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Ref. : RM / LB

Date : 31<sup>th</sup> Jul, 2019

الرقم : ر م / ل ب

التاريخ : ٣١ تموز ٢٠١٩

<p>To : Jordan Securities Commission Amman Stock Exchange</p> <p>Subject : Reviewed Financial Statements for the six months period ended on 30/6/2019</p>	<p>السادة / هيئة الأوراق المالية المحترمين السادة / بورصة عمان المحترمين</p> <p>الموضوع : القوائم المالية المراجعة لفترة الستة أشهر المنتهية في ٢٠١٩/٦/٣٠</p>
<p>Attached is the semi annual reviewed financial statements of Arab Jordan Investment Bank as of 30/6/2019</p>	<p>مرفق طيه نسخة من القوائم المالية النصف سنوية المراجعة لشركة بنك الإستثمار العربي الأردني كما هي بتاريخ ٢٠١٩ / ٦ / ٣٠ .</p>
<p>Kindly accept our highly appreciation and respect.</p> <p>Arab Jordan Investment Bank</p> <p>Hani Al-Qadi Chairman of Board of Directors</p>	<p>وتفضلوا بقبول فائق الإحترام،،،</p> <p>شركة بنك الإستثمار العربي الأردني</p> <p></p> <p>هاني القاضي رئيس مجلس الإدارة</p> <p></p>

هيئة الأوراق المالية  
الدائرة الإدارية / الديوان  
٣١ تموز ٢٠١٩  
الرقم المتسلسل .....  
الجهة المختصة .....

**ARAB JORDAN INVESTMENT BANK**

**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(REVIEWED NOT AUDITED)**

**30 JUNE 2019**

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

We have reviewed the accompanying interim condensed consolidated financial statements of Arab Jordan Investment Bank (a public shareholding company) and its subsidiaries (the "Group") as of 30 June 2019, comprising the interim condensed consolidated statement of financial position as of 30 June 2019, the interim condensed consolidated statement of income, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of 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 IAS 34 (Interim Financial Reporting), Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures, A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Amman- Jordan  
25 July 2019



**ARAB JORDAN INVESTMENT BANK**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 30 JUNE 2019**

	Notes	30 June 2019 JD (Reviewed not audited)	31 December 2018 JD (audited)
<b><u>Assets</u></b>			
Cash and balances at the Central Bank of Jordan	5	98,727,748	121,539,096
Balances at banks and financial institutions- net	6	247,378,488	307,520,994
Deposits at banks and financial institutions- net	7	31,725,218	15,877,685
Financial assets at fair value through profit or loss	8	101,009	263,244
Financial assets at fair value through other comprehensive income	9	15,616,740	15,506,988
Direct credit facilities - net	10	768,114,140	752,694,569
Financial assets at amortized cost - net	11	709,240,020	688,023,173
Investment in associate company	12	19,660,450	19,011,340
Property and equipment – net		76,435,161	74,301,592
Intangible assets - net		771,113	694,005
Deferred tax assets		533,391	540,846
Other assets	13	37,642,299	37,116,887
<b>Total Assets</b>		<b>2,005,945,777</b>	<b>2,033,090,419</b>
<b><u>Liabilities and Equity</u></b>			
<b>Liabilities:</b>			
Banks and financial institutions' deposits		575,793,841	537,381,551
Customers' deposits	14	1,024,078,208	1,030,562,047
Borrowed money from the Central Bank of Jordan	15	106,665,610	146,041,810
Cash margins		42,809,399	38,991,293
Sundry provisions		671,711	606,874
Income tax provision	16-A	4,368,481	6,866,156
Other liabilities	17	44,005,922	57,242,485
<b>Total Liabilities</b>		<b>1,798,393,172</b>	<b>1,817,692,216</b>
<b><u>Equity:</u></b>			
<b>Equity attributable to Bank's shareholders</b>			
Paid-in capital		150,000,000	150,000,000
Share premium		1,418,000	1,418,000
Statutory reserve		31,220,310	31,447,469
Foreign currency translation adjustments		(3,585,091)	(3,596,397)
Fair value reserve - net	18	(2,850,164)	(1,891,990)
Retained earnings	19	4,203,258	17,479,705
Profit for the period attributable to the bank's shareholders		7,265,352	-
<b>Total Equity attributable to the Bank's shareholders</b>		<b>187,671,665</b>	<b>194,856,787</b>
Non – controlling interest		19,880,940	20,541,416
<b>Total Equity</b>		<b>207,552,605</b>	<b>215,398,203</b>
<b>Total Liabilities and shareholders' Equity</b>		<b>2,005,945,777</b>	<b>2,033,090,419</b>

The accompanying notes from 1 to 33 are considered part of these interim condensed consolidated financial statements

**ARAB JORDAN INVESTMENT BANK**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2019 (REVIEWED NOT AUDITED)**

		For the three months ended 30 June		For the six months ended 30 June	
	Notes	2019	2018	2019	2018
		JD	JD	JD	JD
<b>Revenues</b>					
Interest income	20	24,193,558	22,540,167	48,050,509	43,462,404
Interest expense	21	(13,527,175)	(11,195,376)	(27,033,457)	(21,350,119)
<b>Net interest income</b>		10,666,383	11,344,791	21,017,052	22,112,285
Net commissions income		2,043,998	2,065,843	3,941,179	4,186,237
<b>Net interest and commissions income</b>		12,710,381	13,410,634	24,958,231	26,298,522
Foreign currencies income		876,921	948,107	1,973,412	2,042,284
Gain (loss) from financial assets at fair value through profit or Loss	22	22,559	(6,095)	28,598	(3,505)
Cash dividends from financial assets at fair value through other comprehensive income	23	128,968	1,000	128,968	267,763
Other revenues		335,474	357,617	744,031	646,219
<b>Gross Income</b>		14,074,303	14,711,263	27,833,240	29,251,283
<b>Expenses</b>					
Employees expenses		3,961,497	3,798,914	7,867,370	8,119,003
Depreciation and amortization		890,051	754,960	1,852,752	1,509,555
Other expenses		2,991,200	3,082,101	5,855,889	6,124,067
Provision for impairment	24	1,271,697	699,958	1,661,234	829,495
Sundry provisions		(78,527)	122,322	84,456	270,624
<b>Total Expenses</b>		9,035,918	8,458,255	17,321,701	16,852,744
Bank's share in the income (loss) of associate company	12	247,658	(112,699)	637,804	(53,520)
<b>Profit for the period before income tax</b>		5,286,043	6,140,309	11,149,343	12,345,019
Income tax expense	16	(1,831,854)	(2,077,413)	(3,211,392)	(3,680,303)
<b>Profit for the Period</b>		3,454,189	4,062,896	7,937,951	8,664,716
Attributable to:					
Bank's Shareholders		3,113,544	3,735,023	7,265,352	8,030,930
Non – controlling Interest		340,645	327,873	672,599	633,786
		3,454,189	4,062,896	7,937,951	8,664,716
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earning per share from profit for the period (Bank's shareholders)	25	0.021	0.025	0.048	0.054

**The accompanying notes from 1 to 33 are considered part of these interim condensed consolidated financial statements**

**ARAB JORDAN INVESTMENT BANK**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2019 (REVIEWED NOT AUDITED)**

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2019	2018	2019	2018
	JD	JD	JD	JD
Profit for the period	3,454,189	4,062,896	7,937,951	8,664,716
<b><u>Comprehensive Income Items:</u></b>				
<b>Other comprehensive income items which will be transferred to profit or loss in future periods:</b>				
Foreign Currency translation adjustments - Associate Company	(507,820)	(1,445,164)	11,306	(593,494)
<b>Other comprehensive income items which will not be transferred to profit or loss in future periods:</b>				
Cumulative change in fair value of financial assets through other comprehensive income - net after tax	(857,952)	(143,134)	(961,874)	(196,800)
Loss from the sale of financial assets through other comprehensive income	(3,606)	(4,079)	(3,606)	(4,079)
<b>Total other comprehensive income items for the period after tax</b>	<b>(1,369,378)</b>	<b>(1,592,377)</b>	<b>(954,174)</b>	<b>(794,373)</b>
<b>Total comprehensive income for the period</b>	<b>2,084,811</b>	<b>2,470,519</b>	<b>6,983,777</b>	<b>7,870,343</b>
<b><u>Total Comprehensive Income Attributable to:</u></b>				
Bank's Shareholders	1,758,043	2,171,788	6,314,878	7,315,655
Non - Controlling Interest	326,768	298,731	668,899	554,688
	<b>2,084,811</b>	<b>2,470,519</b>	<b>6,983,777</b>	<b>7,870,343</b>

The accompanying notes from 1 to 33 are considered part of these interim condensed consolidated financial statements

