البنك الأهلي الأردني
Jordan Ahli Bank

الرقم : أ م م /٢٠١٩/٧٥/
السادة هيئة الأوراق المالية
السادة بورصة عمان

التاريخ: ٢٠١٩/٧/٣١

الموضوع: البيانات المالية النصف سنوية كما في ٢٠١٩/٦/٣٠

مرفق طيه نسخة من البيانات المالية النصف سنوية لشركة البنك الأهلي الأردني كما في ٢٠١٩/٦/٣٠، مراجعة من قبل مدقق حسابات الشركة.

كما نرفق التقرير مترجم للغة الانجليزية.

وتفضلوا بقبول فائق الاحترام،،،

محمد موسى داود
الرئيس التنفيذي/المدير العام

To: Jordan Securities Commission
Amman Stock Exchange

Date: 31/7/2019

Subject: Semi-annual financials as of 30/6/2019

Attached are the Semi- Annual financials of Jordan Ahli Bank as of 30/6/2019 after being reviewed by the bank's external auditors.

Attached is also the English copy of the report.

Kindly accept our highly appreciation and respect

Mohammad Mousa Daoud
CEO/General Manager

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٠١ آب ٢٠١٩
الرقم المتسلسل: 3878
رقم الملف: 11013
الجهة المختصة: [illegible]

أهلي

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JORDAN AHLI BANK

PUBLIC SHAREHOLDING COMPANY

INTERIM CONSOLIDATED CONDENSED

FINANCIAL STATEMENTS

30 JUNE 2019

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

Introduction

We have reviewed the accompanying interim consolidated condensed financial statements of Jordan Ahli Bank (a public shareholding company) and its subsidiaries and foreign branches (the Group) as at 30 June 2019, comprising the interim consolidated statement of financial position as at 30 June 2019 and the related interim consolidated statements of income, comprehensive income, changes in equity, and cash flows for the six months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim consolidated condensed financial statements in accordance with IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim consolidated condensed 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 consolidated condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Ernst and Young
Amman – Jordan

30 July 2019 Ernst + Young

JORDAN AHLI BANK
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	30 June 2019	31 December 2018
		JD	JD
		(Unaudited)	(Audited)
ASSETS			
Cash and balances with central banks	5	209,485,908	248,221,805
Balances at banks and financial institutions	6	154,070,802	173,568,186
Deposits at banks and financial institutions	7	13,075,086	19,414,579
Direct credit facilities, net	8	1,420,740,419	1,424,510,189
Financial assets at fair value through other comprehensive income	9	23,880,746	27,344,278
Financial assets at amortized cost, net	10	732,611,586	654,335,587
Investment in associates		3,516,259	3,531,147
Property, equipment and projects under construction, net		90,915,658	81,224,526
Intangible assets, net		14,793,659	16,478,637
Other assets	11	137,291,261	125,228,773
Deferred tax assets		9,677,366	9,630,207
Total Assets		2,810,058,750	2,783,487,914
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Banks' and financial institutions' deposits		115,958,576	98,159,977
Customers' deposits	12	1,871,704,818	1,911,770,121
Margin accounts		263,569,649	257,416,155
Loans and borrowings	13	180,713,789	142,471,809
Subordinated bonds		25,000,000	25,000,000
Sundry provisions		4,073,890	3,609,508
Income tax provision	14	5,481,339	7,222,551
Other liabilities	15	45,889,391	36,525,459
Total Liabilities		2,512,391,452	2,482,175,580
SHAREHOLDERS' EQUITY			
Subscribed and paid in capital	26	192,937,500	192,937,500
Statutory reserve	27	57,344,171	57,344,171
Voluntary reserve		15,761,637	15,761,637
Periodic fluctuations reserve		3,678,559	3,678,559
Fair value reserve, net	16	(6,688,659)	(3,225,878)
Profit for the period		11,394,063	-
Retained earnings	17	23,240,027	34,816,345
Total Shareholders' Equity		297,667,298	301,312,334
Total Liabilities and Shareholders' Equity		2,810,058,750	2,783,487,914

The accompanying notes from 1 to 30 form part of these interim consolidated condensed financial statements and should be read with them

