

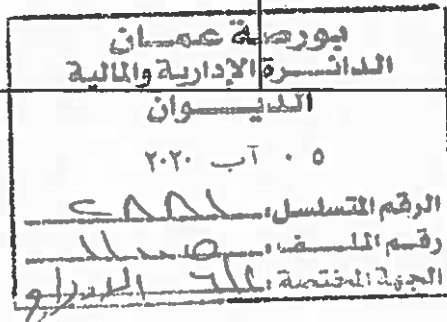
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Date : 5<sup>th</sup> August, 2020

التاريخ : ٥ آب ٢٠٢٠

<p>To : Jordan Securities Commission Amman Stock Exchange</p> <p>Subject : Reviewed Financial Statements for the six months period ended on 30<sup>th</sup> June, 2020.</p>	<p>السادة / هيئة الأوراق المالية المحترمين السادة / بورصة عمان المحترمين ،</p> <p>الموضوع : القوائم المالية المراجعة للسنة اشهر المنتهية في ٣٠ حزيران ٢٠٢٠ .</p>
<p>Attached is Arab Jordan Investment Bank reviewed financial statements for the six months period ended on 30<sup>th</sup> June, 2020 ( English translated ) .</p>	<p>مرفق طيه نسخة من القوائم المالية المراجعة للسنة اشهر المنتهية في ٣٠ / ٦ / ٢٠٢٠ لشركة بنك الإستثمار العربي الأردني ( مترجمة باللغة الإنجليزية ) .</p>
<p>Kindly accept our highly appreciation and respect. Arab Jordan Investment Bank</p> <p style="text-align: center;">             Chairman Hani Al-Qadi         </p>	<p>وتفضلوا بقبول فائق الاحترام ،، شركة بنك الإستثمار العربي الأردني</p> <p style="text-align: center;">             رئيس مجلس الادارة هانان القاضي         </p>



**ARAB JORDAN INVESTMENT BANK**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(REVIEWED NOT AUDITED)**  
**30 JUNE 2020**



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

**Introduction**

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 2020, comprising the interim condensed consolidated statement of financial position as of 30 June 2020 and the related interim condensed consolidated income statement, interim condensed consolidated comprehensive income statement, interim condensed consolidated statement of changes in equity and 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

27 July 2020

**ARAB JORDAN INVESTMENT BANK**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 30 JUNE 2020**

	Notes	30 June 2020 JD (Reviewed not audited)	31 December 2019 JD (Audited)
<b><u>Assets</u></b>			
Cash and balances at Central Bank of Jordan	5	63,317,160	129,085,610
Balances at banks and financial institutions- net	6	224,103,032	291,440,677
Deposits at banks and financial institutions- net	7	30,082,822	24,845,110
Financial assets at fair value through profit or loss	8	974,005	1,203,192
Financial assets at fair value through other comprehensive income	9	17,060,187	20,059,841
Direct credit facilities - net	10	861,929,531	815,472,923
Financial assets at amortized cost – net	11	676,698,084	711,618,433
Investment in associate company	12	19,528,168	20,687,223
Property and equipment – net		74,938,045	76,478,738
Intangible assets - net		1,484,339	1,606,866
Deferred tax assets		1,523,136	521,215
Other assets	13	51,588,166	39,036,563
<b>Total Assets</b>		<b>2,023,226,675</b>	<b>2,132,056,391</b>
<b><u>Liabilities and Equity</u></b>			
<b>Liabilities:</b>			
Banks and financial institutions' deposits		539,597,540	619,641,241
Customers' deposits	14	1,009,912,002	1,092,286,339
Borrowed money from the Central Bank of Jordan	15	151,441,743	104,457,503
Cash margins		42,175,724	40,295,933
Sundry provisions		744,670	677,572
Income tax provision	16.1	5,035,892	7,334,878
Other liabilities	17	56,408,246	51,510,179
<b>Total Liabilities</b>		<b>1,805,315,817</b>	<b>1,916,203,645</b>
<b>Equity:</b>			
<b>Equity attributable to Bank's shareholders</b>			
Paid-in capital		150,000,000	150,000,000
Statutory reserve		33,212,083	33,212,083
Foreign currency translation adjustments		(4,240,457)	(2,955,229)
Fair value reserve – net	18	(4,249,810)	(2,067,878)
Retained earnings	19	18,217,014	18,501,288
Profit for the period attributable to Bank's shareholders		6,798,801	-
<b>Total Equity attributable to the Bank's shareholders</b>		<b>199,737,631</b>	<b>196,690,264</b>
Non – controlling interest		18,173,227	19,162,482
<b>Total Equity</b>		<b>217,910,858</b>	<b>215,852,746</b>
<b>Total Liabilities and shareholders' Equity</b>		<b>2,023,226,675</b>	<b>2,132,056,391</b>

**The accompanying notes from 1 to 35 are part of these interim condensed consolidated financial statements and should be read with them**

**ARAB JORDAN INVESTMENT BANK**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2020 (REVIEWED NOT AUDITED)**

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020	2019	2020	2019
		JD	JD	JD	JD
<b>Continued operations</b>					
<b>Revenues</b>					
Interest income	20	21,856,480	24,193,558	45,954,062	48,050,509
Interest expense	21	(9,899,146)	(13,527,175)	(22,250,419)	(27,033,457)
<b>Net interest income</b>		<b>11,957,334</b>	<b>10,666,383</b>	<b>23,703,643</b>	<b>21,017,052</b>
Net commissions income		972,209	2,043,998	2,551,441	3,941,179
<b>Net interest and commissions income</b>		<b>12,929,543</b>	<b>12,710,381</b>	<b>26,255,084</b>	<b>24,958,231</b>
Foreign currencies income		411,810	876,921	1,279,382	1,973,412
(Loss) gain from financial assets at fair value through profit or Loss	22	(7,670)	22,559	(128,812)	28,598
Cash dividends from financial assets at fair value through other comprehensive income	23	(28,051)	128,968	1,195	128,968
Other revenues		2,516,872	335,474	2,996,164	744,031
<b>Gross Income</b>		<b>15,822,504</b>	<b>14,074,303</b>	<b>30,403,013</b>	<b>27,833,240</b>
<b>Expenses</b>					
Employees expenses		3,631,292	3,961,497	7,874,364	7,867,370
Depreciation and amortization		994,580	890,051	2,033,402	1,852,752
Other expenses		3,502,683	2,991,200	6,565,485	5,855,889
Provision for expected credit loss	24	3,842,899	1,271,697	3,842,899	1,661,234
Sundry provisions		46,319	(78,527)	94,766	84,456
<b>Total Expenses</b>		<b>12,017,773</b>	<b>9,035,918</b>	<b>20,410,916</b>	<b>17,321,701</b>
Bank's share of income in associate company	12	461,053	247,658	126,173	637,804
<b>Profit for the period before income tax</b>		<b>4,265,784</b>	<b>5,286,043</b>	<b>10,118,270</b>	<b>11,149,343</b>
Income tax expense	16	(844,384)	(1,831,854)	(3,099,898)	(3,211,392)
<b>Income from continued operations</b>		<b>3,421,400</b>	<b>3,454,189</b>	<b>7,018,372</b>	<b>7,937,951</b>
Income from discontinued operations after tax		216,011	-	216,011	-
<b>Profit for the Period</b>		<b>3,637,411</b>	<b>3,454,189</b>	<b>7,234,383</b>	<b>7,937,951</b>
Attributable to:					
Bank's Shareholders		3,485,903	3,113,544	6,798,801	7,265,352
Non – controlling Interest		151,508	340,645	435,582	672,599
		<b>3,637,411</b>	<b>3,454,189</b>	<b>7,234,383</b>	<b>7,937,951</b>
		<b>JD/Fils</b>	<b>JD/Fils</b>	<b>JD/Fils</b>	<b>JD/Fils</b>
Basic and diluted earnings per share from profit for the period (Bank's shareholders) from continued operations	25	0.022	0.021	0.044	0.048
Basic and diluted earnings per share from profit for the period (Bank's shareholders)	25	0.023	0.021	0.045	0.048

**The accompanying notes from 1 to 35 are part of these interim condensed consolidated financial statements and should be read with them**

**ARAB JORDAN INVESTMENT BANK**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2020 (REVIEWED NOT AUDITED)**

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2020	2019	2020	2019
	JD	JD	JD	JD
<b>Profit for the period from continued operations</b>	3,421,400	3,454,189	7,018,372	7,937,951
<b><u>Comprehensive Income Items:</u></b>				
Other comprehensive income items which will be transferred to profit or loss in future periods:				
Foreign Currency translation adjustments - Associate Company	(53,500)	(507,820)	(1,285,228)	11,306
Other comprehensive income items which will not be transferred to profit or loss in future periods:				
Cumulative change in fair value of financial assets through other comprehensive income - net after tax	(1,325,715)	(857,952)	(1,988,797)	(961,874)
Loss from the sale of financial assets through other comprehensive income	(572,871)	(3,606)	(572,871)	(3,606)
<b>Total other comprehensive income items for the period after tax</b>	<b>(1,952,086)</b>	<b>(1,369,378)</b>	<b>(3,846,896)</b>	<b>(954,174)</b>
<b>Total comprehensive income for the period from continued operations</b>	<b>1,469,314</b>	<b>2,084,811</b>	<b>3,171,476</b>	<b>6,983,777</b>
<b>Total comprehensive income from discontinued operations</b>	<b>216,011</b>	<b>-</b>	<b>216,011</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>1,685,325</b>	<b>2,084,811</b>	<b>3,387,487</b>	<b>6,983,777</b>
<b><u>Total Comprehensive Income Attributable to:</u></b>				
Bank's Shareholders	1,489,123	1,758,043	3,047,367	6,314,878
Non - Controlling Interest	196,202	326,768	340,120	668,899
	<b>1,685,325</b>	<b>2,084,811</b>	<b>3,387,487</b>	<b>6,983,777</b>

