



بنك الإستثمار العربي الأردني

Ref. : R M / L B

Date : 28th April, 2019

142

الرقم : ر م / ل ب

التاريخ : ٢٨ نيسان ٢٠١٩

<p>To : Jordan Securities Commission Amman Stock Exchange</p> <p>Subject : Reviewed Financial Statements for the three months period ended on 31/3/2019</p>	<p>السادة / هيئة الأوراق المالية المحترمين السادة / بورصة عمان المحترمين</p> <p>الموضوع : القوائم المالية المراجعة لفترة الثلاثة أشهر المنتهية في ٢٠١٩/٣/٣١</p>
<p>Attached is the Quarterly reviewed financial statements of Arab Jordan Investment Bank as of 31/3/2019</p>	<p>مرفق طيه نسخة من القوائم المالية ربع السنوية المراجعة لشركة بنك الإستثمار العربي الأردني كما هي بتاريخ ٢٠١٩ / ٣ / ٣١ .</p>
<p>Kindly accept our highly appreciation and respect.</p> <p>Arab Jordan Investment Bank</p> <p>Hani Al-Qadi  Chairman of Board of Directors</p>	<p>وتفضلوا بقبول فائق الإحترام،،،</p> <p>شركة بنك الإستثمار العربي الأردني</p> <p> هاني القاضي رئيس مجلس الإدارة</p>

بورصة عمان
الدائرة الإدارية والمالية
الدبوان

٩ ٢ نيسان ٢٠١٩

2461

الرقم المتسلسل:

11095

رقم الملف:

2004611

الجهة المختصة:



ARAB JORDAN INVESTMENT BANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)
31 MARCH 2019

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

We have reviewed the accompanying interim condensed consolidated financial statements of **ARAB JORDAN INVESTMENT BANK** (a public shareholding limited company) and its subsidiaries (the Bank) as of 31 March 2019, comprising the interim condensed consolidated statement of financial position as of 31 March 2019 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity, and cash flows for the three months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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



Amman – Jordan
25 April 2019

ARAB JORDAN INVESTMENT BANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2019

	Notes	31 March 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
<u>Assets</u>			
Cash and balances at Central Bank of Jordan	5	76,083,674	121,539,096
Balances at banks and financial institutions-net	6	299,149,021	307,520,994
Deposits at banks and financial institutions-net	7	22,923,621	15,877,685
Financial assets at fair value through profit or loss	8	183,774	263,244
Financial assets at fair value through comprehensive income	9	15,403,065	15,506,988
Direct credit facilities - net	10	749,651,612	752,694,569
Financial assets at amortized cost - net	11	728,200,840	688,023,173
Investment in associate company	12	19,920,611	19,011,340
Property and equipment – net		77,759,471	74,301,592
Intangible assets - net		671,366	694,005
Deferred tax assets		535,565	540,846
Other assets		36,684,016	37,116,887
Total Assets		2,027,166,636	2,033,090,419
<u>Liabilities and Equity</u>			
Liabilities:			
Banks and financial institutions' deposits		505,780,301	537,381,551
Customers' deposits		1,044,219,093	1,030,562,047
Borrowed funds from the Central Bank of Jordan	14	186,155,162	146,041,810
Cash margins		44,264,027	38,991,293
Sundry provisions		695,959	606,874
Income tax provision	15	6,729,197	6,866,156
Other liabilities		20,355,103	57,242,485
Total Liabilities		1,808,198,842	1,817,692,216
Equity:			
Bank's shareholders equity			
Paid-in capital		150,000,000	150,000,000
Shares premium		1,418,000	1,418,000
Statutory reserve		31,447,469	31,447,469
Foreign currency translation adjustments		(3,077,271)	(3,596,397)
Fair value reserve		(2,006,089)	(1,891,990)
Retained earnings		17,479,705	17,479,705
Profit for the period attributable to the bank's shareholders		4,151,808	-
Total Equity attributable to the bank's shareholders		199,413,622	194,856,787
Non – controlling interests		19,554,172	20,541,416
Total Equity		218,967,794	215,398,203
Total Liabilities and Equity		2,027,166,636	2,033,090,419

The accompanying notes from 1 to 25 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 THREE MONTHS ENDED 31 MARCH 2019 (REVIEWED NOT AUDITED)

