746	92,599,778
Profit for the period after general banking risk reserve		20,359,143	-
Total Equity		295,368,404	291,811,988
Total Liabilities and Equity		2,588,339,595	2,353,139,114

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 ENDED 30 JUNE 2015 (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2015	2014	2015	2014
		JD	JD	JD	JD
Interest income	18	36,664,787	38,110,386	72,357,946	76,079,053
Interest expense	19	11,309,152	12,289,583	22,259,170	25,210,316
Net interest income		25,355,635	25,820,803	50,098,776	50,868,737
Net commission income		5,013,276	5,442,318	9,847,837	10,306,661
Net interest and commission income		30,368,911	31,263,121	59,946,613	61,175,398
Other income –					
Net gain from foreign currencies		817,874	768,080	1,594,719	1,491,554
Net gain (loss) from financial assets at fair value through profit or loss	20	861,442	(663,927)	354,321	1,373,059
Dividends from financial assets at fair value through other comprehensive income		377,299	336,728	998,911	1,012,612
Net gain from financial assets at amortized cost		-	-	-	327,136
Other income		1,375,992	1,234,607	2,625,818	2,520,903
Gross profit		33,801,518	32,938,609	65,520,382	67,900,662
Employees' expenses		9,836,625	9,677,265	19,337,411	18,826,811
Depreciation and amortization		1,532,308	1,514,390	3,078,713	3,071,427
Other expenses		5,526,598	5,348,134	10,848,776	10,765,168
Impairment losses on direct credit facilities	9	550,000	892,900	1,400,000	2,999,450
Impairment loss on financial assets at amortized cost		-	-	-	886,250
Sundry provisions		173,777	235,693	639,820	705,164
Total expenses		17,619,308	17,668,382	35,304,720	37,254,270
Profit for the period before tax		16,182,210	15,270,227	30,215,662	30,646,392
Income tax expense	14	4,597,109	5,129,644	9,556,519	10,078,926
Profit for the period		11,585,101	10,140,583	20,659,143	20,567,466
		<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>
Basic and diluted earnings per share	21	0/072	0/063	0/129	0/129

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 ENDED 30 JUNE 2015 (UNAUDITED)

	For the three months ended 30 June		For the six months ended 30 June	
	2015	2014	2015	2014
	JD	JD	JD	JD
Profit for the period	11,585,101	10,140,583	20,659,143	20,567,466
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):				
Net change in fair value reserve for financial assets	147,947	(211,257)	(627,727)	104,084
Total comprehensive income for the period	<u>11,733,048</u>	<u>9,929,326</u>	<u>20,031,416</u>	<u>20,671,550</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 2015 (UNAUDITED)

	Reserves										Profit for the period		Total equity				
	Paid in capital		Statutory		Voluntary		General banking risk		Cyclical fluctuation		Fair value reserve		Retained earnings		Total equity		
	JD		JD		JD		JD		JD		JD		JD		JD		
30 June 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		-		281,811,988
Total comprehensive income for the period	-		-		-		-		-		(627,727)		-		20,659,143		20,031,416
Transfer to reserves	-		-		-		300,000		-		-		-		(300,000)		-
Capital increase	35,000,000		-		-		-		-		-		(35,000,000)		-		-
Capital increase related expenses	-		-		-		-		-		-		(225,000)		-		(225,000)
Gain from sale of financial assets at fair value through other comprehensive income	-		-		-		-		-		(22,968)		22,968		-		-
Dividends paid	-		-		-		-		-		-		(16,250,000)		-		(16,250,000)
Balance as of 30 June 2015	160,000,000		54,539,179		-		12,570,000		5,079,998		1,672,338		41,147,746		20,359,143		295,368,404
30 June 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	-		-		-		-		-		104,084		-		20,567,466		20,671,550
Transfer to reserves	-		-		-		450,000		-		-		-		(450,000)		-
Capital increase	25,000,000		-		(1,321,613)		-		-		-		(23,678,387)		-		-
Capital increase related expenses	-		-		-		-		-		-		(175,000)		-		(175,000)
Gain from sale of financial assets at fair value through other comprehensive income	-		-		-		-		-		(24,611)		24,611		-		-
Dividends paid	-		-		-		-		-		-		(17,000,000)		-		(17,000,000)
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