The accompanying notes from 1 to 35 are part of these interim condensed consolidated financial statements and should be read with them

**ARAB JORDAN INVESTMENT BANK**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2020 (REVIEWED NOT AUDITED)**

	Paid-in Capital	Share Premium	Statutory Reserve	Foreign Currency Translation Adjustments	Fair Value net reserve*	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
<b>For the six months ended 30 June 2020</b>										
Balance at the beginning of the period	150,000,000	-	33,212,083	(2,955,229)	(2,067,878)	18,501,288	-	196,690,264	19,162,482	215,852,746
<b>Total comprehensive income for the period</b>	-	-	-	(1,285,228)	(2,181,932)	(284,274)	6,798,801	3,047,367	340,120	3,387,487
Change in non-controlling interest	-	-	-	-	-	-	-	-	(1,329,375)	(1,329,375)
<b>Balance at the end of the Period</b>	<b>150,000,000</b>	<b>-</b>	<b>33,212,083</b>	<b>(4,240,457)</b>	<b>(4,249,810)</b>	<b>18,217,014</b>	<b>6,798,801</b>	<b>199,737,631</b>	<b>18,173,227</b>	<b>217,910,858</b>
<b>For the six months ended 30 June 2019</b>										
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>	-	-	-	11,306	(958,174)	(3,606)	7,265,352	6,314,878	668,899	6,983,777
Dividends distributed to shareholders	-	-	-	-	-	(13,500,000)	-	(13,500,000)	-	(13,500,000)
Transferred to the statutory reserve	-	-	(227,159)	-	-	227,159	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	-	(1,329,375)	(1,329,375)
<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>(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>

In accordance with monitoring authorities' instructions:

\* The Central Bank of Jordan issued circular No. 10/17702 dated 6 June 2018, requesting to 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 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 restricted balance is JOD 1,072,609. Additionally, retained earnings include a restricted amount of JOD 1,523,136 against deferred tax benefits as of 30 June 2020, this restricted amount cannot be utilized through capitalization or distribution unless actually realized.

\*\* An amount of 4,249,810 JD of retained earnings is restricted which equals to the negative balance of fair value reserve.

**The accompanying notes from 1 to 35 are part of these interim condensed consolidated financial statements and should be read with them**

**ARAB JORDAN INVESTMENT BANK**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2020 (REVIEWED NOT AUDITED)**

	Notes	For the Six Months Ended 30 June	
		2020 JD	2019 JD
<b>Operating activities</b>			
Profit for the period from continued operations before income tax		10,118,270	11,149,343
Profit for the period from discontinued operations		216,011	-
Adjustments for non-cash items:			
Depreciation and amortization		2,033,402	1,852,752
Expected credit losses		3,842,899	1,661,234
Unrealized loss (gain) on financial assets at fair value through profit or loss	22	133,420	(6,128)
(Gain) loss from sale of property and equipment		(16,526)	6,262
Bank's share in the (income) of associate company	12	(126,173)	(637,804)
Loss (gain) from sale of seized assets		37,012	(89,839)
Sundry provisions		94,766	84,456
Effect of exchange rate fluctuations on cash and cash equivalents		(26,482)	(44,957)
<b>Cash profit before changes in assets and liabilities</b>		<b>16,306,599</b>	<b>13,975,319</b>
Changes in Assets and Liabilities:			
Deposits at banks and financial institutions (maturing over 3 months)		(5,237,712)	(15,847,533)
Financial assets at fair value through profit or loss		95,767	168,363
Direct credit facilities		(49,903,007)	(16,994,305)
Other assets		(1,303,655)	(971,486)
Banks and financial institutions deposits (maturing over 3 months)		(20,903,960)	(17,168,000)
Customers' deposits		(82,374,337)	(6,483,839)
Cash margins		1,879,791	3,818,106
Other liabilities		4,731,688	(15,802,946)
<b>Net change in assets and liabilities</b>		<b>(153,015,425)</b>	<b>(69,281,640)</b>
<b>Net cash flows used in operating activities before tax</b>		<b>(136,708,826)</b>	<b>(55,306,321)</b>
Income tax paid	16	(6,400,805)	(5,701,612)
Sundry provisions paid		(27,668)	(19,619)
<b>Net cash flows used in operating activities</b>		<b>(143,137,299)</b>	<b>(61,027,552)</b>
<b>Investing activities</b>			
Financial assets at amortized cost		34,853,849	(21,303,347)
Financial assets at fair value through comprehensive income		287,986	(1,075,232)
Purchase of property and equipment		(1,117,832)	(738,803)
Proceeds from sale of a property and equipment		816,133	830
Purchase of intangible assets		(51,957)	(293,073)
<b>Net Cash Flows from (used in) Investing Activities</b>		<b>34,788,179</b>	<b>(23,409,625)</b>
<b>Financing activities</b>			
Change in non-controlling interest		(1,329,375)	(1,329,375)
Borrowed funds from the Central Bank of Jordan		46,984,240	(39,376,200)
Dividends paid to shareholders		(13,621)	(13,436,349)
<b>Net Cash Flows from (used in) financing activities</b>		<b>45,641,244</b>	<b>(54,141,924)</b>
<b>Net (decrease) in Cash and Cash Equivalents</b>		<b>(62,707,876)</b>	<b>(138,579,101)</b>
Effect of exchange rate fluctuations on cash and cash equivalents		26,482	44,957
<b>Cash and Cash Equivalent at the beginning of the period</b>		<b>(106,240,639)</b>	<b>11,716,854</b>
<b>Cash and Cash Equivalent at the end of the period</b>	26	<b>(168,922,033)</b>	<b>(126,817,290)</b>

**The accompanying notes from 1 to 35 are part of these interim condensed consolidated financial statements and should be read with them**



## **1. GENERAL**

The Arab Jordan Investment Bank is a public shareholding company with headquarter in Amman – Jordan, On 1 January 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 a par value of JD 1 each per share.

The Bank is engaged in all commercial banking and financing activities through its (33) branches and offices in Jordan and (1) branch in Cyprus and its subsidiaries in Qatar and Jordan (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 of the Bank on 23 July 2020.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

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

The accompanying interim condensed consolidated financial statements for the Bank and its subsidiaries "the Group" have been prepared in accordance with the International Accounting Standard IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements are prepared on the historical cost basis except for financial assets at fair value through profit or Loss and financial assets at fair value through other comprehensive income and financial derivatives which have been measured 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 is the functional currency of the Bank.

The accompanying interim condensed consolidated financial statements do not include all the information and disclosures to the financial statements 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 2020 do not necessarily represent indications of the expected results for the year ending 31 December 2020. Therefore, these interim condensed consolidated financial statements should be read with the Bank's annual report for the year ended 31 December 2019 and it does not contain the appropriation of profit on for the six months period ended at 30 June 2020, which is usually performed at the year end.

### Basis of Consolidation of the Interim Condensed Financial Statements

The interim condensed consolidated financial statements comprise of the financial statements of the Bank and the subsidiaries controlled by it. 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, transactions, revenues, and expenses between the bank and the subsidiaries are eliminated.

The financial statements of the subsidiaries are prepared for the same reporting period as of the Bank, using consistent accounting policies. If the subsidiaries have a different accounting policy than the Bank, necessary adjustments will be reflected to match the Bank's accounting policies.

As of 30 June 2020, the Bank owns the following subsidiaries:

<u>Company's Name</u>	<u>Paid-in Capital</u> <u>JD</u>	<u>Ownership Percentage</u>	<u>Industry</u>	<u>Location</u>	<u>Acquisition Date</u>
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 subsidiaries financial results are consolidated in the consolidated statement of income from the date of their acquisition, which is the date on which the control of the bank on the subsidiary takes place. In addition, the financial results of the disposed subsidiaries are consolidated in the consolidated statement of income up to the date of the disposal, which is the date on which the bank loses control over the subsidiary.

Non- controlling interests represent the portion that is not owned by the Bank on the owner's equity in the company subsidiaries.

### 3. Changes in accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019, except for the adoption of new standards and amendments effective as of 1 January 2020:

#### **Amendments to IFRS 3: Definition of "business"**

The International Accounting Standards Board has issued amendments to the definition of "business" in International Financial Reporting Standard No. (3) "business combinations", to help enterprises determine whether the set of activities and assets acquired has the definition of "business" applied or not.

These amendments clarify the minimum business requirements, nullify the assessment of whether market participants are able to replace any business elements that do not exist, and add directions to assist enterprises in assessing whether the acquired operation is material, and to narrow business definitions and outputs, and enter the optional fair value concentration test. The amendments have been applied to transactions that are either business combination or acquisition of assets whose acquisition date is on or after the start of the first annual reporting period that started on or after 1 January 2020. Consequently, the bank did not have to review these transactions that occurred in previous periods. Early application of these amendments is permitted and should be disclosed.

There was no effect of applying these amendments on the consolidated financial statements.

#### **Adjusting interest rates on IFRS 9 and IFRS 7**

Interest rate adjustments to IFRS 9 and IFRS 7 include a number of exemptions that apply to all hedging relationships that are directly affected by the adjustment to the interest rate standards. The hedge relationship is affected if the adjustment leads to uncertainty about the timing and / or volume of cash flows based on the standard, for the hedged item or hedging instrument. As a result of this amendment, there may be uncertainty about the timing and / or volume of cash flows based on the standard, for the hedged item or hedging instrument, during the period preceding the replacement of the current interest rate standard with a risk-free interest rate (RFR). This may lead to uncertainty as to whether the expected transaction is highly likely and whether the hedging relationship is expected to be very effective.

The amendments provide temporary exemptions that enable hedge accounting to continue during the period of uncertainty before replacing the current interest rate standard with a risk-free rate ("RFR").

The amendments have been applied to the financial periods beginning on or after January 1, 2020 with early application permitted. It is applied retroactively. However, any pre-canceled hedge relationships cannot be reinstated when the order is applied, and no hedge relationships can be assigned based on past experience.