**ARAB JORDAN INVESTMENT BANK**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2019 (REVIEWED NOT AUDITED)**

	Paid-in Capital	Share Premium	Statutory Reserve	General Banking Risks Reserve**	Foreign Currency Translation Adjustments	Fair Value Reserve - Net ****	Retained Earnings***	Profit for the period	Total Equity attributable to the Bank's shareholders	Non - Controlling Interest	Total Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the six months ended 30 June 2019											
Balance at the beginning of the period	150,000,000	1,418,000	31,447,469	-	(3,596,397)	(1,891,990)	17,479,705	-	194,856,787	20,541,416	215,398,203
<b>Total comprehensive income for the period</b>											
Dividends distributed to shareholders*	-	-	-	-	11,306	(958,174)	(3,606)	7,265,352	6,314,878	668,899	6,983,777
Transferred to the statutory reserve	-	-	(227,159)	-	-	-	(13,500,000)	-	(13,500,000)	-	(13,500,000)
Change in non-controlling interest	-	-	-	-	-	-	227,159	-	-	-	-
<b>Balance at the end of the Period</b>	<b>150,000,000</b>	<b>1,418,000</b>	<b>31,220,310</b>	<b>-</b>	<b>(3,585,091)</b>	<b>(2,850,164)</b>	<b>4,203,258</b>	<b>7,265,352</b>	<b>187,671,665</b>	<b>19,880,940</b>	<b>207,552,605</b>
For the six months ended 30 June 2018											
Balance at the beginning of the period	150,000,000	1,418,000	29,279,131	5,888,551	(2,379,220)	(1,673,812)	16,168,304	-	198,700,954	20,657,410	219,358,364
Transferred from general banking risks reserve	-	-	-	(5,888,551)	-	-	5,888,551	-	-	-	-
Effect of IFRS 9 adoption as of 1 January 2018	-	-	-	-	-	-	(1,272,493)	-	(1,272,493)	(67,103)	(1,339,596)
<b>Restated balance as of the beginning of the period</b>	<b>150,000,000</b>	<b>1,418,000</b>	<b>29,279,131</b>	<b>-</b>	<b>(2,379,220)</b>	<b>(1,673,812)</b>	<b>20,784,362</b>	<b>-</b>	<b>197,428,461</b>	<b>20,590,307</b>	<b>218,018,768</b>
<b>Total comprehensive income for the period</b>											
Dividends distributed to shareholders	-	-	-	-	(593,494)	(116,982)	(4,799)	8,030,930	7,315,655	554,688	7,870,343
Change in non-controlling interest	-	-	-	-	-	-	(13,500,000)	-	(13,500,000)	(1,240,750)	(13,500,000)
<b>Balance at the end of the Period</b>	<b>150,000,000</b>	<b>1,418,000</b>	<b>29,279,131</b>	<b>-</b>	<b>(2,972,714)</b>	<b>(1,790,794)</b>	<b>7,279,563</b>	<b>8,030,930</b>	<b>191,244,116</b>	<b>19,904,245</b>	<b>211,148,361</b>

\* According to the resolution of the Bank's General Assembly meeting held on 25 April 2019, it was approved to distribute 9% of the Bank's capital as cash dividends to the shareholders which is equivalent to JD 13.5 million.

In accordance with the instructions of the regulatory authorities:

\*\* The Central Bank of Jordan issued a circular No. 10/17702 dated 6 June 2018, in which it requested the transfer of the general banking risk reserve balance to the retained earnings to offset the effect of IFRS 9 on the opening balance of the retained earnings account as of 1 January 2018. The circular also instructed that the balance of the general banking risk reserve should be restricted after the offset and may not be distributed as dividends to the shareholders or used for any other purposes without prior approval from the Central Bank of Jordan. The amount of the restricted balance is JD 1,478,486.

\*\*\* Retained earnings include a restricted amount of JD 533,391 against deferred tax benefits as of 30 June 2019. This restricted amount cannot be utilized through capitalization or distribution unless actually realized.

\*\*\*\* There is an amount of JD 2,850,164 within retained earnings that can not be used which represents the negative balance of the fair value reserve.

The accompanying notes from 1 to 33 are considered part of these interim condensed consolidated financial statements

**ARAB JORDAN INVESTMENT BANK**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2019 (REVIEWED NOT AUDITED)**

		For the Six Months Ended 30 June	
	Notes	2019 JD	2018 JD
<b>Operating activities</b>			
Profit for the period before income tax		11,149,343	12,345,019
Adjustments for non cash items:			
Depreciation and amortization		1,852,752	1,509,555
Provision for impairment		1,661,234	829,495
Unrealized (gain) loss on financial assets at fair value through profit or loss	22	(6,128)	9,666
Provision for seized assets		-	60,000
Sale of property and equipment		6,262	(3,773)
Bank's share in the (income) loss of associate company	12	(637,804)	53,520
(Gain) from Sale of seized assets		(89,839)	-
Sundry provisions		84,456	210,624
Effect of exchange rate fluctuations on cash and cash equivalents		(44,957)	(131,353)
<b>Cash profit before changes in assets and liabilities</b>		<b>13,975,319</b>	<b>14,882,753</b>
Changes in Assets and Liabilities:			
Deposits at banks and financial institutions (maturing over 3 months)		(15,847,533)	359,991
Financial assets at fair value through profit or loss		168,363	(67,428)
Direct credit facilities		(16,994,305)	(31,800,253)
Other assets		(971,486)	(812,003)
Banks and financial institutions deposits (maturing over 3 months)		(17,168,000)	-
Customers' deposits		(6,483,839)	(46,929,275)
Cash margins		3,818,106	(15,600,664)
Other liabilities		(15,802,946)	9,316,403
<b>Net change in assets and liabilities</b>		<b>(69,281,640)</b>	<b>(85,533,229)</b>
<b>Net cash flows used in operating activities before tax</b>		<b>(55,306,321)</b>	<b>(70,650,476)</b>
Income tax paid	16	(5,701,612)	(6,656,149)
Sundry provisions paid		(19,619)	(1,248,895)
<b>Net cash flows used in operating activities</b>		<b>(61,027,552)</b>	<b>(78,555,520)</b>
<b>Investing activities</b>			
Financial assets at amortized cost		(21,303,347)	(49,433,252)
Financial assets at fair value through comprehensive income		(1,075,232)	(58,943)
Purchase of property and equipment		(738,803)	(6,272,980)
Proceeds from sale of a property and equipment		830	3,797
Purchase of intangible assets		(293,073)	(155,864)
<b>Net Cash Flows used in Investing Activities</b>		<b>(23,409,625)</b>	<b>(55,917,242)</b>
<b>Financing activities</b>			
Change in non-controlling interest		(1,329,375)	(1,240,750)
Borrowed funds from the Central Bank of Jordan		(39,376,200)	201,281,113
Dividends paid to shareholders		(13,436,349)	(14,445,163)
<b>Net Cash Flows (used in) from financing activities</b>		<b>(54,141,924)</b>	<b>185,595,200</b>
<b>Net (decrease) increase in Cash and Cash Equivalents</b>		<b>(138,579,101)</b>	<b>51,122,438</b>
Effect of exchange rate fluctuations on cash and cash equivalents		44,957	131,353
<b>Cash and cash equivalent at the beginning of the period</b>		<b>11,716,854</b>	<b>(82,264,801)</b>
<b>Cash and Cash Equivalent at the end of the period</b>	26	<b>(126,817,290)</b>	<b>(31,011,010)</b>

The accompanying notes from 1 to 33 are considered part of these interim condensed consolidated financial statements



**ARAB JORDAN INVESTMENT BANK**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (REVIEWED NOT AUDITED)**

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**1. GENERAL**

Arab Jordan Investment Bank is a public shareholding Jordanian company with headquarters in Amman – Jordan, On January 1, 1978 it was registered according to the Companies Law and related subsequent amendments the last of which was amendment No, (22) for the year 1997, The Bank's authorized and paid-in capital was increased gradually the last of which was during the year 2014 to become JD 150 million at face value of JD 1 each per share.

The Bank is engaged in all commercial banking activities through its (33) branches and offices in Jordan and (1) branch in Cyprus and its subsidiaries in Jordan and Qatar (Arab Jordan Investment Bank - (Qatar) LLC and the United Arab Jordan Company for Investment and Financial Brokerage),

The Bank's shares are listed and traded in the Amman Stock Exchange.

The Interim condensed consolidated financial statements have been approved by the Board of Directors on 25 July 2019.

The fiscal year of the Bank ends on 31 December of each year, However the accompanying interim condensed consolidated financial statements have been prepared for management purposes, Central Bank of Jordan and Jordan securities commission only.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation of the condensed consolidated interim financial statements**

The accompanying interim condensed consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with the International Accounting Standard IAS 34 (Interim Financial Reporting) and in conformity with the applicable laws and regulations of the Central Bank of Jordan.

The interim condensed consolidated financial statements are prepared on the historical cost basis except for financial assets at fair value through profit and loss and financial assets at fair value through comprehensive income and financial derivatives which have been presented at fair value at the date of the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements are presented in Jordanian Dinar (JD) which represents the functional currency of the Bank.

The accompanying interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, which are prepared in accordance with International Financial Reporting Standards, Moreover, the results of the Bank's operations for the six-month period ended on 30 June 2019 do not necessarily represent indications of the expected results for the year ending 31 December 2019. Therefore, this interim condensed consolidated financial statements should be read with the Bank's annual report for the year ended 31 December 2018 and it does not contain the appropriation of profit on for the six months period ended at 30 June 2019, which is usually performed at the fiscal year end.

**ARAB JORDAN INVESTMENT BANK**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2019 (REVIEWED NOT AUDITED)**

Basis of Consolidation of Condensed Interim Financial Statements

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries which are subject to the Bank's control, control is achieved when the Bank is capable of managing the main activities of its subsidiaries 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 and transactions revenues and expenses between the bank and the subsidiaries are eliminated.

The financial statements of the subsidiaries are prepared for the same fiscal year as of the Bank, using the same accounting policies implemented in the bank, If the subsidiaries has a different accounting policy than the Bank, necessary adjustments will be reflected on the financial statements of the subsidiaries to match the Bank's accounting policies.

As of 30 June 2019, the Bank owns the following subsidiaries:

Company's Name	Paid-in Capital JD	The Bank's Ownership Percentage	Company's Industry	Location	Acquisition Date
United Arab Jordan Company for Investment and Financial Brokerage	2,500,000	100%	Financial brokerage	Jordan	5 February 2003
Arab Jordan Investment Bank / Qatar	35,450,000	50% and two shares	Banking	Qatar	5 December 2005

The subsidiary companies results are consolidated in the consolidated income statement from the date of the acquisition, which is the date when the bank has the actual control over the subsidiary.

Non-controlling interest represents the portion that is not owned by the bank in the owners' equity in the subsidiaries companies.

**3. Changes in accounting policies**

The accounting policies used in preparing the interim condensed consolidated financial statements are in accordance with the ones used in preparing the consolidated financial statements for the year ended 31 December 2018 except that the bank applied the following standards and adjustments as of 1 January 2019:

**IFRS 16 Leases**

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 requirements substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, the lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group has implemented IFRS 16 at 1 January 2019 on contracts that have been reclassified as lease contracts in accordance with IAS 17 and IFRS 4 interpretation. The Group has adopted IFRS 16 using the modified retrospective approach by applying the impact as an adjustment.