- 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 2015, the unrealized gains included in retained earnings and resulting from the early implementation of IFRS 9 amounted to JD 13,012,187. This amount is not available for distribution.
- 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 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 ENDED 30 JUNE 2015 (UNAUDITED)

	Note	30 June 2015 JD	30 June 2014 JD
<u>OPERATING ACTIVITIES</u>			
Profit for the period before tax		30,215,662	30,646,392
Adjustments -			
Depreciation and amortisation		3,078,713	3,071,427
Impairment loss on direct credit facilities		1,400,000	2,999,450
Sundry provisions		639,820	705,164
Impairment loss on financial assets at amortized cost		-	886,250
Unrealized loss from financial assets at fair value through profit or loss		1,625,179	1,331,558
(Gain) on sale of property and equipment		(2,997)	(10,515)
Impairment loss on repossessed assets		-	144,856
(Gain) from sale of repossessed assets		(233,954)	(66,320)
Effect of exchange rate changes on cash and cash equivalents		(1,471,281)	(1,336,914)
Operating profit before changes in assets and liabilities		35,251,142	38,371,348
Changes in assets and liabilities -			
(Increase) in deposits at banks and financial institutions		(195,100,016)	(139,390,000)
(Increase) decrease in financial assets at fair value through profit or loss		(142,101)	99,812
(Increase) in direct credit facilities		(104,572,111)	(42,040,108)
(Increase) in other assets		(84,592,256)	(16,755,541)
(Decrease) increase in banks and financial institutions deposits maturing after more than three months		(20,635,000)	12,725,000
Increase in customers' deposits		75,563,231	111,223,640
Increase (decrease) in margin accounts		14,496,060	(12,208,863)
Sundry provisions paid		(357,311)	(294,915)
(Decrease) increase in other liabilities		(178,630)	12,206,776
Net cash (used in) operating activities before income tax		(280,266,992)	(36,062,851)
Income tax paid		(16,530,820)	(15,891,328)
Net cash (used in) operating activities		(296,797,812)	(51,954,179)
<u>INVESTING ACTIVITIES</u>			
(Purchase) of financial assets at fair value through OCI		(1,464,789)	(21,270)
Proceeds from sale of financial assets at fair value through OCI		208,660	50,725
(Purchase) of financial assets at amortized cost		(137,426,104)	(6,855,111)
Proceeds from financial assets at amortized cost		111,235,988	123,235,796
Proceeds from sale of property and equipment		64,655	28,953
(Purchase) of property and equipment		(2,652,877)	(1,312,347)
(Purchase) of intangible assets		(2,068,443)	(959,022)
Net cash (used in) from investing activities		(32,102,910)	114,167,724
<u>FINANCING ACTIVITIES</u>			
Cash dividends paid		(16,250,000)	(17,000,000)
Proceeds from loans and borrowings		68,978,110	36,483,723
Repayment for loans and borrowings		(6,565,746)	(109,170,684)
Capital increase expenses		(225,000)	(175,000)
Net cash from (used in) financing activities		45,937,364	(89,861,961)
Net (decrease) in cash and cash equivalents		(282,963,358)	(27,648,416)
Effect of exchange rate changes on cash and cash equivalents		1,471,281	1,336,914
Cash and cash equivalents, beginning of the period		411,572,964	176,599,421
Cash and cash equivalents, end of the period	23	130,080,887	150,287,919

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
AS AT 30 JUNE 2015 (UNAUDITED)

(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 84 branches and offices located in Jordan and 21 branches in Palestine and 1 branch in Bahrain, 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 29 July 2015.

(2) BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six-months period of 30 June 2015 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 2014. In addition, results for the six - months period ended 30 June 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.

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 2015. 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 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 June 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 June 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.