JORDAN AHLI BANK
INTERIM CONSOLIDATED CONDENSED INCOME STATEMENT
FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2019 (UNAUDITED)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2019	2018	2019	2018
		JD	JD	JD	JD
Interest income	18	41,604,247	38,611,163	82,407,982	75,559,772
Less: interest expense	19	20,270,574	17,040,101	40,136,773	33,681,612
Net interest income		21,333,673	21,571,062	42,271,209	41,878,160
Net commission income		3,349,848	3,562,132	7,827,483	8,407,174
Net interest and commission income		24,683,521	25,133,194	50,098,692	50,285,334
Gain from foreign currencies		541,584	687,210	1,175,598	1,457,295
Dividends from financial assets at fair value through other comprehensive income	9	595,748	802,831	685,498	907,381
Other income		1,562,262	868,633	5,311,356	2,602,946
Gross income		27,383,115	27,491,868	57,271,144	55,252,956
Employees' expenses		10,329,370	9,991,184	20,228,759	20,209,361
Depreciation and amortization		2,832,865	2,711,031	5,831,147	5,770,529
Other expenses		5,012,152	4,688,640	10,520,881	10,470,000
Provision (surplus) for expected credit losses, net	20	1,038,037	1,949,995	2,376,494	(36,490)
Impairment on assets seized by the Bank		259,021	470,145	259,021	470,145
Total expenses		19,471,445	19,810,995	39,216,302	36,883,545
Operating profit		7,911,670	7,680,873	18,054,842	18,369,411
Bank's share of associate companies' (losses) gains		(14,888)	2,481	(14,888)	2,481
Profit for the period before tax		7,896,782	7,683,354	18,039,954	18,371,892
Income tax expense	14	(2,913,169)	(1,829,968)	(6,645,891)	(5,424,109)
Profit for the period		4,983,613	5,853,386	11,394,063	12,947,783
Profit for the period Attributable to:					
Bank's Shareholders		4,983,613	5,853,386	11,394,063	12,947,783
		4,983,613	5,853,386	11,394,063	12,947,783
				JD / Fils	JD / Fils
Basic and diluted earnings per share attributable to bank's shareholders	21			0/059	0/067

The accompanying notes from 1 to 30 form part of these interim consolidated condensed financial statements and should be read with them

Jordan Ahli Bank
Interim Consolidated Statement Of Comprehensive Income
For the Three and Six months Period Ended 30 June 2019 (Unaudited)

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	2019	2018
	JD	JD	JD	JD
Profit for the period	4,983,613	5,853,386	11,394,063	12,947,783
Other comprehensive income items not to be reclassified to profit or loss in subsequent periods				
Change in fair value reserve, net of tax	(651,381)	(829,306)	(3,462,849)	(845,013)
Total comprehensive income for the period	4,332,232	5,024,080	7,931,214	12,102,770
Attributable to:				
Bank's Shareholders	4,332,232	5,024,080	7,931,214	12,102,770

The accompanying notes from 1 to 30 form part of these interim consolidated condensed financial statements and should be read with them

JORDAN AHLI BANK

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 (UNAUDITED)

		Reserves							
	Subscribed and paid in capital	Statutory	Voluntary	Periodic fluctuations	General banking risk	Fair value reserve, net	Retained earnings	Profit for the period	Total shareholders' equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the six months ended 30 June 2019 -									
Balance as at 1 January 2019	192,937,500	57,344,171	15,761,637	3,678,559	-	(3,225,878)	34,816,345	-	301,312,334
Profit for the period	-	-	-	-	-	-	-	11,394,063	11,394,063
Loss from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	68	(68)	-	-
Change in fair value reserve, net	-	-	-	-	-	(3,462,849)	-	-	(3,462,849)
Total comprehensive income	-	-	-	-	-	(3,462,781)	(68)	11,394,063	7,931,214
Dividends distributed (note 17)	-	-	-	-	-	-	(11,576,250)	-	(11,576,250)
Balance as at 30 June 2019	192,937,500	57,344,171	15,761,637	3,678,559	-	(6,688,659)	23,240,027	11,394,063	297,667,298
For the six months ended 30 June 2018 -									
Balance as at 1 January 2018	183,750,000	54,023,096	24,949,137	2,612,649	15,353,859	912,985	24,584,535	-	306,186,261
Transferred from General Bank risk reserve	-	-	-	-	(15,353,859)	-	15,353,859	-	-
Effect of IFRS (9) adoption	-	-	-	-	-	(330,204)	(12,851,607)	-	(13,181,811)
Balance as at 1 January 2018 (Amended)	183,750,000	54,023,096	24,949,137	2,612,649	-	582,781	27,086,787	-	293,004,450
Profit for the period	-	-	-	-	-	-	-	12,947,783	12,947,783
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	(26,763)	26,763	-	-
Change in fair value reserve, net	-	-	-	-	-	(845,013)	-	-	(845,013)
Total comprehensive income	-	-	-	-	-	(871,776)	26,763	12,947,783	12,102,770
Dividends distributed	9,187,500	-	(9,187,500)	-	-	-	(9,187,500)	-	(9,187,500)
Balance as at 30 June 2018	192,937,500	54,023,096	15,761,637	2,612,649	-	(288,995)	17,926,050	12,947,783	295,919,720