Resulting, an increase of JD 3,038,645 on fixed assets, an increase of JD 2,502,732 on other liabilities and a decrease of JD 535,913 on other assets was resulted by the implementation of IFRS 16.

#### **IFRIC Interpretation 23 Uncertainty over Income Tax Treatment**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other tax treatments.

The interpretation is effective for reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

No significant impact was resulted on the condensed consolidated financial information for the group.

#### **Amendments to IFRS 10 and IAS 28: Sale or Transfer of Assets between an Investor and Its Associate Companies or Joint Ventures**

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or transferred to an investment in an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or transfer of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or transfer of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

No significant impact was resulted on the condensed consolidated financial information for the group.

**Amendments to IAS 19: Plan Amendment, Curtailment or Settlement**

The amendments to IAS 19 clarify the accounting when a plan amendment, curtailment or settlement occurs during a fiscal year. The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

No significant impact was resulted on the condensed consolidated financial information for the group.

**Amendments to IAS 28: Long-term investments in associate companies and joint ventures**

The amendments clarify that an entity applies IFRS 9 to long-term investments in an associate companies or joint ventures to which the equity method is not applied but that, in substance, form part of the net investment in the associate companies or joint ventures (long-term). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term investments.

The amendments also clarifies that, in applying IFRS 9, an entity does not take account of any losses of the associate companies or joint ventures, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate companies or joint ventures that arise from applying IAS 28 Investments in Associate companies and Joint Ventures.

No significant impact was resulted on the condensed consolidated financial information for the group.

**4. SIGNIFICANT JUDGMENTS AND ESTIMATES USED**

**Use of Estimate:**

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:

**A. EXPECTED CREDIT LOSS FOR FINANCIAL INSTRUMENTS AT AMORTIZED COST**

In determining provision for expected credit loss for direct credit facilities, important judgement is required from the bank's management in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. The following are the most important judgments used:

- **Assessment of Significant Increase in Credit Risks:**

The assessment of significant increase in credit risks is performed on a relative basis, To assess whether the credit risk on a financial asset has increased significantly since origination, the Bank compares the risk of default occurring over the expected life of the financial asset by the end of each reporting period to the corresponding risk of default at origination of the financial asset, using key risk indicators that are used in the Bank's existing risk management processes, This assessment is used to classify customers and portfolios to credit stages, which are, stage 1 (initial recognition), stage 2 (decline in credit value) and stage 3 (decrease in credit value).

- **Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios:**

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions, The estimation and application of forward-looking information will require significant judgment from the bank's management. PD, Loss Given Default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio, Each macroeconomic scenario used in our expected credit loss calculation will have forecasts of the relevant macroeconomic variables.

- **Definition of default:**

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages is consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

- **Exposure at default:**

When measuring ECL, the Bank must consider the maximum contractual period over which the Bank is exposed to credit risk, All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options, For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Bank is exposed to credit risk and where the credit losses would not be mitigated by management.

## **B. INCOME TAX**

Income tax expenses represent accrued taxes and deferred taxes,

Income tax expenses are accounted for on the basis of taxable income, Moreover taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount, Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise from payment or the elimination of the need for deferred tax liabilities partially or totally.

## **C. FAIR VALUE**

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets, In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets, When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

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**5. CASH AND BALANCES AT THE CENTRAL BANK OF JORDAN**

Details for this item are as follows:

	30 June 2019	31 December 2018
	JD	JD
	(Reviewed not audited)	(Audited)
Cash in vaults	21,193,716	20,443,867
Balances in central bank of Jordan		
Statutory cash reserve	64,392,247	64,490,248
Current accounts	13,141,785	36,604,981
<b>Total</b>	<b>98,727,748</b>	<b>121,539,096</b>

Except for the cash reserve, there are no restricted balances as of 30 June 2019 and 31 December 2018.

There are no certificates of deposit maturing within a period exceeding three months as of 30 June 2019 and 31 December 2018.

Credit classification based on the Bank's internal credit rating is as follows:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	77,534,032	-	-	77,534,032	101,095,229
Acceptable risk (7)	-	-	-	-	-
High risk (8-10)	-	-	-	-	-
Total balances as of 30 June 2019	<u>77,534,032</u>	<u>-</u>	<u>-</u>	<u>77,534,032</u>	<u>101,095,229</u>

The movement on balances at Central Bank of Jordan as of 31 December 2019 is as follows:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2019	101,095,229	-	-	101,095,229	51,725,082
New balances	-	-	-	-	51,121,556
Paid balances	(23,561,197)	-	-	(23,561,197)	(1,751,409)
Total balances as of 30 June 2019	<u>77,534,032</u>	<u>-</u>	<u>-</u>	<u>77,534,032</u>	<u>101,095,229</u>

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The movement on expected credit losses for balances at Central Bank as of 30 June 2019 is as follows:

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Total Balances as of 1 January 2019	-	-	-	-
New balances	-	-	-	-
Paid balances	-	-	-	-
Total Balances as of 30 June 2019	-	-	-	-

**6. BALANCES AT BANKS AND FINANCIAL INSTITUTIONS - NET**

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	31		31			
	30 June 2019	December 2018	30 June 2019	December 2018	30 June 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)
Current and call accounts	369,484	442,526	104,068,542	102,081,211	104,438,026	102,523,737
Deposits maturing within 3 months or less	-	-	142,978,777	205,035,572	142,978,777	205,035,572
	369,484	442,526	247,047,319	307,116,783	247,416,803	307,559,309
Less: ECL provision	-	-	(38,315)	(38,315)	(38,315)	(38,315)
	369,484	442,526	247,009,004	307,078,468	247,378,488	307,520,994

- Balances at banks and financial institutions that bears no interest amounted to JD 118,946,284 as of 30 June 2019 (JD 117,109,425 as of 31 December 2018).
- There are no restricted balances at banks and financial institutions as of 30 June 2019 and 31 December 2018.

Balances at banks and financial institutions' classification based on the Bank's internal credit rating.

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3 "Portfolio"	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	241,804,912	-	-	241,804,912	302,275,510
Acceptable risk (7)	-	5,611,891	-	5,611,891	5,283,799
High risk (8-10)	-	-	-	-	-
Total	241,804,912	5,611,891	-	247,416,803	307,559,309



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The movement on balances at banks and financial institutions as of 30 June 2019 is as follows:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
<b>Total balances as of 1 January 2019</b>	302,275,510	5,283,799	-	307,559,309	254,895,109
New balances	152,171,058	328,092	-	152,499,150	215,069,926
Paid balances	(212,641,656)	-	-	(212,641,656)	(162,405,726)
<b>Total balances as of 30 June 2019</b>	<u>241,804,912</u>	<u>5,611,891</u>	<u>-</u>	<u>247,416,803</u>	<u>307,559,309</u>

The movement on provision of balances at banks and financial institution as of 30 June 2019 is as follows:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
<b>Total balances as of 1 January 2019</b>	31,041	7,274	-	38,315	25,427
New balances	-	-	-	-	12,888
Paid balances	-	-	-	-	-
<b>Total balances as of 30 June 2019</b>	<u>31,041</u>	<u>7,274</u>	<u>-</u>	<u>38,315</u>	<u>38,315</u>

## **7. DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS- NET**

Deposits at banks and financial institutions classification based on the bank's internal credit rating.

<u>Description</u>	Local banks and financial institution		Foreign banks and financial institution		Total	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)
Deposits maturing within 3-6 months	-	-	21,073,684	5,294,846	21,073,684	5,294,846
Deposits maturing within 6-9 months	-	-	5,343,303	5,308,473	5,343,303	5,308,473
Deposits maturing from 9 months to one year	-	-	5,363,749	5,329,884	5,363,749	5,329,884
<b>Total</b>	<u>-</u>	<u>-</u>	<u>31,780,736</u>	<u>15,933,203</u>	<u>31,780,736</u>	<u>15,933,203</u>
Less: ECL provision	<u>-</u>	<u>-</u>	<u>(55,518)</u>	<u>(55,518)</u>	<u>(55,518)</u>	<u>(55,518)</u>
<b>Total</b>	<u>-</u>	<u>-</u>	<u>31,725,218</u>	<u>15,877,685</u>	<u>31,725,218</u>	<u>15,877,685</u>

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- There are no restricted amounts at banks and financial institutions as of 30 June 2019 and 31 December 2018.
- There are no restricted deposits as of 30 June 2019 and 31 December 2018.
- Distribution of total deposits at banks and financial institutions according to the banks internal credit rating:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "portfolio"	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	15,747,502	-	-	15,747,502	-
Acceptable risk (7)	-	16,033,234	-	16,033,234	15,933,203
High risk (8-10)	-	-	-	-	-
Total	15,747,502	16,033,234	-	31,780,736	15,933,203

The movement on deposits at banks and financial institutions is as follows:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2019	-	15,933,203	-	15,933,203	16,535,460
New balances	15,747,502	1,548,789	-	17,296,291	2,975,507
Paid balances	-	(1,448,758)	-	(1,448,758)	(3,577,764)
Total Balances as of 30 June 2019	15,747,502	16,033,234	-	31,780,736	15,933,203

The movement on the expected credit losses for deposits at banks and financial institutions as is as follows:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2019	-	55,518	-	55,518	55,518
New balances	-	-	-	-	-
Paid balances	-	-	-	-	-
Total Balances as of 30 June 2019	-	55,518	-	55,518	55,518

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**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Details for this item is as follows:

	30 June 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
Listed stocks	101,009	263,244

**9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	30 June 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
<b>Listed financial assets in active markets:</b>		
Corporate shares	12,142,348	13,104,260
Corporate bonds	1,169,185	-
<b>Total listed financial assets in active markets</b>	<b>13,311,533</b>	<b>13,104,260</b>
<b>Unlisted financial assets in active markets:</b>		
Corporate shares	2,305,207	2,402,728
<b>Total unlisted financial assets in active markets</b>	<b>2,305,207</b>	<b>2,402,728</b>
	<b>15,616,740</b>	<b>15,506,988</b>

- Cash dividends on the investments above amounted to JD 128,968 for the period ended 30 June 2019 (JD 267,763 for the period ended 30 June 2018).