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.
- The management determine the fair of the financial instruments to show a fair 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

Statutory cash reserve held at Central Banks amounted to JD 87,066,342 as of 30 June 2015 (31 December 2014: JD 84,897,594).

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 2015 and 31 December 2014.

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

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

Non interest bearing balances at banks and financial institutions amounted to JD 74,328,688 as of 30 June 2015 (31 December 2014: JD 39,069,145).

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

(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

	<u>30 June 2015</u> JD (Unaudited)	<u>31 December 2014</u> JD (Audited)
Deposit maturing within		
More than 3 to 6 months	40,000,000	53,900,000
More than 6 to 9 months	194,500,000	53,499,984
More than 9 to 12 months	68,000,000	-
Total	<u>302,500,000</u>	<u>107,399,984</u>

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

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

	<u>30 June 2015</u> JD (Unaudited)	<u>31 December 2014</u> JD (Audited)
Quoted Equities	24,423,987	25,830,751
Bonds	220,013	211,372
Funds	2,448,656	2,533,611
Total	<u>27,092,656</u>	<u>28,575,734</u>

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

	30 June 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Quoted Investments		
Quoted Equities	44,456,575	24,330,363
Total quoted investments	<u>44,456,575</u>	<u>24,330,363</u>
Unquoted Investments		
Unquoted Equities	862,015	800,630
Total unquoted investments	<u>862,015</u>	<u>800,630</u>
Total	<u>45,318,590</u>	<u>25,130,993</u>

(9) DIRECT CREDIT FACILITIES, NET

	30 June 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Consumer lending		
Overdrafts	5,902,707	12,805,508
Loans and bills *	593,593,525	561,080,236
Credit cards	10,571,398	10,709,855
Others	6,284,119	6,326,800
Residential mortgages	140,988,414	136,781,446
Finance leasing	5,512,317	2,438,678
Corporate lending		
Overdrafts	62,532,962	79,200,211
Loans and bills *	144,812,934	124,671,383
Small and medium enterprises lending "SMEs"		
Overdrafts	13,944,656	18,098,316
Loans and bills *	45,700,492	37,925,891
Lending to governmental sectors	<u>152,904,540</u>	<u>88,127,869</u>
Total	<u>1,182,748,064</u>	<u>1,078,166,193</u>
Less: Suspended interest	(10,319,102)	(10,259,482)
Less: Allowance for impairment losses	(48,700,476)	(47,350,336)
Direct credit facilities, net	<u>1,123,728,486</u>	<u>1,020,556,375</u>

* Net of interest and commission received in advance of JD 5,570,833 as of 30 June 2015 (31 December 2014: JD 5,271,107).

As of 30 June 2015, non-performing credit facilities amounted to JD 56,685,002 (31 December 2014: JD 58,171,141), representing 4.79% (31 December 2014: 5.40%) of gross facilities granted.

As of 30 June 2015, non-performing credit facilities, net of suspended interest, amounted to JD 46,383,505 (31 December 2014: JD 47,972,194), representing 3.95% (31 December 2014: 4.49%) of gross facilities granted after excluding the suspended interest.

As of 30 June 2015, credit facilities granted to the Government of Jordan amounted to JD 51,453,836 (31 December 2014: JD 17,859,314), representing 4.35% (31 December 2014: 1.66%) of gross facilities granted.

As of 30 June 2015, credit facilities granted to the public sector in Palestine amounted to JD 60,333,196 (31 December 2014: JD 49,092,423), representing 5.10% (31 December 2014: 4.55%) of gross facilities granted.