* The Central Bank of Jordan issued circular No. 10/1/7702 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 at 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 3,125,029.

- As at 30 June 2019, an amount of JD 9,677,366 from retained earnings is restricted against deferred tax assets and in addition to an amount of JD 3,125,029 which represents the restricted surplus of general banking risk reserve transferred to the retained earnings, according to the Central Bank of Jordan regulations.

- The use of, cyclical fluctuations reserve and fair value reserve is restricted unless approved by the Central Bank of Jordan and the Palestinian Monetary Authority.

- The use of the negative balance of the fair value reserve amounted to JD 6,688,659 is prohibited, according to the instructions of Jordan Securities Commission.

The accompanying notes from 1 to 30 form part of these interim consolidated condensed financial statements and should be read with them

JORDAN AHLI BANK
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019 (UNAUDITED)

	Notes	For the six months period ended 30 June 2019	For the six months period ended 30 June 2018
		JD	JD
Operating Activities			
Profit for the period before tax		18,039,954	18,371,892
Adjustments of non-monetary items			
Depreciation and amortisation		5,831,147	5,770,529
Provision (surplus) on expected credit losses, net	20	2,376,494	(36,490)
Impairment on assets seized by the Bank		259,021	470,145
Lawsuits and other provisions		519,745	501,834
Gain from sale of property and equipment		(130,684)	(532,859)
Dividends income on financial assets at fair value through OCI		(685,498)	(907,381)
Bank's share of associate companies' losses (profits)		14,888	(2,481)
Net interest		(8,581,039)	(3,523,443)
Effect of exchange rate changes on cash and cash equivalents		(205,755)	(348,137)
Operating profit before changes in assets and liabilities		17,438,273	19,763,609
Changes in assets and liabilities -			
Balances and deposits at banks and financial institutions maturing within a period exceeding 3 months		6,339,046	(6,492,322)
Decrease in balances with restricted withdrawal		139	270,305
Direct credit facilities		1,488,638	(23,186,566)
Other assets		4,616,818	6,468,959
Banks' and financial institutions' deposits (maturing over 3 months)		11,644,267	-
Customers' deposits		(40,065,303)	15,022,888
Margin accounts		6,153,494	(4,020,564)
Other liabilities		(7,800,253)	(10,831,716)
Sundry provisions		(55,363)	(615,698)
Net cash flows used in operating activities before income tax		(240,244)	(3,621,105)
Income tax paid	14	(8,434,262)	(5,724,476)
Net cash flows used in operating activities		(8,674,506)	(9,345,581)
INVESTING ACTIVITIES			
Financial assets at fair value through OCI		683	(456,903)
Financial assets at amortized cost		(78,294,763)	(47,335,837)
Dividends income on financial assets at fair value through OCI		685,498	907,381
Purchases of property and equipment, projects under construction, and intangible assets		(5,211,797)	(25,973,072)
Proceeds from sale of properties and equipment		235,926	258,213
Net cash flows used in investing activities		(82,584,453)	(72,600,218)
FINANCING ACTIVITIES			
Increase in loans and borrowings		38,241,980	67,493,599
Dividends distributed to shareholders		(11,576,250)	(9,187,500)
Net cash flows from financing activities		26,665,730	58,306,099
Effect of exchange rate changes on cash and cash equivalents		205,755	348,137
Net decrease in cash and cash equivalents		(64,387,474)	(23,291,563)
Cash and cash equivalents, beginning of the period		324,493,872	387,564,412
Cash and cash equivalents, end of the period	22	260,106,398	364,272,849

The accompanying notes from 1 to 30 form part of these interim consolidated condensed financial statements and should be read with them

(1) GENERAL

Jordan Ahli Bank was established in the year 1955 as a public shareholding company under registration No. (6) on 1 July 1955 in accordance with the Companies law for the year 1927, with headquarters in Amman. Its address is Queen Noor Street, P.O Box 3103, Amman 11181 Jordan. The Business Bank was merged with the Bank effective from 1 December 1996. Moreover, Philadelphia Investment Bank was merged with Jordan Ahli Bank PSC effective from 1 July 2005.