Total bonds distribution based on the banks internal credit rating:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "portfolio"	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	1,169,185	-	-	1,169,185	-
Acceptable risk (7)	-	-	-	-	-
High risk (8-10)	-	-	-	-	-
<b>Total</b>	<b>1,169,185</b>	<b>-</b>	<b>-</b>	<b>1,169,185</b>	<b>-</b>

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The movement on bonds is as follows:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances as of 1 January 2019	-	-	-	-	-
New balances	1,169,185	-	-	1,169,185	-
Paid balances	-	-	-	-	-
Total balances as of 30 June 2019	1,169,185	-	-	1,169,185	-

Movement on the expected credit losses for the bonds is as follows:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances as of 1 January 2019	-	-	-	-	-
New balances	-	-	-	-	-
Paid balances	-	-	-	-	-
Total balances as of 30 June 2019	-	-	-	-	-

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**10. DIRECT CREDIT FACILITIES – NET**

Details for this item is as follows:

	30 June 2019	31 December 2018
	JD	JD
	(Reviewed not audited)	(Audited)
<b>Individuals (Retail)</b>		
Loans*	103,386,657	95,128,314
Credit cards	9,003,758	9,388,751
Housing loans	100,673,566	100,855,698
<b>Large companies</b>		
Loans*	279,793,359	247,721,903
Overdraft	109,666,074	119,331,110
<b>Small and medium companies</b>		
Loans*	25,291,445	23,480,732
Overdraft	4,913,182	5,571,496
<b>Government &amp; public sector</b>	154,590,506	168,768,693
<b>Total</b>	787,318,547	770,246,697
Less: provision for impairment	(15,697,004)	(14,468,779)
Less: suspended interest	(3,507,403)	(3,083,349)
<b>Net direct credit facilities</b>	768,114,140	752,694,569

\* Net after deducting interests and commissions received in advance,

- Non-performing credit facilities amounted to JD 19,541,447 representing 2.48% of total direct credit facilities as of 30 June 2019 (JD 18,974,146 representing 2.46% as of 31 December 2018).
- Non-performing credit facilities net of interest in suspense amounted to JD 17,157,088 representing 2.19% of total direct credit facilities net of interest in suspense as of 30 June 2019 (JD 16,747,105 representing 2.18% as of 31 December 2018).
- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 132,188,896 representing 16.79% of total direct credit facilities as of 30 June 2019 (JD 145,901,821 representing 18.94% as of 31 December 2018).

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**The Bank's internal credit rating**

	30 June 2019 (reviewed not audited)					31 December 2018				
	Capitalizable					Government and public sector				
	Small and medium entities					Real-estate loans				
	Stage 1	Stage 2	Stage 3	Total		Stage 1	Stage 2	Stage 3	Total	(Audited)
Low risk (2-6)	107,306,386	*	*	107,306,386	19,241,325	377,868,846	*	*	377,868,846	734,329,453
Acceptable risk (7)	3,045,756	*	*	3,045,756	2,807,632	6,114,253	*	*	6,114,253	16,943,086
High risk (8-10)	*	*	2,038,273	2,038,273	8,155,670	5,476,334	*	*	5,476,334	18,974,148
Balance as of 30 June 2019	107,306,386	3,045,756	2,038,273	112,390,415	19,241,325	377,868,846	6,114,253	5,476,334	389,459,433	770,246,697

**The movement on the credit facilities during 2019:**

	30 June 2019 (reviewed not audited)					31 December 2018				
	Corporate					Government and public sector				
	Small and medium entities					Real-estate loans				
	Stage 1	Stage 2	Stage 3	Total		Stage 1	Stage 2	Stage 3	Total	(Audited)
Balance as of 31 December 2018	68,880,697	2,594,514	2,647,884	74,123,095	18,312,108	4,344,430	6,360,950	8,190,414	18,863,494	796,112,948
Credit issued for new balances through the year	9,748,425	489,507	511,775	10,749,707	3,630,784	1,023,688	8,190,414	3,670	12,844,882	46,402,745
Recoveries from credit losses on repaid balances	(903,597)	(288,643)	(704,368)	(1,896,508)	(2,432,197)	(2,880,046)	(111,538)	(1,138)	(3,423,281)	(88,978,645)
Net transferred at stage 1	(173,792)	414,480	(240,703)	60,985	180,020	(150,020)	*	*	60,985	*
Net transferred at stage 2	(861,208)	(116,680)	489,722	(488,166)	(2,225,647)	2,225,647	*	*	*	*
Net transferred at stage 3	*	*	*	*	(2,000,000)	(2,000,000)	*	*	*	*
Changes from adjustments	*	26,813	17,393	44,206	3,588,677	(1,522,862)	(540,862)	850	(2,195,874)	(1,284,178)
Written off balances	*	(43,420)	(957,008)	(1,000,428)	*	*	*	*	*	(1,040,484)
Balance as of 30 June 2019	107,306,386	3,045,756	2,038,273	112,390,415	19,241,325	377,868,846	6,114,253	5,476,334	389,459,433	770,246,697

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Movement on the balances of facilities:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2019	734,329,453	16,943,098	18,974,146	770,246,697	769,112,948
New balances through the period	106,255,090	2,283,401	847,667	109,386,158	46,400,745
Paid balances	(80,724,732)	(8,014,751)	(1,237,162)	(89,976,645)	(41,395,194)
Net transferred in stage 1	(23,760)	264,460	(240,700)	-	-
Net transferred in stage 2	(7,747,668)	7,536,176	211,492	-	-
Net transferred in stage 3	(2,000,000)	(374,688)	2,374,688	-	-
Changes from adjustments	1,586,477	(2,492,027)	(388,630)	(1,294,180)	96,290
Written off balances	-	(43,429)	(1,000,054)	(1,043,483)	(3,968,092)
Balance as of 30 June 2019	751,674,860	16,102,240	19,541,447	787,318,547	770,246,697

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Provision for impairment of direct credit facilities:

The following is the movement on the provision for impairment of direct credit facilities:

30 June 2019 (Reviewed not audited)																	Total 31									
	Individual				Small and medium entities				Corporate				Real-estate loans				Government and public sector				December 2018 (Audited)					
	Stage 1		Stage 2		Stage 3		Total		Stage 1		Stage 2		Stage 3		Total		Stage 1 *		Stage 2			Stage 3		Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		JD	JD	JD	JD	
Balance as of 31 December																										
2018	1,924,856	387,677	2,127,698	4,440,231	207,209	275,212	2,769,878	3,252,258	2,349,829	1,905,908	722,830	5,055,567	371,501	58,313	1,268,888	1,720,682	*	*	*	*	*	*	*	*	14,468,779	14,977,601
New balances through the																										
period	*	99,649	202,622	302,271	*	42,831	597,727	640,558	*	132,666	781,248	914,115	142,553	10,702	392,400	545,655	*	*	*	*	*	*	*	*	2,402,598	2,118,977
Paid balances	(94,578)	(30,463)	(23,512)	(148,553)	(67,140)	(78,199)	(24,010)	(169,349)	(61,093)	(61,571)	-	(142,664)	(30,201)	(12,854)	(324,244)	(367,298)	*	*	*	*	*	*	*	*	(627,865)	(743,662)
Net transferred in stage 1	*	*	*	*	*	*	*	*	(11,773)	11,773	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Net transferred in stage 2	(833)	67,465	(66,632)	-	(2,457)	2,457	-	-	-	-	-	-	(6,207)	100,232	(84,025)	*	*	*	*	*	*	*	*	*	*	
Net transferred in stage 3	(1,681)	(1,277)	2,958	*	*	(15,483)	15,483	*	*	*	*	*	*	(1,169)	1,169	*	*	*	*	*	*	*	*	*	*	
Change from adjustments	2,514	(62,803)	122,781	62,492	687,263	38,283	770,079	1,495,645	(1,032,194)	56,667	(66,789)	(1,045,325)	*	(84,205)	30,408	(63,797)	*	*	*	*	*	*	*	*	448,015	(12,868)
Written off balances	-	(3,405)	(812,870)	(816,275)	-	-	-	-	-	-	-	-	36,408	*	(15,657)	20,751	-	-	-	-	-	-	-	-	(795,524)	(1,871,218)
Balance as of 30 June 2018	1,830,078	456,863	1,553,225	3,840,166	824,695	265,101	4,128,157	5,219,153	1,244,789	2,102,643	1,434,281	4,781,693	514,064	62,019	1,279,919	1,855,962	*	*	*	*	*	*	*	*	15,687,004	14,468,779



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Movement on the provision for impairment of direct credit facilities:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2019	4,853,195	2,705,110	6,910,474	14,468,779	14,977,601
New balances through the period	142,553	286,048	1,973,998	2,402,599	2,118,977
Paid balances	(253,012)	(203,087)	(371,766)	(827,865)	(743,692)
Net transferred in stage 1	(11,773)	11,773	-	-	-
Net transferred in stage 2	(9,497)	170,174	(160,677)	-	-
Net transferred in stage 3	(1,681)	(17,929)	19,610	-	-
Changes from adjustments	(342,397)	(62,058)	853,470	449,015	(12,889)
Written off balances	36,408	(3,405)	(828,527)	(795,524)	(1,871,218)
Balance as of 30 June 2019	<u>4,413,796</u>	<u>2,886,626</u>	<u>8,396,582</u>	<u>15,697,004</u>	<u>14,468,779</u>

Provisions no longer needed due to settlements or repayments and transferred against other debts amounted to JD 598,440 as of 30 June 2019 (JD 3,065,216 as of 31 December 2018).