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

Industry sector	Jordan	Outside Jordan	30 June 2015	31 December 2014
	JD	JD	JD (Unaudited)	JD (Audited)
Financial	8,708,040	-	8,708,040	9,069,396
Industrial	34,948,561	9,645,951	44,594,512	42,105,340
Commercial	103,165,907	63,873,556	167,039,463	174,899,075
Real estate	154,233,910	26,815,336	181,049,246	166,442,885
Agriculture	4,972,229	115,968	5,088,197	2,684,904
Trading investments	7,150,480	633,639	7,784,119	10,265,478
Consumer	539,725,607	75,854,340	615,579,947	584,595,599
Public and Government	92,571,344	60,333,196	152,904,540	88,103,516
Total	945,476,078	237,271,986	1,182,748,064	1,078,166,193

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
30 June 2015 (Unaudited)-					
At 1 January 2015	30,729,682	991,186	8,753,242	6,876,226	47,350,336
Charge for the period	870,325	976,425	1,132,133	(1,578,883)	1,400,000
Amounts written off	-	-	-	-	-
Revaluation difference	(8,738)	-	(9,855)	(31,267)	(49,860)
At 30 June 2015	<u>31,591,269</u>	<u>1,967,611</u>	<u>9,875,520</u>	<u>5,266,076</u>	<u>48,700,476</u>
Specific customers impairment					
Impairment loans	25,409,819	1,948,289	9,697,424	5,197,745	42,253,277
Watch list	725,027	19,322	178,096	68,331	990,776
Collective impairment	5,456,423	-	-	-	5,456,423
At 30 June 2015	<u>31,591,269</u>	<u>1,967,611</u>	<u>9,875,520</u>	<u>5,266,076</u>	<u>48,700,476</u>
31 December 2014 (Audited)-					
At 1 January 2014	28,906,055	882,320	17,939,495	3,233,083	50,960,953
Charge for the year	3,957,218	108,866	(2,241,528)	3,663,647	5,488,203
Amounts written off	(1,926,563)	-	(6,916,116)	-	(8,842,679)
Revaluation difference	(207,028)	-	(28,609)	(20,504)	(256,141)
At 31 December 2014	<u>30,729,682</u>	<u>991,186</u>	<u>8,753,242</u>	<u>6,876,226</u>	<u>47,350,336</u>
Specific customers impairment					
Impairment loans	24,505,814	969,778	8,720,396	6,861,622	41,057,610
Watch list	729,150	21,408	32,846	14,604	798,008
Collective impairment	5,494,718	-	-	-	5,494,718
At 31 December 2014	<u>30,729,682</u>	<u>991,186</u>	<u>8,753,242</u>	<u>6,876,226</u>	<u>47,350,336</u>

Allowance for impairment related to non-performing credit facilities that were settled or collected amounted to JD 5,394,146 as of 30 June 2015 (31 December 2014: 6,943,110).

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
30 June 2015 (Unaudited)-					
At 1 January 2015	4,247,320	8,295	4,974,381	1,029,486	10,259,482
Add: Suspended interest during the period	257,437	-	(148,221)	171,047	280,263
Less: Amount transferred to income on recovery	(155,508)	-	-	(15,754)	(171,262)
Less: Amounts written off	(49,354)	(27)	-	-	(49,381)
At 30 June 2015	4,299,895	8,268	4,826,160	1,184,779	10,319,102
31 December 2014 (Audited)-					
At 1 January 2014	4,930,101	21,359	5,351,212	1,084,616	11,387,288
Add: Suspended interest during the year	58,276	-	105,640	23,707	187,623
Less: Amount transferred to income on recovery	(72,974)	(7,460)	(181,455)	(25,605)	(287,494)
Less: Amounts written off	(668,083)	(5,604)	(301,016)	(53,232)	(1,027,935)
At 31 December 2014	4,247,320	8,295	4,974,381	1,029,486	10,259,482

(10) FINANCIAL ASSETS AT AMORTIZED COST, NET

	30 June 2015 JD (Unaudited)	31 December 2014 JD (Audited)
Quoted Investments		
Treasury bills	1,770,284	1,766,629
Corporate debt securities	13,507,746	17,052,930
Total quoted investments	15,278,030	18,819,559
Unquoted Investments		
Treasury bills	320,713,787	352,518,965
Government debt securities	9,406,400	11,665,326
Corporate debt securities	11,737,050	11,843,400
Other debt securities	20,185	17,359
Impairment losses	(141,800)	(141,800)
Total unquoted investments	341,735,622	375,903,250
Total financial assets at amortized cost	357,013,652	394,722,809
Analysis of debt instruments:		
Fixed rate	355,702,002	393,304,809
Floating rate	1,311,650	1,418,000
Total	357,013,652	394,722,809