The General Assembly resolved in its meeting held on 30 April 2018 to increase paid-in capital by 5% to become JD 192,937,500 divided into 192,937,500 shares at par value of 1 JD each. The Bank's capital was increased through the distribution of stock dividend to shareholders from the voluntary reserve. The capital increase was approved by the Companies Control Department on 16 May 2018 and the Board of Commission of Jordan Securities Commission on 29 May 2018.

The General Assembly resolved in its meeting held on 29 April 2019 to distribute by 6% of the paid in capital as cash dividends amounting to JD 11,576,250 and 4% of voluntary reserve as stock dividends amounting to JD 7,717,500 for the year 2018. Moreover, procedures for increasing subscribed and paid in capital amounting to JD 7,717,500 were completed during July 2019.

The Bank provides all banking and financial services related to its business thought its headquarters, branches in Jordan (52 branches), foreign branches in Palestine and Cyprus (9 branches) and subsidiaries companies in Jordan.

The Bank's shares are listed in Amman Stock Exchange – Jordan.

The interim consolidated condensed financial statements have been approved by the Bank's board of directors on 30 July 2019.

The fiscal year of the Bank ends on 31 December of each year. However, the accompanying interim condensed consolidated financial statements have been prepared for the use of Management, Central Bank of Jordan and Jordan Securities Commission only.

(2.1) BASIS OF PREPARATION OF THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

The interim consolidated condensed financial statements have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting).

The interim consolidated condensed financial statements are prepared on a historical cost basis, except for financial assets and liabilities at fair value as of the date of the interim consolidated condensed financial statements.

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

The interim consolidated condensed financial statements do not contain all information and disclosures required for full-consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group annual report as at 31 December 2018. In addition, results for the six months period ended 30 June 2019 do not necessarily indicate the expected results for the financial year ending 31 December 2019. No appropriation of the profit has been made for the six months ended 30 June 2019 which is made at the end of the financial year.

(2.2) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim consolidated condensed financial statements are consistent with those followed in the preparation of the Bank's annual consolidated financial statements for the year ended 31 December 2018, except for the followings adoption of new standards effective as at 1 January 2019:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Bank is the lessor.

The Bank adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 accordingly, prior year financial statements were not restated. The Bank elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Bank also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 is as follows:

Impact on the interim consolidated statement of financial position (increase/(decrease)) as at 1 January 2019:

	2019
	JD
	(Unaudited)
Included in property, equipment and project under construction, net:	
Right of use assets	8,000,230
Included in other liabilities:	
Operating lease liabilities	8,000,230
Total equity	-

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments do not have any impact on the Bank's interim consolidated condensed financial statements.

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 Bank 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 statement of income.

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 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.

These amendments do not have any impact on the Bank's interim consolidated condensed financial statements.

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.

These amendments do not have any impact on the Bank's interim consolidated condensed financial statements.

(3) BASIS OF CONSOLIDATION OF THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

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

The Bank's subsidiaries as at 30 June 2019 are as follows:

Name	Paid-in Capital	Ownership	Company's operation	Date	Country
	JD	%			
Ahli Financial Brokerage Company	3,000,000	100	Brokerage	2006	Jordan
Ahli Financial Leasing Company	17,500,000	100	Finance and loans	2009	Jordan
Ahli Mirco Finance Company	6,000,000	100	Finance and loans	1999	Jordan
Ahli Financial Technology	100,000	100	Finance Technology	2017	Jordan

- The results of the subsidiaries are incorporated into the consolidated statement of income from the effective date of acquisition, which is the date on which actual control over the subsidiaries is assumed by the Bank. Moreover, the operating results of the disposed subsidiaries are incorporated into the consolidated statement of income up to the effective date of disposal, which is the date on which the Bank loses control over the subsidiaries.