		For the three months ended 31 March	
	Notes	2019 JD	2018 JD
Revenues			
Interest income		٢٢,856,951	20,922,237
Interest expense		(13,506,282)	(10,154,743)
Net interest income		10,350,669	10,767,494
Net commissions income		1,897,181	2,120,394
Net interest and commissions income		12,247,850	12,887,888
Foreign currencies gain		1,096,491	1,094,177
Gains from financial assets at fair value through profit or Loss	17	6,039	2,590
Cash dividends from financial assets at fair value through comprehensive income	9	-	266,763
Other revenues		408,557	288,602
Total Income		13,758,937	14,540,020
Expenses			
Employees expenses		3,905,873	4,320,089
Depreciation and amortization		962,701	754,595
Other expenses		2,864,689	3,041,966
Provision for expected credit loss for the period	18	389,537	129,537
Sundry provisions		162,983	148,302
Total Expenses		8,285,783	8,394,489
Bank's share of profit of associate company	12	390,146	59,179
Profit for the period before income tax		5,863,300	6,204,710
Income tax	15	(1,379,538)	(1,602,890)
Profit for the Period		4,483,762	4,601,820
Attributable to:			
Bank's Shareholders		4,151,808	4,295,907
Non – controlling interests		331,954	305,913
		4,483,762	4,601,820
		JD/ Share	JD/ Share
Basic and diluted earnings per share for the period (Bank's shareholders)	19	0.028	0.029

The accompanying notes from 1 to 25 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 THREE MONTHS ENDED 31 MARCH 2019 (REVIEWED NOT AUDITED)

	For the Three Months Ended 31 March	
	2019	2018
	JD	JD
Profit for the period	4,483,762	4,601,820
<u>Other comprehensive income items:</u>		
Other comprehensive income items which may be reclassified to profit or loss in future periods:		
Foreign Currency translation adjustments – Associate company	519,126	851,670
Other comprehensive income items which will not be reclassified to profit or loss in future periods:		
Cumulative change in fair value of financial assets at fair value through comprehensive income after tax	(103,922)	(53,667)
Total other comprehensive income items for the period after tax	415,204	798,003
Total comprehensive income for the period	4,898,966	5,399,823
<u>Total Comprehensive Income Attributable to:</u>		
Bank's Shareholders	4,556,835	5,143,866
Non - Controlling interests	342,131	255,957
	4,898,966	5,399,823

The accompanying notes from 1 to 25 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 31 MARCH 2019 (REVIEWED NOT AUDITED)**

	Reserves										Total Equity attributable to the bank's shareholders	Profit for the period	Retained Earnings**	Fair Value Reserve - Net ***	Foreign Currency Translation Adjustments	General Banking Risks Reserve*	Non - Controlling interests		Total Equity
	Paid-in Capital		Share Premium		Statutory Reserve		Reserve*		Reserve - Net ***								Total Equity		
	JD		JD		JD		JD		JD								JD		
For the three months ended 31 March 2019																			
Balance at 1 January 2019	150,000,000		1,418,000		31,447,469		-		(3,596,397)		(1,891,990)		17,479,705		-		20,541,416	215,398,203	
Total comprehensive income for the period	-		-		-		-		519,126		(114,099)		-		4,151,808		342,131	4,898,966	
Change in non-controlling interests	-		-		-		-		-		-		-		-		(1,329,375)	(1,329,375)	
Balance at 31 March 2019	150,000,000		1,418,000		31,447,469		-		(3,077,271)		(2,006,089)		17,479,705		4,151,808		19,554,172	218,967,794	
For the three months ended 31 March 2018																			
Balance at 1 January 2018	150,000,000		1,418,000		29,279,131		5,888,551		(2,379,220)		(1,673,812)		16,168,304		-		20,657,410	219,358,364	
Effect of IFRS 9 adoption	-		-		-		-		-		-		(1,206,892)		-		(67,103)	(1,273,995)	
Adjusted balance at 1 January 2018	150,000,000		1,418,000		29,279,131		5,888,551		(2,379,220)		(1,673,812)		14,961,412		-		20,590,307	218,084,369	
Total comprehensive income for the period	-		-		-		-		851,670		(3,711)		-		4,295,907		255,957	5,399,823	
Transferred from General Banking Risks Reserve	-		-		-		(5,888,551)		-		-		5,888,551		-		-	-	
Change in non-controlling interests	-		-		-		-		-		-		-		-		(1,240,750)	(1,240,750)	
Balance at 31 March 2018	150,000,000		1,418,000		29,279,131		-		(1,527,550)		(1,677,523)		20,849,963		4,295,907		19,605,514	222,243,442	

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 JD 1,478,486.