After completing the first stage, the IASB shifts its focus to issues that may affect financial reporting when replacing the current interest rate standard with a risk-free interest rate ("RFR"). This is referred to as the second phase of the International Accounting Standards Board project.

There was no effect of applying these amendments on the consolidated financial statements.

#### **4. SIGNIFICANT JUDGMENTS AND ESTIMATES USED**

##### **USE OF JUDGMENTS AND ESTIMATES:**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular,

considerable judgment by management is required in the estimation of the amount and timing of future cash flows.

Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions. The following are the most important judgments used.

**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.

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

The assessment of a significant increase in credit risk 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 at the reporting date to the corresponding risk of default at origination, 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 (low risk), stage 2 (acceptable risk) and stage 3 (high risk).

- **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.

Due to recent developments and the abnormal situation resulting from (Covid-19), an additional scenario was used by the management to calculate the expected credit losses for the period ending March 31, 2020. Accordingly, the bank updated the macroeconomic factors used in calculating the expected credit losses for the period ended March 31, 2020, in addition to changing the weights the probability of the weights assigned to the macroeconomic scenarios by giving a higher weight to the Downside scenario.

- **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.

### **D. ASSETS HELD FOR SALE**

Non-current assets are classified as held for sale if the recovered amounts are mainly recovered through a sale rather than through ongoing operations, and the asset must be ready for sale in its current condition, on the conditions that are normal and familiar to sell this type of asset, and the sale order must be highly probable. In addition to that there is a commitment to the sale plan by the management, whereas the sale is eligible to be recognized as a completed sale within one year from the date of this classification.

When the bank is committed to a sale plan that includes a loss of control over a subsidiary, it must classify all its assets and liabilities as held for sale, when all of the above conditions are met.

Non-current assets classified as held for sale are measured at book value or fair value less costs to sell, whichever is lower. The results of that company's business are also shown in a separate line item in the income statement as net profit (loss) from discontinued operations.

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

This item consists of the following:

	30 June 2020	31 December 2019
	JD (Reviewed not Audited)	JD (Audited)
Cash in vaults	15,799,005	18,794,330
Balances at Central Bank of Jordan:		
Statutory Cash reserve	47,518,155	68,252,880
Current accounts	-	42,038,400
Total	63,317,160	129,085,610

Except for the statutory cash reserve there are no restricted balances at the Central Bank of Jordan as of 30 June 2020 and 31 December 2019.

There are no certificates of deposit maturing within a period exceeding three months as of 30 June 2020 and 31 December 2019.

The Bank's internal credit rating is as follows:

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Low risk (2-6)	47,518,155	-	-	47,518,155	110,291,280
Acceptable risk (7)	-	-	-	-	-
High risk (8-10)	-	-	-	-	-
Total balances as of the period/ year end	47,518,155	-	-	47,518,155	110,291,280

The movement on balances at Central Bank of Jordan as of 30 June 2020 is as follows:

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances at beginning of the period/ year	110,291,280	-	-	110,291,280	101,095,229
New balances	745,481	-	-	745,481	10,213,161
Paid balances	(63,518,606)	-	-	(63,518,606)	(1,017,110)
Total Balances as of the period/ year end	47,518,155	-	-	47,518,155	110,291,280

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The movement on expected credit losses for balances at Central Bank of Jordan as of 30 June 2020 is as follows:

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Total balances as of 1 January 2020	-	-	-	-
New balances	-	-	-	-
Paid balances	-	-	-	-
Total balances as of 30 June 2020	-	-	-	-

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

The item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)
Current and Call accounts	134,075	275,973	144,354,309	91,946,751	144,488,384	92,222,724
Deposits maturing within 3 months or less	-	-	79,652,963	199,256,268	79,652,963	199,256,268
Total	134,075	275,973	224,007,272	291,203,019	224,141,347	291,478,992
<u>Deduct:</u> Expected credit losses	-	-	(38,315)	(38,315)	(38,315)	(38,315)
	134,075	275,973	223,968,957	291,164,704	224,103,032	291,440,677

- The balances at banks and financial institutions that bears no interest amounted to 144,486,242 as of 30 June 2020 (JD 92,220,593 as of 31 December 2019).
- There are no restricted balances at banks and financial institutions as of 30 June 2020 and 31 December 2019.

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

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
Credit rating categories based on banks internal system	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3 "Individual"	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	218,666,311	-	-	218,666,311	286,055,028
Acceptable risk (7)	-	5,475,036	-	5,475,036	5,423,964
High risk (8-10)	-	-	-	-	-
Total	218,666,311	5,475,036	-	224,141,347	291,478,992



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The movement on balances at banks and financial institutions as of 30 June 2020 is as follows:

	30 June 2020 (Reviewed not audited)			31 December 2019 (Audited)	
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
<b>Total Balances as of the period/ year end</b>	286,055,028	5,423,964	-	291,478,992	307,559,309
New balances	119,782,474	51,072	-	119,833,546	162,896,385
Paid balances	(187,171,191)	-	-	(187,171,191)	(178,976,702)
<b>Total Balances as of the period/ year end</b>	<u>218,666,311</u>	<u>5,475,036</u>	<u>-</u>	<u>224,141,347</u>	<u>291,478,992</u>

The movement on the expected credit losses for balances at banks and financial institutions as of 30 June 2020 is as follows:

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
<b>Total Balances at the beginning of the period/ year end</b>	31,041	7,274	-	38,315	38,315
New balances	-	-	-	-	-
Paid balances	-	-	-	-	-
<b>Total Balances as of the period/ year end</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 Institutions		Foreign Banks and Financial Institutions		Total	
	31					
	30 June 2020	December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)
Deposits maturing within 3-6 months	-	-	19,484,579	13,952,700	19,484,579	13,952,700
Deposits maturing within 6-9 months	-	-	5,320,524	5,459,892	5,320,524	5,459,892
Deposits maturing from 9 months to one year	-	-	5,333,237	5,488,036	5,333,237	5,488,036
<b>Total</b>	<u>-</u>	<u>-</u>	<u>30,138,340</u>	<u>24,900,628</u>	<u>30,138,340</u>	<u>24,900,628</u>
Less: ECL	-	-	(55,518)	(55,518)	(55,518)	(55,518)
<b>Total</b>	<u>-</u>	<u>-</u>	<u>30,082,822</u>	<u>24,845,110</u>	<u>30,082,822</u>	<u>24,845,110</u>

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- There are no restricted deposits at banks and financial institutions as of 30 June 2020 and 31 December 2019.
- There are no restricted deposits as of 30 June 2020 and 31 December 2019.
- Distribution of deposits at banks and financial institutions according to the Bank's internal credit rating:

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total	Total
	JD	JD	JD	JD	JD
<b>Credit rating categories based on Bank's internal system</b>					
Low risk (2-6)	14,180,000	-	-	14,180,000	-
Acceptable risk (7)	-	15,958,340	-	15,958,340	24,900,628
High risk (8-10)	-	-	-	-	-
<b>Total</b>	<b>14,180,000</b>	<b>15,952,340</b>	<b>-</b>	<b>30,138,340</b>	<b>24,900,628</b>

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

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
<b>Total Balances at beginning of the period/ year</b>	8,508,000	16,392,628	-	24,900,628	15,933,203
New balances	14,180,000	2,057,054	-	16,237,054	11,453,086
Paid balances	(8,508,000)	(2,491,342)	-	(10,999,342)	(2,485,661)
<b>Total Balances as of the period/ year end</b>	<b>14,180,000</b>	<b>15,958,320</b>	<b>-</b>	<b>30,138,340</b>	<b>24,900,628</b>

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

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
<b>Total Balances at beginning of the period/ year</b>	-	55,518	-	55,518	55,518
New balances	-	-	-	-	-
Paid balances	-	-	-	-	-
<b>Total Balances as of the period/ year end</b>	<b>-</b>	<b>55,518</b>	<b>-</b>	<b>55,518</b>	<b>55,518</b>

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

The item consists of the following:

	30 June 2020 JD (Reviewed not audited)	31 December 2019 JD (Audited)
Listed stocks in active markets	974,005	1,203,192

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

	30 June 2020 JD (Reviewed not audited)	31 December 2019 JD (Audited)
<b>Quoted financial assets:</b>		
Corporate shares	10,830,045	13,054,223
Corporate bonds	521,039	1,169,185
<b>Total quoted financial assets</b>	<b>11,351,084</b>	<b>14,223,408</b>
<b>Unquoted financial assets:</b>		
Corporate shares	5,865,103	5,842,433
<b>Total unquoted financial assets</b>	<b>5,865,103</b>	<b>5,842,433</b>
Expected credit loss	(156,000)	(6,000)
<b>Total</b>	<b>17,060,187</b>	<b>20,059,841</b>

- Cash dividends on the investments above amounted to JD 1,195 for the period ended 30 June 2020 (JD 128,968 for the period ended 30 June 2019).