(11) OTHER ASSETS

	30 June 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Accrued interest income	20,836,089	19,716,346
Prepaid expenses	8,090,416	5,440,198
Assets obtained by the Bank by calling on collateral*	10,122,337	10,089,921
Accounts receivable - net	996,645	605,727
Clearing checks	85,898,408	4,292,501
Trading settlement account	25,000	25,000
Refundable deposits	361,077	300,680
Deposit at Visa International	1,212,390	1,276,200
Payment on account to purchase investments	-	20,390,716
Depository Centre reconciliation	25,146	-
Others	644,175	1,041,064
	<u>128,211,683</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

	Consumer	Corporate	SMEs	Governmental sectors	Total
	JD	JD	JD	JD	JD
30 June 2015 (Unaudited) -					
Current and demand deposits	252,972,590	126,975,507	50,075,243	39,719,530	469,742,870
Saving accounts	348,508,849	3,374,779	1,820,385	19,815	353,723,828
Time and notice deposits	303,387,321	150,450,062	12,095,965	373,566,268	839,499,616
Total	<u>904,868,760</u>	<u>280,800,348</u>	<u>63,991,593</u>	<u>413,305,613</u>	<u>1,662,966,314</u>
31 December 2014 (Audited)-					
Current and demand deposits	241,441,598	87,723,083	40,214,314	33,283,462	402,662,457
Saving accounts	341,493,227	2,720,703	1,538,283	1,572	345,753,785
Time and notice deposits	296,644,227	159,036,839	16,051,843	367,253,932	838,986,841
Total	<u>879,579,052</u>	<u>249,480,625</u>	<u>57,804,440</u>	<u>400,538,966</u>	<u>1,587,403,083</u>

- Governmental institutions' deposits amounted to JD 393,160,548 as of 30 June 2015 (31 December 2014: JD 371,517,375) representing 23.64% (31 December 2014: 23.40%) of total customers' deposits.
- No Restricted deposits as of 30 June 2015 and 31 December 2014.
- Non-interest bearing deposits amounted to JD 624,026,932 as of 30 June 2015 (31 December 2014: JD 586,761,944) representing 37.52% (31 December 2014: 36.96%) of total deposits.
- Dormant accounts amounted to JD 37,478,839 as of 30 June 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 June 2015 (Unaudited) -							
Amounts borrowed from overseas private investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.145%- 4.895%
Amounts borrowed from French Development Agency	3,545,000	1	1	At maturity	2025	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**	15,706,628	32	32	At maturity/ per loan	2015- 2016	Treasury Bills	2% - 2.75%
Amounts borrowed from Central Bank of Jordan	59,100,000	3	3	At maturity/ per loan	2015	Treasury Bills	2.75%
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	1,074,224	1	1	-	-	None	-
Total	112,813,852						

	Amount	Total no. of instalments	Outstanding instalments	Payable Every	Maturity Date	Collaterals	Interest rate
	JD					JD	%
31 December 2014 (Audited)-							
Amounts borrowed from overseas private investment company (OPIC)	21,270,000	1	1	At maturity	2034	None	4.845%- 4.895%
Amounts borrowed from French Development Agency	3,545,000	1	1	At maturity	2025	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	-	-	None	-
Total	50,401,488						

*The borrowed amount from CBJ was re-lent as residential mortgages at an average interest rate of 6%.

**The borrowed amount from CBJ was re-lent for Industrial and energy sector at an average of interest rate of 6.5%. In addition the repayment starts after 5 years of the granting date.