**Interest in suspense-**

The following is the movement on the interest in suspense:

	Individuals	Housing loans	Corporate	Small and Medium Entities	Total
	JD	JD	JD	JD	JD
<b><u>For the 6 months ended in 30 June 2019</u></b>					
<b>(Reviewed not audited)</b>					
Balance as of 1 January 2019	436,606	1,004,742	9,305	1,632,696	3,083,349
<u>Add:</u> interest in suspense during the period	253,412	250,686	3,970	293,325	801,393
<u>Less:</u> interest transferred to revenues	(41,458)	(48,125)	-	(84,150)	(173,733)
<u>Less:</u> interest transferred to off-balance sheet accounts	(134,685)	(39,186)	-	(29,735)	(203,606)
Balance as of 30 June 2019	<u>513,875</u>	<u>1,168,117</u>	<u>13,275</u>	<u>1,812,136</u>	<u>3,507,403</u>

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	Individual	Housing loans	Corporate	Small and medium Entities	Total
<u>For the year ended 31 December 2018</u> <u>(Audited)</u>	JD	JD	JD	JD	JD
Balance as of 1 January 2018	336,486	910,490	-	1,609,214	2,856,190
Add: Interest suspended during the year	590,101	312,939	9,305	763,649	1,675,994
Less: Interest in suspense reversed to revenues	(117,319)	(116,340)	-	(343,715)	(577,374)
Less: Interest in suspense transferred to off - balance sheet accounts	(368,050)	(91,324)	-	(396,452)	(855,826)
Less: Interest in suspense written off	(4,612)	(11,023)	-	-	(15,635)
Balance as of 31 December 2018	436,606	1,004,742	9,305	1,632,696	3,083,349

Direct credit facilities distribution based on the economic sector - net:

	<u>30 June 2019 (Reviewed not audited)</u>			<u>31 December 2018 (Audited)</u>
	Inside Jordan	Outside Jordan	Total	Total
	JD	JD	JD	JD
Financial	2,449,636	-	2,449,636	7,422,402
Industrial	173,697,332	-	173,697,332	173,435,947
Trading	202,299,598	29,201,098	231,500,696	204,383,500
Real Estate	92,932,327	4,717,130	97,649,457	98,130,274
Equities	190,163	-	190,163	913,526
Retail	99,347,344	8,689,006	108,036,350	99,640,227
Governmental and public sector	154,590,506	-	154,590,506	168,768,693
Total	725,506,906	42,607,234	768,114,140	752,694,569

Credit facilities distribution based on geographical location- net:

	<u>30 June 2019</u> JD (Reviewed not audited)	<u>31 December 2018</u> JD (Audited)
Inside Jordan	725,506,906	710,591,136
Asia	38,747,486	38,272,539
Europe	3,859,748	3,830,894
Total	768,114,140	752,694,569

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**11. FINANCIAL ASSETS AT AMORTIZED COST– NET**

Details for this item is as follows:

	30 June 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
<b>Quoted financial assets</b>		
Governmental bonds and with their guarantees	1,151,151	2,303,786
Foreign government bonds	5,898,997	5,919,331
Companies bonds	19,140,575	19,789,265
<b>Total quoted financial assets</b>	<b>26,190,723</b>	<b>28,012,382</b>
<b>Unquoted financial assets</b>		
Governmental bonds and with their guarantees	680,647,089	656,622,083
Companies bonds	2,682,500	3,582,500
<b>Total unquoted financial assets</b>	<b>683,329,589</b>	<b>660,204,583</b>
	<b>709,520,312</b>	<b>688,216,965</b>
Less: Impairment provision	(280,292)	(193,792)
<b>Total</b>	<b>709,240,020</b>	<b>688,023,173</b>
<b>Debt instruments analysis</b>		
	30 June 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
With fixed return	690,661,971	669,468,064
With variable return	18,578,049	18,555,109
<b>Total</b>	<b>709,240,020</b>	<b>688,023,173</b>

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\* Financial assets at amortized cost classifications based on the Bank's internal credit rating:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	708,837,812	-	-	708,837,812	688,034,465
Acceptable risk (7)	-	-	-	-	-
High risk (8-10)	-	-	682,500	682,500	182,500
<b>Total</b>	<b>708,837,812</b>	<b>-</b>	<b>682,500</b>	<b>709,520,312</b>	<b>688,216,965</b>

The movement on the financial assets at amortized cost during 2019 is as follows:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total	Total
	JD	JD	JD	JD	JD
Total balances as of 1 January 2019	688,034,465	-	182,500	688,216,965	597,642,867
New balances during the period	124,147,298	-	-	124,147,298	146,704,617
Paid balances	(102,843,951)	-	-	(102,843,951)	(56,130,519)
Net transferred in stage 1	(500,000)	-	-	(500,000)	-
Net transferred in stage 2	-	-	-	-	-
Net transferred in stage 3	-	-	500,000	500,000	-
<b>Total balances as of 30 June 2019</b>	<b>708,837,812</b>	<b>-</b>	<b>682,500</b>	<b>709,520,312</b>	<b>688,216,965</b>

The movement of the impairment provision of the financial assets at amortized cost is as follows:

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances as of 1 January 2019	84,292	-	109,500	193,792	157,292
New balances	-	-	86,500	86,500	36,500
Paid balances	-	-	-	-	-
<b>Total Balances as of 30 June 2019</b>	<b>84,292</b>	<b>-</b>	<b>196,000</b>	<b>280,292</b>	<b>193,792</b>

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**12. INVESTMENT IN ASSOCIATE COMPANY**

The following is the movement on the investment in the associate company:

	30 June 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
Balance at the beginning of the period/year	19,011,340	19,947,778
The Bank's share in the associate company's profit	637,804	280,739
Foreign currency translation adjustments	11,306	(1,217,177)
Balance at the End of the period/year	<u>19,660,450</u>	<u>19,011,340</u>

- The Bank's investment represents the Bank's share of Jordan International Bank (United Kingdom) with a contribution of 25% of the capital which amounted to 65,000,000 GBP. The Bank's share of the associate profit for the period ended 30 June 2019 is calculated according to the latest unaudited financial statements available as of 30 June 2019 with a contribution of 25% of the capital.
- The bank's right in voting of general assembly decisions is related to the owning share of the investment.

The Bank's share in the associate company's assets, liabilities, and revenues is as follows:

	30 June 2019 JD	31 December 2018 JD
Total assets	355,545,858	357,158,516
Total liabilities	276,904,058	281,113,158
Net assets	<u>78,641,800</u>	<u>76,045,358</u>
The Bank's share in net assets	<u>19,660,450</u>	<u>19,011,340</u>
Net income for the year	<u>2,551,216</u>	<u>1,122,956</u>
The Bank's share in net income for the year	<u>637,804</u>	<u>280,739</u>

- The Bank's share of 25% in the net equity of Jordan International Bank / London has been calculated for the period 30 June 2019 as shown above according to the latest financial statements available on 30 June 2019.

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**13. OTHER ASSETS**

The details of this item are as follows:

	30 June 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
Accrued interest and commissions	16,473,571	17,932,921
Prepaid expenses	3,018,606	1,554,334
Assets seized by the Bank*	15,304,896	15,145,544
Stationary and printing	284,157	230,100
Refundable deposits	445,465	451,327
Cheques clearing	304,269	286,632
Others	1,811,335	1,516,029
<b>Total</b>	<b>37,642,299</b>	<b>37,116,887</b>

\* The movement on assets seized by the Bank is as follows:

	30 June 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
Balance at the beginning of the period/year	16,984,544	20,006,902
Additions	453,653	1,978,239
Disposals	(294,301)	(5,000,597)
	17,143,896	16,984,544
<u>Less: Provision against seized assets**</u>	<u>(1,839,000)</u>	<u>(1,839,000)</u>
<b>Balance at the end of the period/year</b>	<b>15,304,896</b>	<b>15,145,544</b>

\*\* According to Central Bank of Jordan regulations, assets seized by the Bank must be disposed of within two years from the seizure date and the Central Bank of Jordan has the right to extend for additional two years in exceptional cases.

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The movement on assets seized by the Bank provision is as follows:

	30 June 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
Balance at the beginning of period/year	1,839,000	1,326,000
Provision for the period/year	-	513,000
Balance at the end of period/year	1,839,000	1,839,000

#### **14. CUSTOMERS' DEPOSITS**

The details of this item are as follows:

	Retail JD	Corporate JD	Small and medium entities JD	Government and public Sectors JD	Total JD
<b>30 June 2019 (Reviewed not audited)</b>					
Current and call accounts	80,534,892	74,544,292	49,449,637	6,137,662	210,666,483
Saving accounts	163,455,602	1,234,287	940,968	2,764	165,633,621
Time deposits	480,565,117	78,827,290	13,068,523	75,317,174	647,778,104
<b>Total</b>	<b>724,555,611</b>	<b>154,605,869</b>	<b>63,459,128</b>	<b>81,457,600</b>	<b>1,024,078,208</b>
<b>31 December 2018 (Audited)</b>					
Current and call accounts	83,392,236	82,009,917	52,887,554	12,734,348	231,024,055
Saving accounts	169,903,845	3,151,169	965,357	5,348	174,025,719
Time deposits	471,611,415	39,632,272	10,194,983	104,073,603	625,512,273
<b>Total</b>	<b>724,907,496</b>	<b>124,793,358</b>	<b>64,047,894</b>	<b>116,813,299</b>	<b>1,030,562,047</b>

- The deposits of the Jordanian government and public sector inside Jordan amounted to JD 46,007,600 as of 30 June 2019 (31 December 2018: 81,363,299), and the deposits outside Jordan amounted to JD 35,450,000 as of 30 June 2019 and 31 December 2018 representing 7.95% of total deposits as of 30 June 2019 (representing 11.33% of total deposits as at 31 December 2018).
- Non-interest bearing deposits amounted to JD 196,385,898 representing 19.18% of total deposits as of 30 June 2019 (31 December 2018: JD 214,435,376 representing 20.81% of total deposits).
- Restricted deposits amounted to JD 3,080,555 representing 0.30% of total deposits as of 30 June 2019 including JD 3,504 at Cyprus branch and JD 3,077,051 at Jordan Branches (31 December 2018: JD 4,815,195 representing 0.47% of the total deposits including JD 4,218 at Cyprus branch and JD 4,810,977 at Jordan branches).
- Dormant deposits amounted to JD 1,542,036 as at 30 June 2019 (31 December 2018: JD 776,022).