Total bonds distribution based on the banks internal credit rating:

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "portfolio"	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	-	-	-	-	1,169,185
Acceptable risk (7)	-	-	-	-	-
High risk (8-10)	-	-	521,039	521,039	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>521,039</b>	<b>521,039</b>	<b>1,169,185</b>

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The movement on bonds is as follows:

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances as of the period/ year	1,169,185	-	-	1,169,185	-
New balances	-	-	-	-	1,169,185
Paid balances	-	-	-	-	-
Net Transferred in Stage 1	(1,169,185)	-	1,169,185	-	-
Net Transferred in Stage 2	-	-	-	-	-
Net Transferred in Stage 3	-	-	-	-	-
Changes from Adjustments	-	-	(648,146)	(648,146)	-
Total balances as of the period/ year end	-	-	521,039	521,039	1,169,185

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

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances at beginning of the period/ year	6,000	-	-	6,000	-
New balances	-	-	150,000	150,000	6,000
Paid balances	-	-	-	-	-
Net Transferred in Stage 1	(6,000)	-	6,000	-	-
Net Transferred in Stage 2	-	-	-	-	-
Net Transferred in Stage 3	-	-	-	-	-
Total balances as of the period/ year	-	-	156,000	156,000	6,000

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**10. DIRECT CREDIT FACILITIES – NET**

This item consists of the following:

	30 June 2020 JD (Reviewed not audited)	31 December 2019 JD (Audited)
<b>Individuals (Retail)</b>		
Loans *	128,489,470	118,659,263
Credit cards	8,494,789	9,178,208
Housing loans	102,823,592	103,490,576
<b>Large companies</b>		
Loans *	381,963,285	344,070,349
Overdraft	103,712,274	86,903,535
<b>Small and medium companies</b>		
Loans *	21,233,094	24,661,859
Overdraft	4,341,962	5,512,579
<b>Government &amp; public sector</b>	129,271,197	139,013,136
<b>Total</b>	880,329,663	831,489,505
<u>Less: provision for impairment of direct credit facilities</u>	(15,201,430)	(13,279,473)
<u>Less: suspended interest</u>	(3,198,702)	(2,737,109)
<b>Net credit facilities</b>	861,929,531	815,472,923

\* Net after deducting interests and commission received in advance.

Non-performing credit facilities amounted to JD 16,476,189 representing 1.87% of total direct credit facilities balance as of 30 June 2020 (JD 13,512,644 representing 1.63% of direct credit facilities as of 31 December 2019).

Non-performing credit facilities net of interest in suspense amounted to JD 14,739,580 representing 1.68% of direct credit facilities balance net of interest in suspense as of 30 June 2020 (JD 12,343,562 representing 1.49% of direct credit facilities net of interest in suspense as of 31 December 2019).

Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 164,495,542 representing 18.69% of total direct credit facilities as of 30 June 2020 (JD 174,846,009 representing 21.03% of total direct credit facilities as of 31 December 2019).

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Distribution of the total facilities balances by categories:

	30 June 2020 (reviewed not audited)										31 December 2019															
	Individual					Small and medium entities					Corporate					Real-estate loans					Government and public sector					(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	Total		Stage 1	Stage 2	Stage 3	Total		
Low risk (2-6)	121,745,400	-	-	121,745,400		16,537,824	-	-	16,537,824		466,188,727	-	-	466,188,727		93,759,504	-	-	93,759,504		122,597,187	-	-	122,597,187		820,828,642
Acceptable risk (7)	-	11,644,981	-	11,644,981		6,867,908	-	-	6,867,908		14,001,781	-	-	14,001,781		3,836,153	-	-	3,836,153		6,674,010	-	-	6,674,010		43,024,833
High risk (8-10)	-	-	3,593,878	3,593,878		-	-	2,169,324	2,169,324		-	-	5,485,051	5,485,051		-	-	-	5,227,935		-	-	-	-		16,476,188
Balance as at 30 June 2020	121,745,400	11,644,981	3,593,878	136,984,259		16,537,824	6,867,908	2,169,324	25,575,056		466,188,727	14,001,781	5,485,051	485,675,559		93,759,504	3,836,153	5,227,935	102,823,592		122,597,187	6,674,010	-	129,271,197	860,328,663	
																									831,489,505	

The movement on the credit facilities during 2020:

	30 June 2020 (reviewed not audited)										31 December 2019														
	Individual					Small and medium entities					Corporate					Real estate loans					Government and public sector				
	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	Total		Stage 1	Stage 2	Stage 3	Total	
Balance as at 1 January 2020	114,056,688	11,715,500	1,884,813	127,656,991		35,863,654	7,152,802	2,366,942	45,383,408		423,460,301	30,022,793	9,482,100	462,965,194		86,421,608	4,138,158	4,102,420	94,662,186		131,813,803	7,096,333	-	138,910,136	770,248,897
Credit losses for new balances through the year	12,345,851	702,180	150,840	13,200,871		7,778,100	854,380	118,388	8,750,868		118,238,154	857,681	4,421	119,100,256		1,887,825	28,277	118,822	2,024,924		2,916,684	-	-	2,919,601	138,962,684
Reclassified from credit losses to reaped facilities	(8,375,202)	(418,268)	(27,371)	(8,820,841)		(9,800,674)	(86,131)	(18,854)	(10,005,659)		(96,307,547)	(7,023,896)	-	(103,331,443)		(2,443,879)	(104,887)	(37,850)	(2,586,616)		(9,316,816)	(426,323)	-	(9,743,139)	(110,307,048)
Net transformed in stage 1	105,849	(125,848)	-	(19,999)		862,814	(603,814)	-	259,000		11,264,126	(81,264,126)	-	(70,999,999)		(594,118)	(532,302)	1,086,418	-		-	-	-	-	-
Net transformed in stage 2	(383,206)	444,848	(51,486)	10,159		(458,133)	148,133	-	(310,000)		(5,252,348)	3,262,348	-	(1,989,999)		(540,850)	1,254,824	(474,018)	-		-	-	-	-	-
Net transformed in stage 3	(7,008,275)	(648,482)	1,624,882	(6,031,875)		-	-	-	(6,031,875)		-	-	-	(6,031,875)		-	(725,029)	725,029	-		-	-	-	-	-
Effect of changes resulting from stages	(7,371,632)	(207,288)	1,563,396	(6,015,524)		-	(6,031,875)	-	(6,031,875)		6,204,816	(8,024,816)	-	(1,819,999)		(1,546,868)	(442,455)	1,347,421	-		-	-	-	-	-
Changes from adjustments	862,849	(147,148)	32,424	748,125		(34,448)	(80,812)	(578)	(145,838)		1,340,413	148,821	-	1,489,234		(15,064)	(84,402)	(291,802)	(331,414)		-	-	-	-	(448,572)
Written off balances	-	-	-	-		-	-	-	-		-	-	-	-		-	-	-	-		-	-	-	-	(8,000,320)
Balance as at 30 June 2020	121,745,400	11,644,981	3,593,878	136,984,259		16,537,824	6,887,908	2,189,324	25,575,056		466,188,727	14,001,781	5,485,051	485,675,559		93,759,504	3,836,153	5,227,935	102,823,592		122,597,187	6,674,010	-	129,271,197	851,488,505

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Movement on the balances of facilities:

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2020	767,786,184	50,190,676	13,512,645	831,489,505	770,246,697
New balances through the period	132,337,240	2,212,831	394,159	134,944,230	179,990,661
Paid balances	(84,898,243)	(2,070,147)	(101,963)	(87,070,353)	(11,301,049)
Net transferred in stage 1	11,786,407	(12,882,885)	1,096,478	-	-
Net transferred in stage 2	(6,352,540)	6,878,054	(525,514)	-	-
Net transferred in stage 3	(1,088,372)	(1,271,497)	2,359,869	-	-
Effect of changes resulting from stages	4,345,495	(7,276,328)	2,930,833	-	-
Changes from adjustments	1,257,966	(32,199)	(259,486)	966,281	(446,572)
Written off balances	-	-	-	-	(8,000,232)
Balance as of 30 June 2020	820,828,642	43,034,833	16,476,188	880,329,663	831,489,505

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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 2020 (Reviewed not audited)														Total 31 December 2019 (Audited)																
	Small and medium entities							Government and public sector																							
	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										
Balance as of 1 January 2020	1,795,100		244,346		1,238,045		3,277,490	33,970		563,277		1,002,719		1,600,049		204,887		35,724		1,032,628		1,380,018		8,071,025		8,071,025		14,488,776		14,488,776	
New facilities through the period	268,131		152,444		510,227		1,230,012	36,388		305,205		1,962,195		2,303,871		87,146		471,165		79,288		225,037		4,051,225		4,051,225		4,271,806		4,271,806	
Provision	(153,553)		(1,360)		(154,913)		(156,273)	(8,247)		(5,233)		(13,720)		(23,310)		(23,368)		(408)		(2,536)		(28,312)		(84,028)		(84,028)		(1,044,002)		(1,044,002)	
Net transferred in stage 1	891		(891)		-		-	7,748		(7,748)		-		-		2,897		(2,897)		-		-		-		-		-		-	
Net transferred in stage 2	-		11,798		(11,798)		-	(244)		244		-		-		-		84,833		(84,833)		-		-		-		-		-	
Net transferred in stage 3	-		(3,432)		3,432		-	-		-		-		-		-		(3,318)		3,318		-		-		-		-		-	
Effect of changes resulting from changes	891		7,073		(8,364)		-	7,502		(7,502)		-		-		2,897		78,628		(81,312)		-		-		-		-		-	
Changes from adjustments	(88,151)		(749)		729,828		641,028	515,582		745		(838,729)		738,164		239,027		(77,318)		334,892		489,382		1,684,228		1,684,228		11,778		11,778	
Written off balances	-		-		-		-	-		-		-		-		-		-		-		-		-		-		-		-	
Balance as of 30 June 2020	1,931,318		467,258		2,367,286		4,835,859	583,173		861,149		1,186,182		2,713,497		3,052,291		74,070		1,365,238		2,281,133		13,251,432		13,251,432		13,251,432		13,251,432	



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Movement on the provision for impairment of direct credit facilities:

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of the period/ year end	2,880,205	1,668,017	5,322,603	9,870,825	14,468,779
New balances through the period/ year	1,172,049	697,498	2,160,878	4,030,425	4,216,956
Paid balances	(220,216)	(22,414)	(341,396)	(584,026)	(2,045,502)
Net transferred in stage 1	290,969	(290,969)	-	-	-
Net transferred in stage 2	(7,487)	103,916	(96,429)	-	-
Net transferred in stage 3	-	(6,750)	6,750	-	-
Effect of changes resulting from stages	283,482	(193,803)	(89,679)	-	-
Changes from adjustments	1,404,652	34,984	444,570	1,884,206	11,779
Written off balances	-	-	-	-	(3,372,539)
Balance as of the period/ year end	5,520,172	2,184,282	7,496,976	15,201,430	13,279,473

Provisions no longer needed due to settlements or repayments and transferred against other debts amounted to 606,010 JD as of 30 June 2020 (JD 2,495,160 as of 31 December 2019).