** Retained earnings include a restricted amount of JD 535,565 against deferred tax benefits as of 31 March 2019. This restricted amount cannot be utilized through capitalization or distribution unless actually realized.

*** An amount of JD 2,006,089 of retained earnings is restricted which equals to the negative balance of fair value reserve as of 31 March 2019.

The accompanying notes from 1 to 25 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 31 MARCH 2019 (REVIEWED NOT AUDITED)

Note	For the three Months Ended 31 March	
	2019	2018
	JD	JD
Operating activities		
Profit for the period before income tax	5,863,300	6,204,710
Non – cash adjustments for:		
Depreciation and amortization	962,701	754,595
Provision for expected credit loss for the period	389,537	129,537
Unrealized (loss) gain on financial assets at fair value through profit or loss	(711)	6,154
Provision for end-of-service indemnity	24,983	108,302
Gain from the sale of property and equipment	-	(3,774)
Gain from sale of seized assets	(89,839)	-
Bank's share of profit of an associate company	(390,146)	(59,179)
Other sundry provisions	138,000	40,000
Effect of exchange rate fluctuations on cash and cash equivalents	(22,718)	(62,734)
Cash profit before changes in assets and liabilities	6,875,107	7,117,611
Changes in Assets and Liabilities:		
Deposits at banks and financial institutions (maturing over 3 months)	(7,045,936)	(486,112)
Financial assets at fair value through profit or loss	80,181	(3,751)
Direct credit facilities	2,653,420	(48,771,352)
Other assets	462,711	2,842,666
Customers' deposits	13,657,046	(12,727,401)
Cash margins	5,272,734	(13,802,998)
Other liabilities	(39,355,328)	2,989,056
Net change in assets and liabilities	(24,275,172)	(69,959,892)
Net cash flow used in operating activities before taxes and provisions paid	(17,400,065)	(62,842,281)
Income tax paid	(1,511,216)	(1,648,659)
Sundry provisions paid	(13,898)	(1,145,558)
Net cash flows used in operating activities	(18,925,179)	(65,636,498)
Investing activities		
Financial assets at amortized cost - net	(40,177,667)	712,950
Purchase of property and equipment	(727,983)	(6,051,663)
Disposal of property and equipment	6,261	3,797
Purchase of intangible assets	(90,277)	(20,197)
Net cash flows used in investing activities	(40,989,666)	(5,355,113)
Financing activities		
Change in non-controlling interests	(1,329,375)	(1,240,750)
Borrowed funds from the Central Bank of Jordan	40,113,352	(1,016,578)
Dividends distributed to shareholders	(1,117,996)	100,711,113
Net cash flows from financing activities	37,665,981	98,453,785
Net (decrease) increase in cash and cash equivalents	(22,248,864)	27,462,174
Effect of exchange rate fluctuations on cash and cash equivalents	22,718	62,734
Cash and cash equivalent at the beginning of the period	11,716,854	(82,264,801)
Cash and Cash Equivalent at the end of the period	13 (10,509,292)	(54,739,893)

The accompanying notes from 1 to 25 are part of these interim condensed consolidated financial statements and should be read with them

**ARAB JORDAN INVESTMENT BANK
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2019 (REVIEWED NOT AUDITED)**

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 25 April 2019.

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", and in conformity with the applicable laws and regulations of the Central Bank of Jordan.

The interim condensed consolidated financial statements are prepared on the historical cost basis except for financial assets at fair value through profit and Loss and financial assets at fair value through comprehensive income and financial derivatives which have been 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 three-month period ended on 31 March 2019 do not necessarily represent indications of the expected results for the year ending 31 December 2019. Therefore, these interim condensed consolidated financial statements should be read with the Bank's annual report for the year ended 31 December 2018 and it does not contain the appropriation of profit on for the three months period ended at 31 March 2019, which is usually performed at the year end.

**ARAB JORDAN INVESTMENT BANK
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2019 (REVIEWED NOT AUDITED)**

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 has a different accounting policy than the Bank, necessary adjustments will be reflected to match the Bank's accounting policies.

As of 31 March 2019, the Bank owns the following subsidiaries:

<u>Company's Name</u>	<u>Paid-in Capital 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.