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**15. Borrowed money from the Central Bank of Jordan**

This item represents a repurchase agreement between the Central Bank of Jordan and Arab Jordan Investment Bank, as treasury bonds were sold from the Bank's portfolio to the Central Bank of Jordan portfolio. The Bank will repurchase the bonds at maturity date, noting that these bonds mature within a period of month or less and is paid in cash with interest rate 4.75%, and the recognition of these bonds continues within financial statements due to the Bank's control over them.

**16. INCOME TAX**

**A- Income tax provision**

The movement on the income tax provision is as follows:

	30 June 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
Balance at the beginning of the period/ year	6,866,156	7,785,786
Income tax paid	(5,701,612)	(8,107,925)
Accrued income tax expense	3,203,937	7,188,295
Balance at the end of the period/ year	4,368,481	6,866,156

**B - Income tax in the interim condensed consolidated statement of income represents the following:**

	For the six months ended 30 June (Reviewed not audited)	
	2019 JD	2018 JD
Accrued Income tax expense for the period	3,203,937	3,327,708
Deferred tax assets for the period	7,455	352,595
Total	3,211,392	3,680,303

**C- Reconciliation between accounting profit and taxable profit is as follows:**

	For the six months ended 30 June (Reviewed not audited)	
	2019 JD	2018 JD
Accounting profit	11,149,343	12,345,019
Non-taxable income	(657,422)	(1,515,178)
Non- deductible expenses	241,747	453,163
Taxable profit	10,733,668	11,283,004
Effective income tax rate	28,80%	29,81%



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According to the Income Tax Law number (38) for the year 2018 which has come effective from January 1, 2019, a tax rate of 38% is used to calculate the income tax expense for the period ended 30 June 2019 and (35% for the period ended 30 June 2018).

The legal tax rate on the Bank's branch in Cyprus is 12,5% and the subsidiary in Qatar is 10% and 24% for the subsidiary in Jordan.

The deferred tax assets are calculated at 38% on the doubtful debts provisions balances and the provision of end-of-service indemnity and other provisions as at the period ended 30 June 2019, In the management's opinion the tax assets will be realized during the coming periods.

**D- Tax Status**

The Bank has reached a final settlement with the Income and Sales Tax Department for all previous years up to 2016 and during 2018 the file of the year 2014 has been reopened by the Income and Sales Tax Department.

The Bank has submitted its tax returns for the years 2017 and 2018 on its legal submission date and paid the declared taxes and has not yet been reviewed by the income tax department,

United Arab Jordan Company for Investment and Financial Brokerage (a subsidiary) has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2016, In addition the company has already submitted its tax returns for the years 2017 and 2018 which has not been audited by the Income Tax and Sales Department until the date of the interim condensed consolidated financial statements.

A final tax settlement this been reached for the bank in Qatar up to the year 2018.

A final tax settlement has been reached for Cyprus branch up to the year 2018.

The Bank has booked a provision against any expected tax liabilities for the period ended 30 June 2019 and the above-mentioned years, In the opinion of the bank's management and its tax consultant the income tax provision booked in their term condensed consolidated financial statements is sufficient to cover any future tax liabilities that may arise.

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**17. OTHER LIABILITIES**

The details are as follows:

	30 June 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
Accrued interest expense	7,283,047	7,593,713
Accounts payable	26,844,076	39,314,065
Accrued unpaid expenses	1,471,286	1,342,747
Transfers and cheques payable	486,828	664,007
Bank cheques issued	2,781,484	2,735,031
Safe boxes deposits	136,720	131,266
Other deposits	192,680	53,492
Scattered creditors	536,977	726,135
Dividends payable	257,048	1,295,613
Due to income tax	109,130	128,515
Restricted deposits	37,993	38,418
ECL	428,193	428,193
Prepaid revenues	311,429	297,264
Lease liabilities	2,502,732	-
Others	626,299	2,494,026
<b>Total</b>	<b>44,005,922</b>	<b>57,242,485</b>

Indirect credit facilities classification based on the Banks internal credit rating.

	30 June 2019 (Reviewed not audited)				31 December 2018 (Audited)
	Stage 1 JD	Stage 2 JD	Stage 3 JD	Total JD	Total JD
Low risk (2-6)	146,241,139	-	-	146,241,139	168,873,998
Acceptable risk (7)	-	-	-	-	-
High risk (8-10)	-	-	-	-	-
Balance as of 30 June 2019	146,241,139	-	-	146,241,139	168,873,998

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The movement on the indirect credit facilities as of 30 June 2019 is as follows:

	30 June 2019 (Reviewed not audited)										31 December					
	Letters of guarantee				Letters of credit				Acceptances			Total	Total	2018 (Audited)		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	
Balance at the beginning of the year	80,618,073	-	-	80,618,073	48,313,862	-	-	48,313,862	39,942,063	-	-	39,942,063	168,873,998	-	-	155,247,565
New balances	-	-	-	-	-	-	-	-	4,865,801	-	-	4,865,801	4,865,801	-	-	19,387,596
Paid balances	(1,706,979)	-	-	(1,706,979)	(25,791,681)	-	-	(25,791,681)	-	-	-	-	(27,498,660)	-	-	(5,761,163)
Balance as of 30 June 2019	78,911,094	-	-	78,911,094	22,522,181	-	-	22,522,181	44,807,864	-	-	44,807,864	146,241,139	-	-	168,873,998

The following is the movement on the provision for impairment of indirect credit facilities:

	30 June 2019 (Reviewed not audited)												
	Letters of guarantee				Letters of credit				Acceptances		Total		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
Balance at the beginning of the year	136,812	-	-	136,812	42,707	-	-	42,707	248,674	-	-	248,674	428,193
New balances	-	-	-	-	-	-	-	-	-	-	-	-	-
Paid balances	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 30 June 2019	136,812	-	-	136,812	42,707	-	-	42,707	248,674	-	-	248,674	428,193
													428,193

# **18. FAIR VALUE RESERVE - NET**

The details of the fair value reserve for financial assets at fair value through comprehensive income according to IFRS 9 are as follows:

	30 June 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
Balance at the beginning of period/year	(1,891,990)	(1,673,812)
Unrealized losses	(1,029,839)	(218,898)
Realized losses	71,665	720
Balance at the end of period/year	(2,850,164)	(1,891,990)

# **19. RETAINED EARNINGS**

The movement on retained earnings account is as follows:

	30 June 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
Balance at the beginning of the period / year	17,479,705	16,168,304
Transferred from general banking risks reserve	-	5,888,551
Effect of IFRS 9 adoption	-	(4,410,065)
Adjusted balance at the beginning of the year	17,479,705	17,646,790
Profit for the year	-	15,506,052
Losses from sale of financial assets through consolidated other comprehensive income	(3,606)	(4,799)
Transferred to statutory reserves	-	(2,168,338)
Amortized losses from associate company	227,159	-
Distributed dividends to shareholders	(13,500,000)	(13,500,000)
Balance at the end of the period / year	4,203,258	17,479,705

- Retained earnings include a restricted amount of JD 533,391 against deferred tax benefits as of 30 June 2019 (JD 540,846 as of 31 December 2018). This restricted amount cannot be utilized through capitalization or distribution unless actually realized, according to the Central Bank of Jordan's regulations.

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- Retained earnings include a restricted amount of JD 1,478,486 based on the Central Bank of Jordan memo no. (7702/1/10) related to the early implementation of IFRS (9).
- The general assembly of United Arab Company for investment and financial brokerage decided to amortized losses for the year 2018 in statutory reserve and the work continues to use legal procedures at companies control department.

**20. INTEREST INCOME**

The details for this item are as follows:

	For the six months ended 30 June	
	2019	2018
	JD (Reviewed not audited)	JD (Reviewed not audited)
<u>Direct credit facilities</u>		
<u>Individual (Retail):</u>		
Loans	4,376,224	4,145,362
Credit cards	639,251	639,414
Real estate loans	4,665,845	4,542,781
<u>Corporate:</u>		
Loans	7,845,834	5,431,486
Overdrafts	2,277,601	4,324,596
<u>Small and medium entities:</u>		
Loans	1,824,222	1,324,170
Overdrafts	645,201	801,203
<b>Government and public sector</b>	<b>4,358,155</b>	<b>4,832,378</b>
<b>Balances at the Central Bank of Jordan</b>	<b>877</b>	<b>6,822</b>
<b>Balances at banks and financial institutions</b>	<b>3,157,415</b>	<b>1,788,992</b>
<b>Financial assets at amortized cost</b>	<b>18,259,884</b>	<b>15,625,200</b>
	<b>48,050,509</b>	<b>43,462,404</b>

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**21. INTEREST EXPENSE**

The details for this item are as follows:

	For the six months ended 30 June	
	2019	2018
	JD (Reviewed not audited)	JD (Reviewed not audited)
Banks and financial institution deposits	12,307,088	7,978,629
Customers deposits:		
Current accounts and demand deposits	630,823	1,198,313
Saving accounts	730,045	751,045
Time and notice deposits	12,600,056	10,271,800
Cash margin	260,461	418,030
Deposit guarantee fees	504,984	732,302
	<u>27,033,457</u>	<u>21,350,119</u>

**22. GAIN (LOSS) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The details are as follows:

	Realized Gain	Unrealized gain (loss)	Dividends	Total
	JD	JD	JD	JD
<b>For the Six Months Ended 30 June 2019</b> <b>(Reviewed not audited)</b>				
Companies' shares	15,870	6,128	6,600	28,598
<b>Total</b>	<u>15,870</u>	<u>6,128</u>	<u>6,600</u>	<u>28,598</u>
<b>For the Six Months Ended 30 June 2018</b> <b>(Reviewed not audited)</b>				
Companies' shares	6,161	(9,666)	-	(3,505)
<b>Total</b>	<u>6,161</u>	<u>(9,666)</u>	<u>-</u>	<u>(3,505)</u>

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**23. Cash dividends from financial assets at fair value through comprehensive income**

The details for this item are as follows:

	For the Six Months Ended 30 June (Reviewed not audited)	
	2019	2018
	JD	JD
Dividends return on local companies shares	75,350	267,763
Interest return on foreign companies shares	53,618	-
<b>Total</b>	<b>128,968</b>	<b>267,763</b>

**24. Provision for Impairment**

The details for this item are as follows:

	For the Six Months Ended 30 June	
	2019	2018
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Balances and deposits at banks and financial institutions	-	18,775
Bonds at amortized cost	86,500	40,233
Direct credit facilities	1,574,734	715,796
Indirect credit facilities	-	54,691
<b>Total</b>	<b>1,661,234</b>	<b>829,495</b>

**25. EARNINGS PER SHARE FOR THE PERIOD**

The details for this item are as follows:

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2019	2018	2019	2018
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)
Profit for the period	3,113,544	3,735,023	7,265,352	8,030,930
Weighted average number of shares	150,000,000	150,000,000	150,000,000	150,000,000
Basic and diluted earnings for the period per share (Bank shareholders)	0.021	0.025	0.048	0.054

The diluted earning per share for the period is equivalent to the basic earning per share for the period.