Movement on the accumulated loss of impairment as of 31 December 2019:

	Individual	Small and medium entities	Corporate	Real estate loans	Government and public sectors	Total
	JD	JD	JD	JD	JD	JD
Balance as of 31 December 2019	3,315,573	1,680,030	3,448,672	1,390,816	35,734	9,870,825
New balances through the period	1,039,012	1,990,466	741,374	220,637	38,936	4,030,425
Paid balances	(165,652)	(20,310)	(752,371)	(26,312)	-	(584,026)
Net transferred in stage 1	-	-	-	-	-	-
Net transferred in stage 2	-	-	-	-	-	-
Net transferred in stage 3	-	-	-	-	-	-
Effect of changes resulting from stages	-	7,502	(7,502)	-	-	-
Changes from adjustments	641,026	(936,729)	1,683,517	496,392	-	1,884,206
Written off balances	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-
Balance as of 30 June 2020	4,829,959	2,720,959	5,494,309	2,081,533	74,670	15,201,430

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Redistribution:

Provisions at individual level	1,142,164	1,532,484	4,676,130	1,495,573	74,670	8,921,021
Provisions at an accumulated level	3,687,795	1,188,475	818,179	585,960	-	6,280,409

**Interest in suspense:**

The following is the movement on the interest in suspense:

	Individual	Real-estate Loans	Corporate	Small and medium entities	Total
<b>For the Six months ended 30 June 2020 (reviewed not audited)</b>	JD	JD	JD	JD	JD
Balance at 1 January 2020	628,998	1,108,950	17,424	981,737	2,737,109
Add: Interest suspended during the period	376,820	256,173	4,221	6,124	643,338
Less: Interest in suspense transferred to revenues	(100,547)	(52,073)	-	(23,152)	(175,772)
Less: Interest in suspense written off	(5,824)	(149)	-	-	(5,973)
<b>Balance at 30 June 2020</b>	<b>899,447</b>	<b>1,312,901</b>	<b>21,645</b>	<b>964,709</b>	<b>3,198,702</b>
<b>For the year ended 31 December 2019 (audited)</b>					
Balance at 1 January 2019	436,606	1,004,742	9,305	1,632,696	3,083,349
Add: Interest suspended during the year	475,637	312,241	8,119	625,655	1,421,652
Less: Interest in suspense transferred to revenues	(70,157)	(102,823)	-	(84,150)	(257,130)
Less: Interest in suspense transferred to off –balance sheet accounts	(189,026)	(105,210)	-	(1,192,464)	(1,486,700)
Less: Interest in suspense written off	(24,062)	-	-	-	(24,062)
<b>Balance at 31 December 2019</b>	<b>628,998</b>	<b>1,108,950</b>	<b>17,424</b>	<b>981,737</b>	<b>2,737,109</b>

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

	30 June 2020 (Reviewed not audited)			31 December 2019 (Audited)
	Inside Jordan	Outside Jordan	Total	Total
	JD	JD	JD	JD
Financial	5,459,076	-	5,459,076	2,032,776
Industrial	212,936,041	-	212,936,041	212,319,284
Trading	240,076,123	29,126,260	269,202,383	237,440,782
Real Estate	95,971,508	3,460,661	99,432,169	100,567,052
Equities	714,133	-	714,133	505,487
Retail	124,362,520	6,893,434	131,255,954	123,594,406
Governmental and public sector	129,196,527	-	129,196,527	139,013,136
Shipment and Transportation	6,943,899	-	6,943,899	-
Tourism and Hotels	6,789,349	-	6,789,349	-
<b>Total</b>	<b>822,449,176</b>	<b>39,480,355</b>	<b>861,929,531</b>	<b>815,472,923</b>

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Credit facilities distribution based on geographical location- net:

	30 June 2020	31 December 2019
	JD	JD
	(Reviewed not audited)	(Audited)
Inside Jordan	822,449,176	766,525,009
Asia	39,480,355	43,094,326
Europe	-	5,853,588
Total	861,929,531	815,472,923

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

This item consists of the following:

	30 June 2020	31 December 2019
	JD	JD
	(Reviewed not Audited)	(Audited)
<b>Quoted financial assets</b>		
Foreign government bonds	2,118,425	5,867,892
Companies bonds	14,593,098	16,928,398
	16,711,523	22,796,290
<b>Unquoted financial assets</b>		
Governmental bonds and with their guarantee	659,731,629	685,519,935
Companies bonds	582,500	3,582,500
<b>Total unquoted financial assets</b>	660,314,129	689,102,435
<b>Total Quoted and unquoted financial assets</b>	677,025,652	711,898,725
Less: Provision for impairment	(327,568)	(280,292)
<b>Total</b>	676,698,084	711,618,433

**Debt instruments analysis- Net**

	30 June 2020	31 December 2019
	JD	JD
	(Reviewed not audited)	(Audited)
With fixed return	658,837,086	693,754,726
With variable return	17,860,998	17,863,707
Total	676,698,084	711,618,433

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

	30 June 2020 (Reviewed not Audited)				31 December 2019 (Audited)
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on Bank's internal system:					
Low risk (2-6)	676,443,152	-	-	676,443,152	711,316,225
Acceptable risk (7)	-	-	-	-	-
High risk (8-10)	-	-	582,500	582,500	582,500
<b>Total</b>	<b>676,443,152</b>	<b>-</b>	<b>582,500</b>	<b>677,025,652</b>	<b>711,898,725</b>

The movement on the financial assets at amortized cost during 2020 is as follows:

	30 June 2020 (Reviewed not Audited)				31 December 2019 (Audited)
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total	Total
	JD	JD	JD	JD	JD
Total balances at beginning of the period/ year	711,316,225	-	582,500	711,898,725	688,216,965
New balances during the period/ year	27,300,181	-	-	27,300,181	195,636,980
Paid balances	(62,173,254)	-	-	(62,173,254)	(171,955,220)
Transferred to stage 1	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-
<b>Total balance as of the period/ year</b>	<b>676,443,152</b>	<b>-</b>	<b>582,500</b>	<b>677,025,652</b>	<b>711,898,725</b>

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

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balances as of the period/ year end	84,292	-	196,000	280,292	193,792
New balances	-	-	66,500	66,500	86,500
Paid balances	(19,224)	-	-	(19,224)	-
<b>Total balances as of the period/ year</b>	<b>65,068</b>	<b>-</b>	<b>262,500</b>	<b>327,568</b>	<b>280,292</b>

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**12. INVESTMENT IN ASSOCIATE COMPANY**

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

	30 June 2020	31 December 2019
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/ year	20,687,223	19,011,340
The Bank's share in the associate company's (gain) profit	126,173	1,034,715
Foreign currency translation adjustments	(1,285,228)	641,168
Balance at the end of the period/ year	19,528,168	20,687,223

- The Bank's investment represents the Bank share of Jordan International Bank with a contribution of 25% of the capital which amounted to 65,000,000 GBP. The bank's share of the associate's profit is calculated according to the latest unaudited financial statements available as of 30 June 2020, with the Bank contribution in the capital of 25%.
- The bank's right in voting of general assembly decisions is according to percentage of the ownership in the investment.
- The Bank's share in the associate company's assets, liabilities, and revenues is as follows:

	30 June 2020	31 December 2019
	JD	JD
	(Reviewed not audited)	(Audited)
Total assets	347,324,338	355,944,425
Total liabilities	269,211,666	273,195,533
Net assets	78,112,672	82,748,892
The Bank's share in net assets	19,528,168	20,687,223
Net income for the year	504,692	4,138,860
The Bank's share in net income for the period /year	126,173	1,034,715

- The Bank's share of 25% in the net equity of Jordan International Bank / London has been calculated for the period 30 June 2020 as shown above according to the latest financial statements available on 30 June 2020.

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**13. OTHER ASSETS**

The details of this item are as follows:

	30 June 2020	31 December 2019
	JD	JD
	(Reviewed not audited)	(Audited)
Accrued interest and commissions	17,869,201	18,134,721
Prepaid expenses	2,665,594	1,592,163
Assets seized by the Bank**	17,138,285	17,145,263
Stationery and printing	288,873	286,972
Refundable deposits	455,339	457,236
Cheques clearing	34,927	62,728
Assets held for sale – net	11,284,960	-
Others	1,850,987	1,357,480
Total	51,588,166	39,036,563

\*The bank contracted to sell the foreign branch in Cyprus for Astro Bank at net book value in exchange for investment in the bank's capital, at about 3.75% of its capital. On 30 June 2020, the bank obtained approval of the sale by the Central Bank of Jordan as issued circular No. (10/2/7686).