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

IFRS 16 Leases

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

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

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

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

Resulting, an increase of JD 3,585,941 on fixed assets, an increase of JD 3,508,489 on other liabilities and a decrease of JD 43,275 on other assets was resulted by the implementation of IFRS 16.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

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

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

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

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

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

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

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

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

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted.

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

Amendments to IAS 28: Long-term interests in associates and joint ventures

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

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

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

4 SIGNIFICANT JUDGMENTS AND ESTIMATES USED

USE OF ESTIMATES:

A. EXPECTED CREDIT LOSS FOR FINANCIAL INSTRUMENTS AT AMORTIZED COST

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

The following are the most important judgments used.

- **Assessment of Significant Increase in Credit 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.

- **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.

5 CASH AND BALANCES AT CENTRAL BANK OF JORDAN

The statutory cash reserve amounted to JD 54,327,520 as of 31 March 2019 (JD 55,775,279 as of 31 December 2018).

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

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

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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	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)
Current and Call accounts	381,824	442,526	84,120,047	102,081,211	84,501,871	102,523,737
Deposits maturing within 3 months or less	-	-	214,685,465	205,035,572	214,685,465	205,035,572
	<u>381,824</u>	<u>442,526</u>	<u>298,805,512</u>	<u>307,116,783</u>	<u>299,187,336</u>	<u>307,559,309</u>
<u>Deduct:</u> Provision for impairment	-	-	(38,315)	(38,315)	(38,315)	(38,315)
Total	<u>381,824</u>	<u>442,526</u>	<u>298,767,197</u>	<u>307,078,468</u>	<u>299,149,021</u>	<u>307,520,994</u>

- The balances at banks and financial institutions that bears no interest amounted to JD 98,817,401 as of 31 March 2019 (JD 49,568,097 as of 31 December 2018).
- There are no restricted balances at banks and financial institutions as of 31 March 2019 and 31 December 2018.

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

	31 March 2019				2018
Credit rating categories based on banks internal system	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3 "Individual"	Total	Total
	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Audited)
Low risk (2-6)	279,232,754	-	-	279,232,754	302,275,510
Acceptable risk (7)	-	19,954,582	-	19,954,582	5,283,799
High risk (8-10)	-	-	-	-	-
Total	<u>279,232,754</u>	<u>19,954,582</u>	<u>-</u>	<u>299,187,336</u>	<u>307,559,309</u>

The movement on balances at banks and financial institutions as of 31 March 2019 is as follows:

	31 March 2019			
	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3 "Individual"	Total
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)
Total Balances as of 31 December 2018	302,275,510	5,283,799	-	307,559,309
New balances	146,550,905	14,670,783	-	161,221,688
Paid balances	(169,593,661)	-	-	(169,593,661)
Total Balances as of 31 March 2019	<u>279,232,754</u>	<u>19,954,582</u>	<u>-</u>	<u>299,187,336</u>

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7 DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS- NET

This item consists of the following:

	31 March 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
Deposits maturing within a period more than 3 months	22,979,139	15,933,203
<u>Deduct:</u> Provision for impairment	(55,518)	(55,518)
	<u>22,923,621</u>	<u>15,877,685</u>

- There are no restricted deposits at banks and financial institutions as of 31 March 2019 and 31 December 2018.

Distribution of deposits at banks and financial institutions according to the Bank's internal credit rating:

	31 March 2019				31 December 2018
	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	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Audited)
Low risk (2-6)	-	-	-	-	-
Acceptable risk (7)	-	22,979,139	-	22,979,139	15,933,203
High risk (8-10)	-	-	-	-	-
Total	<u>-</u>	<u>22,979,139</u>	<u>-</u>	<u>22,979,139</u>	<u>15,933,203</u>

The movement on deposits at banks and financial institutions as of 31 March 2019 is as follows:

	Stage 1 JD (Reviewed not audited)	Stage 2 JD (Reviewed not audited)	Stage 3 JD (Reviewed not audited)	Total JD (Reviewed not audited)
Total Balances as of 31 December 2018	-	15,933,203	-	15,933,203
New balances	-	8,527,622	-	8,527,622
Paid balances	-	(1,481,686)	-	(1,481,686)
Total Balances as of 31 March 2019	<u>-</u>	<u>22,979,139</u>	<u>-</u>	<u>22,979,139</u>

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8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The item consist of the following:

	31 March 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
Listed stocks in active markets	183,774	263,244

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME

	31 March 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
Quoted financial assets:		
Corporate shares	13,000,337	13,104,260
Total quoted financial assets:	13,000,337	13,104,260
Unquoted financial assets:		
Corporate shares	2,402,728	2,402,728
Total unquoted financial assets:	2,402,728	2,402,728
	15,403,065	15,506,988

- There are no cash dividends on the above investments for the period ended 31 March 2019 (JD 266.763 for the period ended 31 March 2018).