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 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
At January 1	23,808,580	22,666,483
Income tax paid	(16,530,820)	(18,695,449)
Income tax payable	11,464,321	19,812,862
Amortization of deferred tax liabilities	12,368	24,684
Balance at the end of the period / year	<u>18,754,449</u>	<u>23,808,580</u>

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

	30 June 2015	30 June 2014
	JD (Unaudited)	JD (Unaudited)
Income tax for the period	11,464,321	10,152,032
Amortization of deferred tax liabilities	(1,907,802)	(73,106)
Income tax charge for the period	<u>9,556,519</u>	<u>10,078,926</u>

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

	30 June 2015	30 June 2014
	JD (Unaudited)	JD (Unaudited)
Accounting profit	30,215,662	30,646,392
Non-taxable profit	(3,341,068)	(2,634,263)
Non deductible expenses	1,649,381	4,887,162
Taxable profit	<u>28,523,975</u>	<u>32,899,291</u>
Effective rate of income tax	<u>31.63%</u>	<u>32.89%</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 Tax Department in Jordan for the year ended 31 December 2013.

- 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 Bank rejected the results of the review and filed an appeal. The Income Tax Department had a re-claim 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 reached a final settlement with the Income Tax Department up to the year 2009. The Income and sales Tax Department had reviewed 2010, 2011 records. The company had appealed against the court decision.
- Al-Watanieh Securities Company – Palestine reached a final settlement with the Income and Sales Tax Department up for the year 2013.
- Cairo Real Estate Investments Company reached a final settlement with the income and Sales Tax Department to 2013.
- In the opinion of the Bank's management, income tax provision as of 30 June 2015 is sufficient.

(15) OTHER LIABILITIES

	30 June 2015	31 December 2014
	JD	JD
	(Unaudited)	(Audited)
Accrued interest expense	7,545,840	6,448,418
Accounts payable	2,939,486	4,613,337
Accrued expenses	6,218,229	6,640,242
Temporary deposits	15,386,199	12,552,502
Checks and withdrawals	5,210,201	6,137,669
Settlement guarantee fund	8,594	113,682
Others	3,071,868	4,053,197
	<u>40,380,417</u>	<u>40,559,047</u>

(16) FAIR VALUE RESERVE

The movement is as follows:

	30 June 2015	31 December 2014
	JD	JD
	(Unaudited)	(Audited)
Beginning balance	2,323,033	2,107,043
Unrealized (loss) gain	(873,780)	337,038
Gain from sale of financial assets at fair value through other comprehensive income	(22,968)	(59,984)
Deferred tax liability	246,053	(61,064)
Ending balance	<u>1,672,338</u>	<u>2,323,033</u>

(17) RETAINED EARNING

The movement is as follows:

	30 June 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Balance at 1 January	92,599,778	96,420,940
Profit for the year	-	44,533,367
Transferred to statutory reserve	-	(6,063,626)
Transferred to general banking risk reserve	-	(450,000)
Transferred to cyclical reserve	-	(1,047,500)
Stock dividends	(35,000,000)	(23,678,387)
Capital increase related expenses	(225,000)	(175,000)
Cash dividends	(16,250,000)	(17,000,000)
Net gain from sale of financial assets at fair value through other comprehensive income	22,968	59,984
	<u>41,147,746</u>	<u>92,599,778</u>

The balance of the retained earnings as of 30 June 2015 contains restricted amount of JD 13,012,187 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 2015	30 June 2014
	JD (Unaudited)	JD (Unaudited)
Consumer lending		
Overdrafts	919,159	283,174
Loans and bills	29,632,366	29,797,017
Credit cards	1,199,451	1,244,354
Others	155,391	136,066
Finance lease	240,281	-
Residential mortgages	4,828,256	4,656,202
Corporate lending		
Overdrafts	2,118,843	2,975,126
Loans and bills	3,381,606	3,495,101
Small and medium enterprises lending		
Overdrafts	469,368	562,237
Loans and bills	1,464,858	1,407,380
Public and governmental sectors	2,858,491	4,094,675
Balances at Central Banks	28,325	9,740
Balances at banks and financial institutions	10,868,169	8,890,846
Financial assets at amortized cost	14,193,382	18,527,135
Total	<u>72,357,946</u>	<u>76,079,053</u>