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

	30 June 2020	31 December 2019
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/ year	18,984,263	16,984,544
Additions	110,035	2,684,912
Disposals	(117,013)	(685,193)
	18,977,285	18,984,263
Less: Provision against seized assets**	(1,839,000)	(1,839,000)
Balance at the end of the period/ year	17,138,285	17,145,263

\*\* 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 2020 JD (Reviewed not audited)	31 December 2019 JD (Audited)
Balance at the beginning of period/ year	1,839,000	1,839,000
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 2020 (Reviewed not audited)</b>					
Current and call accounts	89,847,637	91,464,568	39,780,698	7,150,888	228,243,791
Saving accounts	150,742,721	2,234,943	991,025	14,206	153,982,895
Time deposits	519,009,177	60,955,675	23,169,216	24,551,248	627,685,316
<b>Total</b>	<b>759,599,535</b>	<b>154,655,186</b>	<b>63,940,939</b>	<b>31,716,342</b>	<b>1,009,912,002</b>
<b>31 December 2019 (Audited)</b>					
Current and call accounts	87,779,612	75,826,193	50,043,908	13,230,173	226,879,886
Saving accounts	160,518,453	1,053,746	1,044,820	16,651	162,633,670
Time deposits	521,957,071	48,475,116	17,512,127	114,828,469	702,772,783
<b>Total</b>	<b>770,255,136</b>	<b>125,355,055</b>	<b>68,600,855</b>	<b>128,075,293</b>	<b>1,092,286,339</b>

- The deposits of the Jordanian government and public sector inside Jordan amounted to JD 31,716,342 representing 3.14% as of 30 June 2020 (31 December 2019: JD 92,625,293, and the Jordanian government deposits outside the Kingdom amounted to 35,450,000 as of 31 December 2019, which is 11.73% of total deposits).
- Non-interest-bearing deposits amounted to JD 220,907,0944 representing 21.87% of total deposits as of 30 June 2020 (31 December 2019: JD 212,038,242 representing 19.41% of total deposits).
- Restricted deposits amounted to JD 5,274,745 representing 0.5% of total deposits as of 30 June 2020 (31 December 2019: JD 2,948,422 representing 0.27% of the total deposits including JD 3,456 at Cyprus branch and JD 2,944,966 at Jordan branches).
- Dormant deposits amounted to JD 1,781,795 as at 30 June 2020 (31 December 2019: JD 1,421,221).

## **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 2%, and the recognition of these bonds continues within financial statements due to the Bank's control over them. In addition to advances to finance productive activities and loans granted by the Central Bank to support institutions and small companies affected by the Corona virus.

## **16. INCOME TAX**

### **A - Income tax provision**

The movement on the income tax provision is as follows:

	30 June 2020 JD (Reviewed not audited)	31 December 2019 JD (Audited)
Balance at the beginning of the period/ year	7,334,878	6,866,156
Income tax paid	(6,400,805)	(6,974,378)
Accrued income tax expense	4,101,819	7,443,100
Balance at the end of the period/ year	<u>5,035,892</u>	<u>7,334,878</u>

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

	For the six months ended 30 June (Reviewed not audited) 2020 JD	2019 JD
Accrued Income tax expense for the period	4,101,819	3,203,937
Deferred tax assets for the period	(1,001,921)	7,455
Total	<u>3,099,898</u>	<u>3,211,392</u>



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

	For the six months ended 30 June (Reviewed not audited)	
	2020	2019
	JD	JD
Accounting profit	10,334,281	11,149,343
Non-taxable income	(3,253,671)	(657,422)
Non- deductible expenses	2,796,287	241,747
Taxable profit	9,876,897	10,733,668
Effective income tax rate	30.00%	28,80%

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 2020 starting from 1 January 2019.

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 2020, 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.

The Bank has submitted its tax returns for the years 2017, 2018 and 2019 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, 2018 and 2019 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 2019.

A final tax settlement has been reached for Cyprus branch up to the year 2019.

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 2020	31 December 2019
	JD	JD
	(Reviewed not audited)	(Audited)
Accrued interest expense	6,332,861	8,634,253
Accounts payable	3,156,241	31,441,051
Accrued unpaid expenses	1,729,172	1,670,897
Transfers and cheques payable	675,349	289,923
Bank cheques issued	2,849,693	2,477,389
Safe boxes deposits	148,490	145,966
Other deposits	99,646	155,875
Scattered creditors	651,086	592,756
Dividends payable	187,642	1,245,410
Due to income tax	85,708	142,326
Restricted deposits	38,487	40,373
ECL	608,193	428,193
Prepaid revenues	343,912	597,119
Lease liabilities	2,815,017	2,926,261
Liabilities relating assets held for sale*	35,667,721	-
Others	1,019,028	722,387
<b>Total</b>	<b>56,408,246</b>	<b>51,510,179</b>

- \* The Bank contracted to sell the foreign branch in Cyprus for Astro Bank at net book value in exchange for investment in the bank's capital, at about 3.75% of its capital. On 30 June 2020, the bank obtained approval of the sale by the Central Bank of Jordan as issued circular No. (10/2/7686).

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

	30 June 2020 (Reviewed not audited)						31 December (Audited)					
	Letters of guarantee			Letters of credit			Acceptances			Collings		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Low risk (2-6)	87,642,333	-	-	87,642,333	24,147,741	-	-	24,147,741	35,595,257	-	-	35,595,257
Acceptable risk (7)	-	-	-	-	-	-	-	-	107,357,059	-	-	107,357,059
High risk (8-10)	-	-	-	-	-	-	-	-	-	843,861	-	843,861
Balance as of the period/ year end	87,642,333	-	-	87,642,333	24,147,741	-	-	24,147,741	107,357,059	843,861	-	108,200,320
												255,586,251
												239,827,796

\* The movement on the indirect credit facilities as of 30 June 2020 is as follows:

	30 June 2020 (Reviewed not audited)						31 December 2019 (Audited)					
	Letters of guarantee			Letters of credit			Acceptances			Collings		
	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 period/ year	87,435,311	-	-	87,435,311	25,314,182	-	-	25,314,182	49,937,860	-	-	49,937,860
New balances	2,161,280	-	-	2,161,280	-	-	-	-	74,384,708	2,755,754	-	77,140,463
Paid balances	(1,974,258)	-	-	(1,974,258)	(1,166,421)	-	-	(1,166,421)	32,972,350	-	-	32,972,350
Balance as of the period/ year end	87,642,333	-	-	87,642,333	24,147,741	-	-	24,147,741	107,357,059	843,861	-	108,200,320
												255,586,251
												239,827,796

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

30 June 2020 (Reviewed not audited)															
	Letters of guarantee				Letters of credit				Acceptances				Callings		Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total		
Balance at the beginning of the period/year	136,812	-	-	136,812	42,707	-	-	42,707	248,674	-	-	-	248,674	-	428,193
New balances	-	-	-	-	-	-	-	-	-	-	-	180,000	-	180,000	-
Paid balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of the period/year end	136,812	-	-	136,812	42,707	-	-	42,707	248,674	-	-	180,000	-	608,193	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 2020	31 December 2019
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of period/ year	(2,067,878)	(1,891,990)
Unrealized losses	(2,375,067)	(247,553)
Realized losses	193,135	71,665
Balance at the end of period/ year	<u>(4,249,810)</u>	<u>(2,067,878)</u>

## **19. RETAINED EARNINGS**

The movement on retained earnings account is as follows:

	30 June 2020	31 December 2019
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the Period	18,501,288	17,479,705
Profit for the period	-	14,871,803
Losses from sale of financial assets through consolidated other comprehensive income	(284,274)	(3,606)
Transferred to statutory reserves	-	(1,991,773)
Amortized issuance premium	-	1,418,000
Amortized losses from associate company	-	227,159
Distributed dividends to shareholders	-	(13,500,000)
Balance at the end of the period / year	<u>18,217,014</u>	<u>18,501,288</u>

- Retained earnings include a restricted amount of JD 1,523,136 against deferred tax benefits as of 30 June 2020 (JD 521,215 as of 31 December 2019). This restricted amount cannot be utilized through capitalization or distribution unless actually realized, according to the Central Bank of Jordan's regulations.
- Retained earnings include a restricted amount of JD 1,072,609 based on the Central Bank of Jordan memo no. (10/1/7702) related to the early implementation of IFRS (9).

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**20. INTEREST INCOME**

The details for this item are as follows:

	For the six months ended 30 June	
	2020	2019
	JD (Reviewed not audited)	JD (Reviewed not audited)
<b><u>Direct credit facilities</u></b>		
<b><u>Individual (Retail):</u></b>		
Loans	4,661,749	4,376,224
Credit cards	637,910	639,251
Real estate loans	4,198,617	4,665,845
<b><u>Corporate:</u></b>		
Loans	8,580,148	7,845,834
Overdrafts	1,928,471	2,277,601
<b><u>Small and medium entities:</u></b>		
Loans	2,055,097	1,824,222
Overdrafts	471,616	645,201
<b>Government and public sector</b>	3,648,290	4,358,155
<b>Balances at the Central Bank of Jordan</b>	4,110	877
<b>Balances at banks and financial institutions</b>	1,356,768	3,157,415
<b>Financial assets at amortized cost</b>	18,411,286	18,259,884
	<b>45,954,062</b>	<b>48,050,509</b>

**21. INTEREST EXPENSE**

The details for this item are as follows:

	For the six months ended 30 June	
	2020	2019
	JD (Reviewed not audited)	JD (Reviewed not audited)
<b>Banks and financial institution deposits</b>	<b>7,750,452</b>	<b>12,307,088</b>
<b>Customers deposits:</b>		
Current accounts and demand deposits	695,329	630,823
Saving accounts	412,126	730,045
Time and notice deposits	12,534,995	12,600,056
Lease interest	51,559	-
Cash margin	250,589	260,461
Deposit guarantee fees	545,369	504,984
	<b>22,250,419</b>	<b>27,033,457</b>

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

The details are as follows:

	Realized Gain	Unrealized (loss) gain	Dividends	Total
	JD	JD	JD	JD
<b>For the Six Months Ended 30 June 2020 (Reviewed not audited)</b>				
Companies' shares	4,608	(133,420)	-	(128,812)
<b>Total</b>	<b>4,608</b>	<b>(133,420)</b>	<b>-</b>	<b>(128,812)</b>
<b>For the Six Months Ended 30 June 2019 (Reviewed not audited)</b>				
Companies' shares	15,870	6,128	6,600	28,598
<b>Total</b>	<b>15,870</b>	<b>6,128</b>	<b>6,600</b>	<b>28,598</b>

**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)	
	2020	2019
	JD	JD
Dividends return on local companies shares	1,195	75,350
Interest return on foreign companies shares	-	53,618
<b>Total</b>	<b>1,195</b>	<b>128,968</b>

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**24. Expected credit losses**

The details for this item are as follows:

	For the Six Months Ended 30 June	
	2020	2019
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Bond through comprehensive income	150,000	-
Bonds at amortized cost	66,500	86,500
Direct credit facilities	3,446,399	1,574,734
Indirect credit facilities	180,000	-
<b>Total</b>	<b>3,842,899</b>	<b>1,661,234</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	
	2020	2019	2020	2019
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)
<b><u>From continued operations for the period attributed to Bank shareholders:</u></b>				
Profit for the period	3,269,892	3,113,544	6,582,790	7,265,352
Weighted average number of shares	150,000,000	150,000,000	150,000,000	150,000,000
Earnings for the period per share attributed to Bank shareholders:				
Basic and diluted earnings for the period per share (Bank shareholders)	0.022	0.021	0.044	0.048
<b><u>From profit for the period attributed to Bank shareholders:</u></b>				
Profit for the period	3,485,903	3,113,544	6,798,801	7,265,352
Weighted average number of shares	150,000,000	150,000,000	150,000,000	150,000,000
Earnings for the period per share attributed to Bank shareholders:				
Basic and diluted earnings for the period per share (Bank shareholders)	0.023	0.021	0.045	0.048



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

## **26. CASH AND CASH EQUIVALENTS**

This item consists of the following:

	For the Six Months Ended 30 June (Reviewed not audited)	
	2020	2019
	JD	JD
Cash and balances at the Central Bank of Jordan maturing within 3 months	63,317,160	98,727,748
Add: Balances at banks and other financial Institutions maturing within 3 months	224,141,347	247,416,803
Less: Deposits from banks and financial institutions maturing within 3 months	(456,380,540)	(472,961,841)
	<u>(168,922,033)</u>	<u>(126,817,290)</u>

## **27. SEGMENT ANALYSIS**

### **1- A 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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Distribution of the business results, assets and liabilities according to the business sectors:

	For the Six Months Ended 30 June				
	Banking services for Individual	Banking services for Corporate	Treasury	Others	2019 JD (In Thousands) (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)	2020 JD (In Thousands) (Reviewed not audited)
Gross direct revenues	10,163	16,684	21,266	4,540	52,653
Investment in associate company	-	-	126	-	126
Provision for impairment	(1,068)	(2,379)	(396)	-	(3,843)
Segment results					54,867
Undistributed expenses					638
Income before tax					(1,661)
Income tax expense					53,844
Income for the period relating discontinued operations after tax					(42,695)
Net income for the period					11,149
					(3,211)
					216
					7,234
					7,938
Capital expenditures					1,032
Depreciation and amortization					1,853
					2,033
					30 June 2020 JD (Reviewed not audited)
					31 December 2019 JD (audited)
Segment's assets	239,808	622,122	1,012,235	-	1,874,165
Investments in associate Company	-	-	19,528	-	19,528
Undistributed assets	-	-	-	129,534	129,534
Total Segment's Assets	239,808	622,122	1,031,763	129,534	2,023,227
Segment's liabilities	791,231	260,856	691,039	-	1,743,127
Undistributed liabilities	-	-	-	62,190	62,190
Total Liabilities	791,231	260,856	691,039	62,190	1,805,316
					1,916,204

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1- B Distribution of total debt instruments invested by the bank classified based on the Bank's internal credit rating:

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total	Total
	JD	JD	JD	JD	JD
<b>Credit rating categories based on Bank's internal system:</b>					
Low risk (2-6)	676,443,152	-	-	676,443,152	712,485,410
Acceptable risk (7)	-	-	-	-	-
High risk (8-10)	-	-	1,103,539	1,103,539	582,500
<b>Total</b>	<b>676,443,152</b>	<b>-</b>	<b>1,103,539</b>	<b>677,546,691</b>	<b>713,067,910</b>

The movement on the distribution of total debt instruments invested by the bank classified based on the Bank's internal credit rating:

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total	Total
	JD	JD	JD	JD	JD
Total balance as of the period/ year	712,485,410	-	582,500	713,067,910	688,216,965
New balances during the period/ year	27,300,181	-	-	27,300,181	196,806,165
Paid balances	(62,173,254)	-	-	(62,173,254)	(171,955,220)
Net transferred in Stage 1	(1,169,185)	-	1,169,185	-	-
Net transferred in Stage 2	-	-	-	-	-
Net transferred in Stage 3	-	-	-	-	-
Changes from adjustments	-	-	(648,146)	(648,146)	-
<b>Total balance as of the period/ year</b>	<b>676,443,152</b>	<b>-</b>	<b>1,103,539</b>	<b>677,546,691</b>	<b>713,067,910</b>

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The movement of the ECL of the debt instruments invested by the bank is as follows:

	30 June 2020 (Reviewed not audited)				31 December 2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
<b>Total Balances at beginning of the period/ year</b>	90,292	-	196,000	286,292	193,792
New balances	-	-	216,500	216,500	92,500
Paid balances	(19,224)	-	-	(19,224)	-
Net Transferred in Stage 1	(6,000)	-	6,000	-	-
Net Transferred in Stage 2	-	-	-	-	-
Net Transferred in Stage 3	-	-	-	-	-
<b>Total Balances as of the period/ year</b>	<b>65,068</b>	<b>-</b>	<b>418,500</b>	<b>483,568</b>	<b>286,292</b>

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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	
	2020	2019	2020	2019	2020	2019
	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	48,467,096	50,259,735	4,528,520	5,244,766	52,995,616	55,504,501
Capital expenditure	873,574	1,031,876	296,215	-	1,169,789	1,031,876
	Inside Jordan		Outside Jordan		Total	
	30 June		30 June		30 June	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(audited)	(Reviewed not audited)	(audited)	(Reviewed not audited)	(audited)
Total Assets	1,679,059,936	1,713,557,513	344,166,739	418,498,878	2,023,226,675	2,132,056,391

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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	47,518,155		-		-		-		-		-		47,518,155	
Balances at banks and financial institutions - net	134,075		64,017,201		133,633,850		679,246		566,418		25,072,242		224,103,032	
Deposits at banks and financial institutions - net	-		14,180,000		15,902,822		-		-		-		30,082,822	
Credit facilities - net	822,449,176		39,480,355		-		-		-		-		861,929,531	
Corporate bonds through other comprehensive income - net	-		-		-		-		-		365,039		365,039	
<b>Bonds:</b>														
Financial assets at amortized cost - net	662,864,109		4,988,446		3,901,057		-		699,055		4,245,417		676,698,084	
Other assets	16,878,782		836,281		135,495		-		1,254		17,389		17,869,201	
<b>Gross/ Current period</b>	<b>1,549,844,297</b>		<b>123,502,283</b>		<b>153,573,224</b>		<b>679,246</b>		<b>1,266,727</b>		<b>29,700,087</b>		<b>1,858,565,864</b>	
Letters of guarantees - net	78,559,930		8,945,591		-		-		-		-		87,505,521	
Letters of credit - net	21,238,711		2,866,323		-		-		-		-		24,105,034	
Acceptances - net	34,030,654		1,315,929		-		-		-		-		35,346,583	
Unused facilities - net	105,531,288		2,489,632		-		-		-		-		108,020,920	
<b>Total</b>	<b>1,789,204,880</b>		<b>139,119,758</b>		<b>153,573,224</b>		<b>679,246</b>		<b>1,266,727</b>		<b>29,700,087</b>		<b>2,113,543,922</b>	
<b>Comparative figures</b>	<b>1,809,800,033</b>		<b>235,070,751</b>		<b>118,939,875</b>		<b>4,307,701</b>		<b>2,836,917</b>		<b>41,838,848</b>		<b>2,212,794,125</b>	

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

	Stage 1		Stage 1		Stage 2		Stage 2		Stage 3		Total
	Individual	JD	Collective	JD	Individual	JD	Collective	JD	Individual	JD	
Inside Jordan	1,573,789,376		168,428,321		26,760,457		12,656,301		7,570,425		1,789,204,880
Other middle east countries	139,119,758		-		-		-		-		139,119,758
Europe	132,195,366		-		21,377,858		-		-		153,573,224
Asia	679,246		-		-		-		-		679,246
Africa	1,266,727		-		-		-		-		1,266,727
America	29,335,048		-		-		-		365,039		29,700,087
<b>Total</b>	<b>1,876,385,521</b>		<b>168,428,321</b>		<b>48,138,315</b>		<b>12,656,301</b>		<b>7,935,464</b>		<b>2,113,543,922</b>
<b>Comparative figures</b>	<b>1,985,978,242</b>		<b>185,725,260</b>		<b>33,683,164</b>		<b>-</b>		<b>7,407,459</b>		<b>2,212,794,125</b>

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

Item	Financial JD	Manufactural JD	Commercial JD	Real estate JD	Stocks JD	Transportation JD	Tourism&Hotels JD	Retail JD	Governmental and public sector JD	Total JD
Balances at the Central Bank of Jordan	-	-	-	-	-	-	-	-	47,518,155	47,518,155
Balances at banks and financial institutions - net	224,103,032	-	-	-	-	-	-	-	-	224,103,032
Deposits at banks and financial institutions - net	30,082,822	-	-	-	-	-	-	-	-	30,082,822
Credit facilities - net	5,459,076	212,936,041	269,202,383	99,432,169	714,133	6,943,899	6,789,349	131,255,954	129,196,527	861,929,531
Corporate bonds through other comprehensive income	-	-	365,039	-	-	-	-	-	-	365,039
<b>Bonds:</b>										
Financial assets at amortized cost - net	7,410,991	6,594,640	844,483	-	-	-	-	-	661,847,970	676,698,084
Other assets	260,094	1,100,708	2,141,497	911,415	7,584	10,584	8,654	910,002	12,518,663	17,869,201
<b>Gross - current period</b>	<b>267,316,015</b>	<b>220,631,389</b>	<b>272,553,402</b>	<b>100,343,584</b>	<b>721,717</b>	<b>6,954,483</b>	<b>6,798,003</b>	<b>132,165,956</b>	<b>851,081,315</b>	<b>1,858,565,864</b>
Letters of guarantees - net	-	-	87,505,521	-	-	-	-	-	-	87,505,521
Letters of credit - net	-	-	24,105,034	-	-	-	-	-	-	24,105,034
Acceptances - net	-	-	35,346,583	-	-	-	-	-	-	35,346,583
Unused facilities - net	-	-	108,020,920	-	-	-	-	-	-	108,020,920
<b>Grand Total</b>	<b>267,316,015</b>	<b>220,631,389</b>	<b>527,531,460</b>	<b>100,343,584</b>	<b>721,717</b>	<b>6,954,483</b>	<b>6,798,003</b>	<b>132,165,956</b>	<b>851,081,315</b>	<b>2,113,543,922</b>
<b>Comparative figures</b>	<b>327,647,867</b>	<b>257,707,145</b>	<b>446,486,258</b>	<b>103,352,576</b>	<b>509,071</b>	<b>-</b>	<b>-</b>	<b>124,483,582</b>	<b>952,607,626</b>	<b>2,212,794,125</b>