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**26. CASH AND CASH EQUIVALENTS**

This item consists of the following:

	For the Six Months Ended 30 June (Reviewed not audited)	
	2019	2018
	JD	JD
Cash and balances at the Central Bank of Jordan maturing within 3 months	98,727,748	81,138,019
Add: Balances at banks and other financial Institutions maturing within 3 months	247,416,803	240,033,744
Less: Deposits from banks and financial institutions maturing within 3 months	(472,961,841)	(352,182,773)
	<u>(126,817,290)</u>	<u>(31,011,010)</u>

**27. SEGMENT ANALYSIS**

Information about the Bank's Business Segments:

The Bank is organized for administrative purposes and divided into four main business segments:

1, Individual accounts:

Include following up on individual customers accounts real estate loans overdrafts credit cards and transfers.

2, Corporate accounts:

include corporate transactions on loans credit facilities and deposits.

3, Treasury:

Principally providing money market trading and treasury services as well as management of the Bank's funding operations through treasury bills government securities placements and acceptances with other banks and that is through treasury and banking services.

4, Institutional Financing:

The activity of this sector is related to arrangements for the structure of financing and shares underwriting.



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	For the Six Months Ended 30 June					
	Banking services for Individual	Banking services for Corporate	Treasury	Others	2019	2018
	JD (In Thousands) (Reviewed not audited)	JD (In Thousands) (Reviewed not audited)	JD (In Thousands) (Reviewed not audited)	JD (In Thousands) (Reviewed not audited)	JD (In Thousands) (Reviewed not audited)	JD (In Thousands) (audited)
Gross direct revenues	10,541	16,951	23,549	3,826	54,867	50,602
Investment in associate company	-	-	638	-	638	(54)
Provision for impairment	(332)	(1,242)	(87)	-	(1,661)	(829)
Segment results	10,209	15,709	24,100	3,826	53,844	49,719
Undistributed expenses					(42,695)	(37,374)
Income before tax					11,149	12,345
Income tax expense					(3,211)	(3,680)
Net income for the period					7,938	8,665
Capital expenditures					1,032	6,429
Depreciation and amortization					1,853	1,510
					30 June 2019	31 December 2018
					JD (Reviewed not audited)	JD (audited)
Segment's assets	188,699	579,465	1,102,739	-	1,870,903	1,901,426
Investments in associate Company	-	-	19,660	-	19,660	19,011
Undistributed assets	-	-	-	115,383	115,383	112,653
Total Segment's Assets	188,699	579,465	1,122,399	115,383	2,005,946	2,033,090
Segment's liabilities	754,950	311,937	682,459	-	1,749,346	1,752,976
Undistributed liabilities	-	-	-	49,047	49,047	64,716
Total Liabilities	754,950	311,937	682,459	49,047	1,798,393	1,817,692

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**(2-A) Geographical Information**

This item represents the geographical distribution of the Bank's activities. Moreover, the Bank conducts its activities mainly in Jordan representing local activities, additionally, the Bank performs its international activities through its branch in Cyprus, and its subsidiary in Qatar.

The following table shows the geographical distribution of the Bank's operating:

	Inside Jordan		Outside Jordan		Total	
	30 June		30 June		30 June	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)
Total revenues	50,259,735	44,811,323	5,244,766	5,736,559	55,504,501	50,547,882
Capital expenditure	1,031,876	6,425,469	-	3,375	1,031,876	6,428,844
	Inside Jordan		Outside Jordan		Total	
	31 December		31 December		31 December	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(audited)	(Reviewed not audited)	(audited)	(Reviewed not audited)	(audited)
Total Assets	1,634,022,923	1,619,207,733	371,922,854	413,882,686	2,005,945,777	2,033,090,419

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(2-B) Geographical distribution information:

Item	Inside Jordan		Other middle east countries		Europe		Asia		Africa		America		Total	
	JD		JD		JD		JD		JD		JD		JD	
Balances at the Central Bank of Jordan	77,534,032		-		-		-		-		-		77,534,032	
Balances at banks and financial institutions - net	8,877,484		103,710,962		72,522,220		679,316		807,106		60,781,400		247,378,488	
Deposits at banks and financial institutions - net	-		15,747,502		15,977,716		-		-		-		31,725,218	
Credit facilities - net	725,506,906		38,747,486		3,859,748		-		-		-		768,114,140	
Corporate bonds through other comprehensive income	-		-		1,169,185		-		-		-		1,169,185	
Bonds:														
Financial assets at amortized cost - net	688,534,988		3,526,029		4,644,414		4,971,617		2,346,454		5,216,518		709,240,020	
Other assets	14,926,289		899,091		399,129		47,366		66,252		135,444		16,473,571	
<b>Gross/ Current period</b>	<b>1,515,379,699</b>		<b>162,631,070</b>		<b>98,572,412</b>		<b>5,698,299</b>		<b>3,219,812</b>		<b>66,133,362</b>		<b>1,851,634,654</b>	
Letters of guarantees	69,243,110		8,034,225		1,633,759		-		-		-		78,911,094	
Letters of credit	16,817,122		4,854,259		850,800		-		-		-		22,522,181	
Acceptances	43,844,496		963,368		-		-		-		-		44,807,864	
Unused facilities	77,838,109		1,864,816		-		-		-		-		79,702,925	
<b>Total</b>	<b>1,723,122,536</b>		<b>178,347,738</b>		<b>101,056,971</b>		<b>5,698,299</b>		<b>3,219,812</b>		<b>66,133,362</b>		<b>2,077,578,718</b>	
<b>Comparative figures</b>	<b>1,726,547,809</b>		<b>265,928,299</b>		<b>56,922,907</b>		<b>5,752,472</b>		<b>3,071,871</b>		<b>71,865,498</b>		<b>2,130,088,856</b>	

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(2-C) Geographical distribution information according to IFRS 9 – Net:

	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total
	JD	JD	JD	JD	JD	JD	JD
Inside Jordan	1,533,310,252	168,293,488	6,289,083	6,205,375	9,024,338	-	1,723,122,536
Other middle east countries	178,347,738	-	-	-	-	-	178,347,738
Europe	79,474,638	-	21,582,333	-	-	-	101,056,971
Asia	5,698,299	-	-	-	-	-	5,698,299
Africa	3,219,812	-	-	-	-	-	3,219,812
America	66,133,362	-	-	-	-	-	66,133,362
<b>Total</b>	<b>1,866,184,101</b>	<b>168,293,488</b>	<b>27,871,416</b>	<b>6,205,375</b>	<b>9,024,338</b>	<b>-</b>	<b>2,077,578,718</b>
<b>Comparative figures</b>	<b>1,930,575,650</b>	<b>154,955,085</b>	<b>29,080,138</b>	<b>5,568,352</b>	<b>9,909,631</b>	<b>-</b>	<b>2,130,088,856</b>

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**(3-A) Financial assets distribution information:**

Item	Financial	Manufactural	Commercial	Real estate	Stocks	Retail	Governmental and public sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at the Central Bank of Jordan	-	-	-	-	-	-	77,534,032	77,534,032
Balances at banks and financial institutions - net	247,378,488	-	-	-	-	-	-	247,378,488
Deposits at banks and financial institutions - net	31,725,218	-	-	-	-	-	-	31,725,218
Credit facilities - net	2,449,636	173,697,332	231,500,696	97,649,457	190,163	108,036,350	154,590,506	768,114,140
Corporate bonds through other comprehensive income	1,169,185	-	-	-	-	-	-	1,169,185
Bonds:								
Financial assets at amortized cost - net	8,564,628	9,654,725	1,323,430	2,000,000	-	-	687,697,237	709,240,020
Other assets	1,094,976	1,162,470	1,466,977	985,471	5,854	591,746	11,166,077	16,473,571
Gross - current period	<b>292,382,131</b>	<b>184,514,527</b>	<b>234,291,103</b>	<b>100,634,928</b>	<b>196,017</b>	<b>108,628,096</b>	<b>930,987,852</b>	<b>1,851,634,654</b>
Letters of guarantees	-	-	78,911,094	-	-	-	-	78,911,094
Letters of credit	-	-	22,522,181	-	-	-	-	22,522,181
Acceptances	-	-	44,807,864	-	-	-	-	44,807,864
Unused facilities	2,190,971	10,909,323	66,602,631	-	-	-	-	79,702,925
<b>Grand Total</b>	<b>294,573,102</b>	<b>195,423,850</b>	<b>447,134,873</b>	<b>100,634,928</b>	<b>196,017</b>	<b>108,628,096</b>	<b>930,987,852</b>	<b>2,077,578,718</b>
<b>Comparative figures</b>	<b>340,297,757</b>	<b>220,746,965</b>	<b>419,351,757</b>	<b>100,200,420</b>	<b>916,646</b>	<b>102,789,741</b>	<b>945,785,570</b>	<b>2,130,088,856</b>

**(3-B) Financial assets distribution information according to IFRS 9 - net:**

	Stage 1 individual	Stage 1 collective	Stage 2 individual	Stage 2 collective	Stage 3 individual	Total
	JD	JD	JD	JD	JD	JD
Financial	272,504,269	-	21,582,333	-	486,500	294,573,102
Manufactural	191,329,390	-	-	-	4,094,460	195,423,850
Commercial	438,388,012	-	6,289,083	-	2,457,778	447,134,873
Real estate	23,399,512	71,498,006	-	3,951,777	1,785,633	100,634,928
Agricultural	-	-	-	-	-	-
Stocks	196,017	-	-	-	-	196,017
Retail	9,379,049	96,795,482	-	2,253,598	199,967	108,628,096
Governmental and public sector	930,987,852	-	-	-	-	930,987,852
<b>Total</b>	<b>1,866,184,101</b>	<b>168,293,488</b>	<b>27,871,416</b>	<b>6,205,375</b>	<b>9,024,338</b>	<b>2,077,578,718</b>
<b>Comparative figures</b>	<b>1,930,575,650</b>	<b>154,955,085</b>	<b>29,080,138</b>	<b>5,568,352</b>	<b>9,909,631</b>	<b>2,130,088,856</b>

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**28. CAPITAL MANAGEMENT**

The Bank aims to manage capital to achieve the following objectives:

- Compliance with the Central Bank of Jordan requirements regarding capital.
- Bank's ability to continue as going concern.
- Maintaining strong capital to support the growth and development of the Bank's business.