(19) INTEREST EXPENSE

	30 June 2015	30 June 2014
	JD	JD
	(Unaudited)	(Unaudited)
Banks and financial institutions deposits	2,866,294	2,509,705
Customers' deposits:		
Current accounts and deposits	463,614	1,380,325
Saving accounts	997,375	1,221,986
Time and notice placements	14,145,951	16,013,010
Margin accounts	896,578	304,094
Loans and borrowings	1,302,499	2,157,648
Deposits guarantee fees	1,586,859	1,623,548
	<u>22,259,170</u>	<u>25,210,316</u>

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

	Realized (loss) gain	Unrealized (loss) gain	Dividends	Total
	JD	JD	JD	JD
30 June 2015				
Equity instruments	(33,735)	(1,548,866)	2,013,235	430,634
Bonds	-	8,642	-	8,642
Investment funds	-	(84,955)	-	(84,955)
Total	<u>(33,735)</u>	<u>(1,625,179)</u>	<u>2,013,235</u>	<u>354,321</u>
30 June 2014				
Equity instruments	469,444	(1,795,271)	2,235,173	909,346
Bonds	-	10,663	-	10,663
Investment funds	-	453,050	-	453,050
Total	<u>469,444</u>	<u>(1,331,558)</u>	<u>2,235,173</u>	<u>1,373,059</u>

(21) EARNINGS PER SHARE (UNAUDITED)

	For the three months ended 30 June		For the six months ended 30 June	
	2015	2014	2015	2014
	JD	JD	JD	JD
Profit for the period	11,585,101	10,140,583	20,659,143	20,567,466
Weighted average number of shares	160,000,000	160,000,000	160,000,000	160,000,000
	<u>(JD/ Fils)</u>	<u>(JD/ Fils)</u>	<u>(JD/ Fils)</u>	<u>(JD/ Fils)</u>
Basic and diluted earnings per share	<u>0/072</u>	<u>0/063</u>	<u>0/129</u>	<u>0/129</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 JD 125,000,000 to JD 160,000,000 during the period ended 30 June 2015.

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 2015	31 December 2014
	JD (Unaudited)	JD (Audited)
Primary capital:		
Paid in capital	160,000,000	125,000,000
Statutory reserve	54,539,179	54,539,179
Cyclical reserve	5,079,998	5,079,998
Retained earnings	31,171,198	66,373,230
Less:		
Investment in banks and other financial companies*	10,074,421	9,923,801
Assets obtained by the Bank by calling on collateral more than four years	-	4,335,347
Intangible assets	10,336,113	9,144,718
Total Primary capital	<u>230,379,841</u>	<u>227,588,541</u>
Additional capital		
Fair value reserve	752,552	1,045,365
General banking risk reserve	12,570,000	12,270,000
Less:		
Investment in banks and other financial companies*	10,074,421	9,923,801
Total additional capital	<u>3,248,131</u>	<u>3,391,564</u>
Total regulatory capital	233,627,972	230,980,105
Total risk weighted assets	1,698,419,153	1,545,425,677
Capital adequacy (regulatory capital) (%)	13.76	14.95
Capital adequacy (primary capital) (%)	13.56	14.73

*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:

	<u>30 June</u> 2015	<u>30 June</u> 2014
	JD	JD
	(Unaudited)	(Unaudited)
Cash and balances with Central Banks maturing within three months	172,131,245	192,229,449
Add: Balances at banks and financial institutions maturing within three months	308,018,522	202,815,214
Less: Banks and financial institutions' deposits maturing within three months	342,624,380	237,312,244
Restricted cash balances	<u>7,444,500</u>	<u>7,444,500</u>
Cash and cash equivalents	<u>130,080,887</u>	<u>150,287,919</u>

(24) RELATED PARTY TRANSACTIONS

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

Company name	Ownership	Paid in capital	
		<u>30 June</u> 2015	<u>31 December</u> 2014
	%	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	1,000,000	1,000,000

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:

	Board of Directors	Executive management	Others*	30 June 2015	31 December 2014
	JD	JD	JD	JD	JD
				(Unaudited)	(Audited)
<u>Balance sheet items:</u>					
Direct credit facilities	47,612,287	4,573,412	11,872,596	64,058,295	56,119,744
Deposits at the Bank	27,704,210	1,304,259	11,282,652	40,291,121	39,034,536
Margin accounts	35,644,748	-	-	35,644,748	36,179,463
<u>Off balance items:</u>					
Indirect credit facilities	1,616,041	2,500	95,224	1,713,765	2,392,780
				For the six months ended 30 June	
				2015	2014
				JD	JD
				(Unaudited)	(Unaudited)
<u>Income statement items</u>					
Interest and commission income	202,191	23,627	175,530	401,348	895,241
Interest and commission expense	1,483,447	109,967	390,884	1,984,298	717,441

* 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 3.50% - 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%.

Benefits of key management personnel (salaries, wages, and bonuses) amounted to JD 1,189,356 as at 30 June 2015 (30 June 2014: JD 1,095,793).

(25) SEGMENTAL 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 2015	30 June 2014
	JD	JD	JD	JD	JD (Unaudited)	JD (Unaudited)
Gross income	45,177,652	12,969,142	28,362,470	1,270,288	87,779,552	93,110,978
Allowance for credit losses	1,846,750	(446,750)	-	-	1,400,000	2,999,450
Impairment loss on financial assets at amortized cost	-	-	-	-	-	886,250
Segment results	<u>34,458,563</u>	<u>8,909,126</u>	<u>19,482,405</u>	<u>1,270,288</u>	<u>64,120,382</u>	<u>64,014,962</u>
Unallocated costs					<u>33,904,720</u>	<u>33,368,570</u>
Profit before tax					30,215,662	30,646,392
Income tax					9,556,519	10,078,926
Profit for the period					<u>20,659,143</u>	<u>20,567,466</u>
Other information						
Capital expenditures					4,721,320	2,271,369
Depreciation and amortization					3,078,713	3,071,427
					30 June 2015	31 December 2014
					JD (Unaudited)	JD (Audited)
Segment assets	<u>722,644,475</u>	<u>401,069,712</u>	<u>1,296,797,099</u>	<u>167,828,309</u>	<u>2,588,339,595</u>	<u>2,353,139,114</u>
Segment liabilities	<u>769,659,722</u>	<u>446,738,312</u>	<u>1,004,143,680</u>	<u>72,429,477</u>	<u>2,292,971,191</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:

	Jordan		Outside Jordan		Total	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	JD	JD	JD	JD	JD (Unaudited)	JD (Unaudited)
Total Revenue	78,093,620	81,336,584	9,685,932	11,774,394	87,779,552	93,110,978
Capital expenditure	3,970,923	1,713,893	750,397	557,476	4,721,320	2,271,369
	Jordan		Outside Jordan		Total	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	JD	JD	JD	JD	JD (Unaudited)	JD (Audited)
Total assets	<u>2,026,638,403</u>	<u>1,884,385,500</u>	<u>561,701,192</u>	<u>468,753,614</u>	<u>2,588,339,595</u>	<u>2,353,139,114</u>

(26) COMMITMENTS AND CONTINGENT LIABILITIES

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

	<u>30 June 2015</u>	<u>31 December 2014</u>
	JD (Unaudited)	JD (Audited)
Letters of credit:		
Received	190,333,477	261,523,492
Issued	67,152,585	82,161,566
Acceptances	14,292,490	13,766,063
Letters of guarantee:		
Payments	15,051,080	16,767,845
Performance	17,138,621	18,359,541
Other	15,241,981	17,550,096
Commitments to extend credit	<u>118,805,875</u>	<u>89,235,760</u>
	<u>438,016,109</u>	<u>499,364,363</u>

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

	<u>30 June 2015</u>	<u>31 December 2014</u>
	JD (Unaudited)	JD (Audited)
Contracts to purchase property and equipment	<u>249,166</u>	<u>412,077</u>

(27) LITIGATION

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 38,793,309 as of 30 June 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 June 2015 (31 December 2014: JD 5,511,669).

(28) 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 June 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 amounted to JD 16,250,000 representing 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.

(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 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.