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10 DIRECT CREDIT FACILITIES – NET

This item consists of the following:

	31 March 2019 JD (Reviewed not audited)	31 December 2018 JD (Audited)
Individual (Retail):		
Loans	98,679,727	95,128,314
Credit cards	9,165,767	9,388,751
Real-estate Loans	100,751,807	100,855,698
Corporate		
Loans *	242,603,530	247,721,903
Overdraft accounts	112,904,698	119,331,110
Small and medium entities		
Loans*	29,471,525	23,480,732
Overdraft accounts	6,175,562	5,571,496
Government and public sector	168,396,894	168,768,693
Total	<u>768,149,510</u>	<u>770,246,697</u>
<u>Deduct:</u> Provision for impairment of direct credit facilities	(15,112,864)	(14,468,779)
<u>Deduct:</u> Suspended interest	(3,385,034)	(3,083,349)
Direct credit facilities - net	<u>749,651,612</u>	<u>752,694,569</u>

* Net after deducting interests and commission received in advance.

Non-performing credit facilities amounted to JD 20,644,048 representing 2.69% of total direct credit facilities balance as of 31 March 2019 (JD 18,974,146 representing 2.46% of direct credit facilities as of 31 December 2018).

Non-performing credit facilities net of interest in suspense amounted to JD 18,265,065 representing 2.39% of direct credit facilities balance net of interest in suspense as of 31 March 2019 (JD 16,747,105 representing 2.18 % of direct credit facilities net of interest in suspense as of 31 December 2018)

Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 14,840,861 representing 18.98% of total direct credit facilities as of 31 March 2019 (JD 145,901,821 representing 18.94% of total direct credit facilities as of 31 December 2018).

The provisions no longer needed due to settlements or repayments and transferred against other debts amounted to JD 261,883 for the period ended 31 March 2019 (JD 3,065,216 for the year ended 31 December 2018).

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The Bank's internal credit rating:

Item	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)
Low risk (2-6)	731,853,259	-	-	731,853,259
Acceptable risk (7)	-	15,652,203	-	15,652,203
High risk (8-10)	-	-	20,644,048	20,644,048
Balance as of 31 March 2019	<u>731,853,259</u>	<u>15,652,203</u>	<u>20,644,048</u>	<u>768,149,510</u>

The movement on credit facilities:

Item	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance as of 31 December 2018 (Audited)	734,329,453	16,943,098	18,974,146	770,246,697
New Balances during the year	1,039,446	350,426	180,153	1,570,025
Paid balances	-	(119,024)	(151,942)	(270,966)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(1,515,640)	1,873,949	(358,309)	-
Transferred to stage 3	(2,000,000)	-	2,000,000	-
Changes from adjustments	-	(3,396,246)	-	(3,396,246)
Written off balances	-	-	-	-
Balance as of 31 March 2019 (Reviewed not audited)	<u>731,853,259</u>	<u>15,652,203</u>	<u>20,644,048</u>	<u>768,149,510</u>

Expected credit loss of direct credit facilities:

Below is the movement on the provision for expected credit loss of direct credit facilities:

Item	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance as of 31 December 2018	4,853,195	2,705,110	6,910,474	14,468,779
ECL for paid balances	-	59,825	911,919	971,744
Recovered from ECL for paid balances	(116,173)	(58,536)	(407,498)	(582,207)
Transferred to stage 1	-	41,267	(41,267)	-
Transferred to stage 2	(5,558)	22,073	(16,515)	-
Transferred to stage 3	(1,217)	-	1,217	-
Changes from adjustments	(503,236)	-	757,784	254,548
Written off balances	-	-	-	-
Balance as of 31 March 2019	<u>4,227,011</u>	<u>2,769,739</u>	<u>8,116,114</u>	<u>15,112,864</u>

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Interest in suspense:

The following is the movement on the interest in suspense:

	Individual	Real-estate Loans	Corporate	Small and medium entities	Total
	JD	JD	JD	JD	JD
<u>For the Three months ended 31 March 2019</u> <u>(reviewed not audited)</u>					
Balance at 1 January 2019	436,606	1,004,742	9,305	1,632,696	3,083,349
Add: Interest suspended during the period	106,324	98,526	1,960	231,261	438,071
Less: Interest in suspense transferred to revenues	(23,084)	(23,674)	-	(84,150)	(130,908)
Less: Interest in suspense written off	(5,478)	-	-	-	(5,478)
Balance at 31 March 2019	514,368	1,079,594	11,265	1,779,807	3,385,034
<u>For the year ended 31 December 2018</u> <u>(audited)</u>					
Balance at 1 January 2018	336,486	910,490	-	1,609,214	2,856,190
Add: Interest suspended during the year	590,101	312,939	9,305	763,649	1,675,994
Less: Interest in suspense transferred to revenues	(117,319)	(116,340)	-	(343,715)	(577,374)
Less: Interest in suspense transferred to off –balance sheet accounts	(368,050)	(91,324)	-	(396,452)	(855,826)
Less : Interest in suspense written off	(4,612)	(11,023)	-	-	(15,635)
Balance at 31 December 2018	436,606	1,004,742	9,305	1,632,696	3,083,349

11 FINANCIAL ASSETS AT AMORTIZED COST - NET

This item consists of the following:

	31 March 2019 JD (Reviewed not Audited)	31 December 2018 JD (Audited)
Quoted financial assets		
Governmental bonds and with their guarantee	2,303,048	2,303,786
Foreign government bonds	5,882,884	5,919,331
Companies bonds	20,515,648	19,789,265
	<u>28,701,580</u>	<u>28,012,382</u>
Unquoted financial assets		
Governmental bonds and with their guarantee	696,110,552	656,622,083
Companies bonds	3,582,500	3,582,500
Total unquoted financial assets	<u>699,693,052</u>	<u>660,204,583</u>
	<u>728,394,632</u>	<u>688,216,965</u>
Less: Provision for impairment	(193,792)	(193,792)
Total	<u>728,200,840</u>	<u>688,023,173</u>

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Financial assets at amortized cost classification based on the Bank's internal credit rating:

	31 March 2019			31 December 2018
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total
	JD	JD	JD	JD
	(Reviewed not Audited)	(Reviewed not Audited)	(Reviewed not Audited)	(Audited)
Credit rating categories based on Bank's internal system:				
Low risk (2-6)	728,212,132	-	-	728,212,132
Acceptable risk (7)	-	-	-	-
High risk (8-10)	-	-	182,500	182,500
Total	728,212,132	-	182,500	728,394,632

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

	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total
	JD	JD	JD	JD
	(Reviewed not Audited)	(Reviewed not Audited)	(Reviewed not Audited)	(Reviewed not Audited)
Total balance as of 31 December 2018	688,034,465	-	182,500	688,216,965
New balances during the year	103,695,916	-	-	103,695,916
Paid balances	(63,518,249)	-	-	(63,518,249)
Transferred to stage 1	-	-	-	-
Transferred to Stage 2	-	-	-	-
Transferred to Stage 3	-	-	-	-
Total balance as of 31 March 2019	728,212,132	-	182,500	728,394,632

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12 INVESTMENT IN ASSOCIATE COMPANY

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

	For the three months ended 31 March 2019	For the year ended 31 December 2018
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/ year	19,011,340	19,947,778
The Bank's share in the associate company's profit	390,146	280,739
Foreign currency translation adjustments	519,125	(1,217,177)
Balance at the end of the period/ year	19,920,611	19,011,340

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 associates profit is calculated according to the latest unaudited financial statements available as of 31 March 2019, 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.

13 Cash and Cash Equivalents

This Item consists of the following:

	For the three months ended 31 March 2019	2018
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Cash and Balances at the Central Banks Maturing within 3 months	76,083,673	72,797,575
Add : Balances at banks and financial Institutions Maturing within 3 months.	299,187,336	238,302,368
<u>Less : Banks and financial institutions deposits</u>	<u>(385,780,301)</u>	<u>(365,839,836)</u>
	<u>(10,509,292)</u>	<u>(54,739,893)</u>

14 BORROWED FUNDS FROM THE CENTRAL BANK OF JORDAN

This item represents a repurchase agreement between the Central Bank of Jordan and Arab Jordan Investment Bank; through which the Bank sold treasury bonds and treasury bills amounting to 186,155,162 to the Central Bank of Jordan, with a commitment to repurchase these treasury bonds and treasury bills at the maturity date of the agreement noting that these bonds mature within a period of a month or less, and payable in cash with interest between 1.75% to 4.75%. The bank continues to recognize these bonds in the financial statements due to the continuous ownership of them.