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

	Stage 1	Stage 1	Stage 2	Stage 2	Stage 2	Stage 3	Total
	individual	collective	individual	collective	collective	individual	
	JD	JD	JD	JD	JD	JD	JD
Financial	245,938,157	-	21,377,858	-	-	-	267,316,015
Manufactural	213,584,222	-	3,922,626	-	-	3,124,541	220,631,389
Commercial	511,486,674	-	15,071,881	-	-	972,905	527,531,460
Real estate	33,192,606	60,946,066	770,050	2,411,597	3,023,265	-	100,343,584
Stocks	721,717	-	-	-	-	-	721,717
Transportation	6,954,483	-	-	-	-	-	6,954,483
Tourism & Hotels	6,785,706	-	12,297	-	-	-	6,798,003
Retail	13,239,981	107,482,255	384,263	10,244,704	814,753	-	132,165,956
Governmental and public sector	844,481,975	-	6,599,340	-	-	-	851,081,315
Total	1,876,385,521	168,428,321	48,138,315	12,656,301	7,935,464	-	2,113,543,922
Comparative figures	1,985,978,242	185,725,260	33,683,164	-	7,407,459	-	2,212,794,125

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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 15.48% as of 30 June 2020 (31 December 2019: 16.53%)

The following table shows the components of capital, value and total risk-weighted assets and capital adequacy ratio as of 30 June 2020 and 31 December 2019 that is measured according to the regulations of the Central Bank of Jordan and based on their instructions of Basel III Committee:

	30 June 2020	31 December 2019
	JD	JD
	In Thousands (Reviewed not audited)	In Thousands (Audited)
<b><u>Primary capital according to bank's management requirements</u></b>		
Paid-up capital	150,000	150,000
Retained Earnings	18,217	18,501
Profit for the year after tax and deducting expected distributions	1,549	-
<b>Other Comprehensive income items:</b>		
Cumulative change in fair value	(4,250)	(2,068)
Foreign currency translation adjustments	(4,240)	(2,955)
Share Issuance Premium	-	-
Statutory Reserve	33,212	33,212
Authorized minority rights	6,320	7,657
<b>Total Ordinary Share Capital</b>	<b>200,808</b>	<b>204,347</b>
<b>Total regulatory Adjustments (deductions from capital)</b>		
Goodwill and Intangible assets	(1,484)	(1,607)
Deferred tax assets resulting from provisions of credit facilities	(1,523)	(521)
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%	-	(465)
<b>Net Ordinary Shareholders</b>	<b>197,801</b>	<b>201,754</b>
<b>Additional Capital</b>		
<b>Total primary Capital</b>	-	-
<b>Secondary Capital:</b>	<b>197,801</b>	<b>201,754</b>
Provision required against credit facilities/ credit compensation in stage 1	4,642	3,531
<b>Total Stable Capital</b>	<b>4,642</b>	<b>3,531</b>
<b>Net stable capital</b>	<b>4,642</b>	<b>3,531</b>
<b>Total regulatory capital</b>	<b>202,443</b>	<b>205,285</b>
Total risk weighted assets	1,307,445	1,241,855
Capital adequacy ratio %	15.48%	16.53%
Primary capital ratio %	15.13%	16.25%

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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 2020 and 31 December 2019.

	Related party					Total	
	Subsidiaries	Board of Directors Members	Management Executives	Associate company	Other*	30 June 2020	31 December 2019
	JD	JD	JD	JD	JD	JD (Reviewed not audited)	JD (Audited)
<u>Statement of Financial Position Items:</u>							
Total Deposits for related parties at the bank	63,630,369	168,614,399	268,176	17,439,564	4,697,259	254,649,767	245,216,765
Total Bank Deposits with related parties	54,563,421	566,418	-	21,921,912	-	77,051,751	87,517,789
Loans and credit facilities granted to related parties	-	-	606,469	-	3,095,138	3,701,607	3,385,199
<u>Off balance sheet Items:</u>							
Letter of credits/ guarantees	16,131,366	-	-	-	-	16,131,366	16,857,618
Managed accounts	6,888,587	-	-	-	-	6,888,587	7,079,490
						Total	
						For the six months ended 30 June	
						2020	2019
						JD	JD
						(Reviewed not audited)	(Reviewed not audited)
<u>Statement of Income Items:</u>							
Credit interest and commission	39,931	-	14,570	234,355	84,484	373,340	787,568
Debit interest and commission	874,326	312,902	6,058	97,611	149,286	1,440,183	3,368,888

- \* 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 range from 0% - 5.5% (including current accounts).
- The interest revenue rates range 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	
	2020	2019
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Salaries, remunerations and other benefits	979,986	753,257
Travel and transportation expenses	940	10,753
	<u>980,926</u>	<u>764,010</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 2020	31 December 2019
	JD	JD
	(Reviewed not audited)	(Audited)
Letters of credit:		
Export	21,103,728	22,086,217
Import (backed)	3,044,013	3,227,945
Import (not backed)	58,578,038	59,109,943
Acceptance:		
Export / letter of credit	35,595,257	49,937,860
Export / policies	14,709,605	12,423,043
Import (not backed)	5,814,532	9,712,117
Letters of guarantee:		
- Payments	32,040,047	32,142,129
- Performance	30,835,948	34,056,466
- Other	24,766,338	21,236,716
Forward contracts	21,014,511	29,230,480
Unutilized direct credit facilities	108,200,920	77,140,463
<b>Total</b>	<u>355,702,937</u>	<u>350,303,379</u>

The operating leases contracts at Arab Jordan Investment Bank/ Qatar (subsidiary) amounted to JD 119,776 as of 30 June 2020 (31 December 2019: JD119,776).

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**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 7,919,080 as of 30 June 2020 (JD 4,928,180 as of 31 December 2019). 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 218,929 as of 30 June 2020 (31 December 2019: JD 162,652). 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

**33. FAIR VALUE HIERARCHY**

**A- Fair value of financial assets and financial liabilities 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).

Financial Assets / Financial Liabilities	Fair Value		Fair Value Hierarchy	Valuation techniques and key inputs
	30 June 2020	31 December 2019		
	JD (Reviewed not audited)	JD (Audited)		
Financial assets at fair value through profit or loss				
Quoted Shares	974,005	1,203,192	Level 1	Quoted rates in financial markets
Financial assets at fair value through comprehensive income:				
Quoted shares	10,830,045	13,054,223	Level 1	Quoted rates in financial markets
Corporate Bonds	365,039	1,163,185	Level 1	Quoted rates in financial markets
Unquoted shares	5,865,103	5,842,433	Level 2	Compare to similar financial
<b>Total financial assets at fair value</b>	<b>17,060,187</b>	<b>20,059,841</b>		

There were no transfers between level 1 and 2 during the six months period ended at 30 June 2020 and during the year ended 31 December 2019.

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**B- Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:**

The management believes that the carrying value of the following approximate their fair values, due to its short-term maturity or to the interest rates being revaluated during the year.

	30 June 2020		31 December 2019		Hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
	(Reviewed not Audited)	(Reviewed not Audited)	(Audited)	(Audited)	
Balances at central banks	47,518,155	47,518,155	110,291,280	110,291,280	Level 2
Balances at banks and financial institutions	224,103,032	224,509,834	291,440,677	291,842,541	Level 2
Deposits at banks and financial institutions	30,082,822	30,162,013	24,845,110	24,959,776	Level 2
Loans and credit facilities	861,929,531	868,418,426	815,472,923	821,267,114	Level 2
Financial assets at amortized costs	676,698,084	687,513,852	711,618,433	723,219,338	Level 1 and 2
<b>Total Financial assets not measured at fair value</b>	<b>1,840,331,624</b>	<b>1,858,122,280</b>	<b>1,953,668,423</b>	<b>1,971,580,049</b>	
Banks and financial institution deposits	539,597,540	541,467,042	619,641,241	622,937,273	Level 2
Customer deposits	1,009,912,002	1,014,118,522	1,092,286,339	1,097,301,501	Level 2
Borrowed money from Central Bank of Jordan	151,441,743	146,041,810	104,457,503	104,457,503	Level 2
Cash Margins	42,175,724	42,325,877	40,295,933	40,465,048	Level 2
<b>Total Financial Liabilities not measured at fair value</b>	<b>1,743,127,009</b>	<b>1,743,953,251</b>	<b>1,856,681,016</b>	<b>1,865,161,325</b>	

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

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**34. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the classification for the six-month period ended 30 June 2020, whereas the reclassification did not result in any effect on profits and equity for the period.

**35. SUBSEQUENT EVENTS**

The Bank agreed to sell the foreign branch in Cyprus to Astro Bank at net book value in exchange for investment in the bank's capital, at about 3.75% of its capital. On 30 June 2020, the bank obtained approval of the sale from the Central Bank of Jordan in their approval letter (10/2/7686). The Bank classified the Branch's net assets as assets held for sale and the Branch's net liabilities as liabilities related to assets held for sale.