The capital adequacy is monitored by the Bank's management and also providing the Central Bank with information regarding the capital adequacy quarterly.

As instructed by the Central Bank of Jordan, the minimum capital adequacy ratio is equal to 12%, Banks are classified into 5 categories where the best has a rate to 14% or more. the bank capital adequacy ratio is 15.31% as of 30 June 2019 (31 December 2018: 15,39%)

The following table shows the components of capital, value and total risk-weighted assets and capital adequacy ratio as of 30 June 2019 and 31 December 2018 that is measured according to the regulations of the Central Bank of Jordan and based on their instructions of Basel III Committee:

	30 June 2019	31 December 2018
	JD In Thousands (Reviewed not audited)	JD In Thousands (Audited)
<b><u>Primary capital according to bank's management requirements</u></b>		
Paid-up capital	150,000	150,000
Retained Earnings	4,203	3,980
Profit for the year after tax and deducting expected distributions	2,015	-
<b>Other Comprehensive income items:</b>		
Cumulative change in fair value	(2,850)	(1,892)
Foreign currency translation adjustments	(3,585)	(3,596)
Share Issuance Premium	1,418	1,418
Statutory Reserve	31,220	31,447
Authorized minority rights	7,169	6,353
<b>Total Ordinary Share Capital</b>	<b>189,590</b>	<b>187,710</b>
<b>Total regulatory Adjustments (deductions from capital)</b>		
Goodwill and Intangible assets	(771)	(694)
Deferred tax assets resulting from provisions of credit facilities	(533)	(541)
Investment in Bank's Capital and financial institutions and insurance companies Outside the scope of regulatory consolidation and where the bank owns more than 10%	(831)	(364)
<b>Net Ordinary Shareholders</b>	<b>187,455</b>	<b>186,111</b>
<b>Additional Capital</b>		
<b>Total primary Capital</b>	<b>187,455</b>	<b>186,111</b>
<b>Secondary Capital:</b>		
Provision required against credit facilities/ credit compensation in stage 1	3,425	3,425
<b>Total Stable Capital</b>	<b>3,425</b>	<b>3,425</b>
<b>Net stable capital</b>	<b>3,425</b>	<b>3,425</b>
<b>Total regulatory capital</b>	<b>190,880</b>	<b>189,536</b>
Total risk weighted assets	1,247,161	1,192,262
Capital adequacy ratio %	15,31%	15,90%
Primary capital ratio %	15,03%	15,61%

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**29. RELATED PARTIES TRANSACTIONS**

The following is a summary of the transactions with related parties during the period / year:

There are no restricted amounts at banks and financial institutions as of 30 June 2019 and 31 December 2018.

	Related party					Total	
	Subsidiaries	Board of Directors Members	Management Executives	Associate company	Other*	30 June 2019	31 December 2018
	JD	JD	JD	JD	JD	JD	JD
						(Reviewed not audited)	(Audited)
<u>Statement of Financial Position Items:</u>							
Total Deposits for related parties at the bank	34,731,831	178,491,843	4,773,739	33,344,497	4,727,414	256,069,324	213,693,367
Total Bank Deposits with related parties	35,249,230	807,106	-	22,191,404	-	58,247,740	64,130,884
Loans and credit facilities granted to related parties	-	-	795,150	-	2,543,557	3,338,707	3,229,398
<u>Off balance sheet Items:</u>							
Letter of credits/ guarantees	18,768,779	-	-	-	-	18,768,779	16,211,107
Managed accounts	8,497,626	-	-	-	-	8,497,626	8,505,485
						Total	
						For the six months ended 30	
						June	
						2019	2018
						JD	JD
						(Reviewed not audited)	(Reviewed not audited)
<u>Statement of Income Items:</u>							
Credit interest and commission	433,802	-	7,622	288,914	57,230	787,568	367,714
Debit interest and commission	931,769	2,017,892	131,919	166,120	121,188	3,368,888	1,586,388

\* This item represents employees' deposits and facilities for other than Board of Directors and the executive management.

- Balances transactions revenues and expenses between the Bank and the subsidiaries are eliminated.
- All credit facilities granted to related parties are considered as stage 1 and no provision was booked against.
- The interest expense rates ranges from 0% - 7.25% (including current accounts).
- The interest revenue rates ranges from 1.75% - 6%

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The following is a summary of the benefits (salaries, remunerations plus and other benefits) of the executive management of the Bank:

	For the six Months ended 30 June	
	2019	2018
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Salaries, remunerations and other benefits	753,257	976,501
Travel and transportation expenses	10,753	8,406
	<u>764,010</u>	<u>984,907</u>

**30. COMMITMENTS AND CONTINGENT LIABILITIES**

The following represents liabilities that may arise at the date of the interim condensed consolidated financial statements.

	30 June 2019	31 December 2018
	JD	JD
	(Reviewed not audited)	(Audited)
Letters of credit:		
Export	21,417,530	47,006,472
Import (backed)	1,104,651	1,307,390
Import (not backed)	61,138,466	64,444,035
Acceptance:		
Export / letter of credit	44,807,864	39,942,063
Export / policies	10,638,996	8,063,929
Import (not backed)	3,398,086	7,790,234
Letters of guarantee:		
- Payments	27,253,763	27,955,736
- Performance	32,195,871	29,453,390
- Other	19,461,460	23,208,947
Forward contracts	21,535,747	27,657,000
Un-utilized indirect credit facilities	79,702,925	78,070,287
<b>Total</b>	<u>322,655,359</u>	<u>354,899,483</u>

The operating leases contracts at Arab Jordan Investment Bank/ Qatar (subsidiary) amounted to JD 119,776 as of 30 June 2019 (31 December 2018: JD 119,776).



**31. LAWSUITS AGAINST THE BANK**

Lawsuits raised against the Bank are to repeal third party claims and to settle seized assets matters applying for multifunction and damage as well, amounted to JD 5,367,330 as of 30 June 2019 (JD 6,737,335 as of 31 December 2018). In the opinion of the Bank's lawyer the Bank will not incur any significant amounts against these lawsuits except for the booked provision which amounted to JD 147,691 as of 30 June 2019 (31 December 2018: JD 99,691), Moreover, the amounts paid by the Bank against concluded or settled lawsuits are taken to the consolidated statement of income upon payment.

**32. STATUTORY RESERVES AND FEES**

The Bank did not deduct any statutory reserve and fees in accordance with the Companies Laws and the Regulations issued, as these financial statements are interim statements and the deduction is made at the end of the year.

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**33. FAIR VALUE HIERARCHY**

A-Fair value of financial assets and financial liabilities for the bank that are measured at fair value.

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period, the following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

	Fair Value as at		Fair Value Hierarchy	Valuation techniques and key inputs
	30 June 2019	31 December 2018		
<u>Financial Assets</u>	JD	JD		
	(Reviewed not audited)	(Audited)		
<b>Financial assets at fair value through profit or loss Quoted shares</b>	101,009	263,244	level 1	Quoted rates in financial markets
<b>Financial assets at fair value through comprehensive income</b>				
Quoted shares	12,142,348	13,104,260	level 1	Quoted rates in financial markets
Quoted corporate bonds	1,169,185	-	level 1	Quoted rates in financial markets
Unquoted shares	2,305,207	2,402,728	level 2	Compare to markets value of similar financial instruments
<b>Total</b>	<u>15,717,749</u>	<u>15,770,232</u>		

There were no transfers between level 1 and 2 during the six months period ended at 30 June 2019 and during the year ended 31 December 2018.

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B, Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis.

	30 June 2019		31 December 2018		Hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Balances at central banks	(Reviewed not audited)	(Reviewed not audited)	(Audited)	(Audited)	
	77,534,032	77,534,032	101,095,229	101,095,229	level 2
Balances at banks and financial institutions	247,378,488	248,111,729	307,520,994	308,230,505	level 2
Deposits at banks and financial institutions	31,725,218	31,826,519	15,877,685	15,956,936	level 2
Loans and other bills	768,114,140	772,056,242	752,694,569	758,137,904	level 2
Financial assets at amortized costs	709,240,020	720,749,973	688,023,173	699,442,904	level 2
<b>Total Financial assets not measured at fair value</b>	<b>1,833,991,898</b>	<b>1,850,278,495</b>	<b>1,865,211,650</b>	<b>1,882,863,478</b>	
Banks and financial institution deposits	575,793,841	577,671,481	537,381,551	540,674,472	level 2
Customer deposits	1,024,078,208	1,029,205,924	1,030,562,047	1,034,495,807	level 2
Borrowed funds from the central bank of Jordan	106,665,610	146,041,810	146,041,810	146,041,810	
Cash margins	42,809,399	42,980,328	38,991,293	39,170,804	level 2
<b>Total Liabilities not measured at fair value</b>	<b>1,749,347,058</b>	<b>1,795,899,543</b>	<b>1,752,976,701</b>	<b>1,760,382,893</b>	

The fair values of the financial assets and liabilities included in level 1 and 2 categories above have been determined in accordance with accepted pricing models reflecting the credit risks with the other parties.