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15 INCOME TAX

A- Income tax provision

The movement on the income tax provision is as follows:

	For the three months ended 31 March 2019 JD (Reviewed not audited)	For the year ended 31 December 2018 JD (Audited)
Balance at the beginning of the period / year	6,866,156	7,785,786
Income tax paid	(1,511,216)	(8,107,925)
Accrued income tax	1,374,257	7,188,295
Balance at the end of the period / year	<u>6,729,197</u>	<u>6,866,156</u>

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

	For the three months ended 31 March 2019 JD (Reviewed not audited)	2018 JD (Audited)
Accrued income tax for the period	1,374,257	1,254,963
Deferred tax assets for the period	5,281	347,927
Total	<u>1,379,538</u>	<u>1,602,890</u>

C- Tax Status

Income tax for the period ended 31 March 2019 was calculated in accordance with income tax law No.38 for the year 2018, by which income tax percentage in Jordan amounted to 35% in addition to 3% national solidarity income tax (2018: 35% in accordance with income tax law No.34 for the year 2014).

- The Bank has reached a final settlement with the Income and Sales Tax Department for all years up to 2016 and during 2017 the file of the year 2014 was reopened and no additional tax obligations for the year 2014 will result.
- The Bank's assessment for 2017 and 2018 was submitted on its legal date and the declared taxes were not yet audited by the income tax and sales department.
- United Arab Jordan Company for Investment and Financial Brokerage has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2015, In addition the company has already submitted its tax returns for the year 2016,2017and 2018 which haven't been audited by the Income Tax and Sales Department until the date of the interim condensed consolidated financial statements.
- A tax accrued has been paid for the bank in Qatar for the year 2018.
- A tax accrued has been paid for Cyprus branch for the year 2018.
- The Bank has booked a provision against any expected tax liabilities for the period ended 31 March 2019 and the above-mentioned years, In the opinion of the bank's management and its tax consultant the income tax provision booked in the interim condensed consolidated financial statements is sufficient to cover any future tax liabilities that may arise.

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16 DIVIDENDS TO THE GENERAL ASSEMBLY

The General Assembly declared in their meeting on 25 April 2019 distribution of 9% of capital as cash dividends to the shareholders equivalent to JD 13,500,000 (the General Assembly declared in their meeting on 26 April 2018 distribution of 9% of capital as cash dividends to the shareholders equivalent to JD 13,500,000).

17 GAIN FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item consists of the following:

	Realized Gains	Unrealized gains (losses)	Total
	JD	JD	JD
For the three months ended 31 March 2019 (Reviewed not audited)			
Companies' shares	5,328	711	6,039
Total	5,328	711	6,039
For the three months ended 31 March 2018 (Reviewed not audited)			
Companies' shares	8,744	(6,154)	2,590
Total	8,744	(6,154)	2,590

18 PROVISION FOR IMPAIRMENT FOR THE PERIOD

This item consists of the following:

	For the three months Ended 31 March	
	2019	2018
	JD (Reviewed Not Audited)	JD (Reviewed Not Audited)
Balances and deposits at banks and financial institutions	-	-
Bonds at amortized cost	-	-
Direct credit facilities	389,537	129,537
Indirect credit facilities	-	-
Total	389,537	129,537

19 EARNINGS PER SHARE FOR THE PERIOD

This item consists of the following:

	For the Three Months Ended 31 March	
	2019	2018
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Profit for the period	4,151,808	4,295,907
Weighted average number of shares	150,000,000	150,000,000
Basic and diluted earnings per share (Bank shareholders)	0,028	0,029

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

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21 RELATED PARTIES TRANSACTIONS

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

			Related party			Total	
	Subsidiaries	Board of Directors Members	Executive Management	Associate company	Other *	31 March 2019	31 December 2018
	JD	JD	JD	JD	JD	JD (Reviewed not audited)	JD (Audited)
<u>Statement of Financial Position Items:</u>							
Total Deposits for related parties	31,714,233	184,624,600	950,447	4,920,144	7,422,029	229,631,453	213,693,367
Total Bank Deposits with related parties	70,175,980	1,793,143	-	24,363,885	-	96,333,008	64,130,884
Loans and credit facilities granted to related parties	-	-	783,559	-	2,564,623	3,348,182	3,229,398
<u>Off balance sheet items</u>							
Letter of Credit and Guarantee	16,898,012	-	-	-	-	16,898,012	16,211,107
Managed Accounts	8,505,485	-	-	-	-	8,505,485	8,505,485
						For the three Months Ended	
						31 March	
						2019	2018
						JD (Reviewed not audited)	JD (Reviewed not audited)
<u>Statement of Income Items:</u>							
Credit interest and commission	203,553	-	7,475	211,993	38,469	461,490	162,799
Debit interest and commission	545,477	1,312,482	10,372	65,414	58,972	1,992,717	896,742

* 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.
- The lowest Interest rate received on amounts granted as facilities to related parties (employees housing) reached 4% annually while the highest interest rate paid reached 7.25% annually.
- All Credit facilities granted to related parties are performing and consequently no related provisions have been booked.
- Interest expense rates ranges from 0% to 7.25% (including current accounts).
- Interest revenue rates ranges from 1.75% to 7%.

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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 three Months ended 31 March	
	2019	2018
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Salaries, remunerations and other benefits	372,624	612,793
Travel and transportation expenses	3,340	3,345
	<u>375,964</u>	<u>616,138</u>

22 COMMITMENTS AND CONTINGENT LIABILITIES

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

	31 March	31 December
	2019	2018
	JD	JD
	(Reviewed not audited)	(Audited)
Letters of credits		
Export	46,575,549	47,006,472
Import (backed)	3,423,817	1,307,390
Import (not backed)	57,623,380	64,444,035
Acceptances		
Export / letter of credit	36,418,767	39,942,063
Export / policies	11,065,330	8,063,929
Import (not backed)	12,925,048	7,790,234
Letters of guarantees		
Payments	26,950,552	27,955,736
Good implementation	31,763,478	29,453,390
Other	21,768,640	23,208,947
Purchase and long term contracts	2,291,337	27,657,000
Un-utilized facilities	91,902,088	78,070,287
Total	<u>342,707,986</u>	<u>354,899,483</u>

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

23 LAWSUITS AGAINST THE BANK

Lawsuits raised against the Bank in its ordinary course of business amounted to JD 5,292,867 as of 31 March 2019 (JD 6,737,335 as of 31 December 2018). In the opinion of the management and the Bank's lawyer, the Bank will not incur any significant amount other than an amount of JD 117,691 as of 31 March 2019 (31 December 2018: JD 99,691). Moreover, the amounts paid by the Bank against concluded or settled lawsuits are taken to the interim condensed consolidated statement of income upon payment.

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As At 31 March 2019 (Reviewed Not Audited)**

24 STATUTORY RESERVES AND FEES

The Bank did not deduct any statutory reserve 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.

25 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
	31 March 2019	31 December 2018		
	JD (Reviewed not audited)	JD (Audited)		
Financial assets at fair value through profit or loss				
Companies shares	183,774	263,244	Level 1	Quoted rates in financial markets
Total	183,774	263,244		

Financial assets at fair value through comprehensive income:

Quoted shares	13,000,337	13,104,260	level 1	Quoted rates in financial markets
Unquoted shares	2,402,728	2,402,728	level 2	Compare to similar financial instruments
Total financial assets at fair value	15,403,065	15,506,988		

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

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

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.

	31 March 2019		31 December 2018		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	54,327,520	54,327,520	101,095,229	101,095,229	level 2
Balances at banks and financial institutions	299,149,021	299,868,846	307,520,994	308,230,505	level 2
Deposits at banks and financial institutions	22,923,621	23,008,069	15,877,685	15,956,936	level 2
Loans and other bills	749,651,612	755,606,718	752,694,569	758,137,904	level 2
Financial assets at amortized costs	728,200,840	736,395,101	688,023,173	699,442,904	level 2
Total Financial assets not measured at fair value	1,854,252,614	1,869,206,254	1,865,211,650	1,882,863,478	
Banks and financial institution deposits	505,780,301	508,915,392	537,381,551	540,674,472	level 2
Customer deposits	1,044,219,093	1,049,155,546	1,030,562,047	1,034,495,807	level 2
Borrowed money from Central Bank of Jordan	186,155,162	186,155,162	146,041,810	146,041,810	level 2
Cash Margins	44,264,027	44,395,069	38,991,293	39,170,804	
Total Financial Liabilities not measured at fair value	1,780,418,583	1,788,621,169	1,752,976,701	1,760,382,893	

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.