- The financial statements of the subsidiary companies are prepared for the same financial year, using the same accounting policies adopted by the Bank. If the accounting policies adopted by the companies are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary companies are made to comply with the accounting policies followed by the Bank.

- Non – controlling interests represent the portion of owners' equity not owned by the Bank in the subsidiaries.

(4) USE OF ESTIMATES

- **Provisions for impairment on direct credit facilities**

In determining impairment of financial assets, judgement is required 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 Bank computes the provision for impairment of financial assets according to the International Financial Reporting Standards (IFRSs) and compares the outcome to the instructions of the Central Bank of Jordan. Moreover, the strictest outcome that conforms to the (IFRSs) is used.

The Methodology of implementing international financial Reporting standard No (9): Inputs, and methods used in calculating expected credit loss:

Risk management system

The risk management of the Bank is directed to the Board of Directors based on the Corporate Governance Instructions issued by the Central Bank of Jordan. The Board of Directors is responsible for adopting the Bank's risk management strategy, policies and procedures which reflect the overall risk management framework and review annually. On all risk management activities to the Risk Management Committee of the Board of Directors.

The Bank's risk management approach emerges from the experience, knowledge and risk culture in which each employee is responsible for potential risks within the scope of his work.
Risk Management provides independent oversight and support aimed at establishing and disseminating the concept of risk management as a whole and at all levels of management, proactively assisting in the realization of potential losses and developing a plan of appropriate responses and actions to address these risks if they occur, thereby reducing potential costs and losses.
The risk management business is a general risk management policy that enables the Bank to identify and set appropriate limits for risks and to form the overall risk management framework for the Bank as well as a number of separate policies for each type of risk,

- Credit risk management policies, market risk management and operational risk management.
- Liquidity risk policy and interest rate policy for the bank portfolio.
- Internal Capital Adequacy Assessment Policy.
- Stress Test Policy.
- Credit policy and investment policy are an integral part of risk management policy for other risk management and control purposes

The Bank's management is particularly interested in the requirements of Basel and the best international risk management practices as a framework to consolidate and enhance the Bank's ability to improve the regulatory environment and confront various types of risks (operational, market and credit). Identify, measure, manage, control and control the types of risks and the Bank's compliance with the laws, regulations, standards and requirements issued by various local or international entities in accordance with best practices Fit with the size of the bank and its operations and the types of risks.

The Risk Management department has the following main functions:

- Prepare the Bank's Risk Management Framework.
- Develop and implement a risk management strategy as well as develop policies and work procedures that define the roles and responsibilities of each party and at all administrative levels.
- Prepare and review risk policies periodically to ensure their effectiveness and adjust them to what is required.
- Prepare the Bank's Internal Capital Adequacy Assessment methodology, which is comprehensive and effective and able to identify the risks that the Bank may face, taking into account the Bank's strategic plan and capital plan.
- Prepare a risk document for the Bank.
- Monitor the compliance of the Bank's executive departments with specific levels of acceptable risk.
- Ensure that the business continuity plan is in place and periodically checked.
- Report on the risks of any expansion of the Bank's activities to the Risk Management Committee of the Board of Directors.
- Conducting stress tests on a regular basis to measure the Bank's ability to withstand shocks and meet high risks and to be approved by the Board of Directors.
- Issuing periodic reports to the Risk Management Committee that includes information on the actual risk profile of all the Bank's activities compared to Risk Appetite and following up the treatment of negative deviations.
- Conducting stress tests on a regular basis to measure the Bank's ability to withstand shocks and meet high risks and to be approved by the Board of Directors.
- Issuing periodic reports to the Risk Management Committee that includes information on the actual risk profile of all the Bank's activities compared to Risk Appetite and following up the treatment of negative deviations.
- Verify the integrity of risk measurement mechanisms with the MIS used.
- Raising awareness about the risk management of the Bank's units to strengthen the regulatory environment, spreading a culture of risk awareness and achieving a deep understanding of all the management levels of the Bank's risks.
- Review strategic decisions with the possibility of making recommendations to avoid risks and ensure optimal employment of capital.
- Coordinating with the various supervisory bank departments to check the existence of controls to control risks or transfer the management of these risks to third parties or insure on them.

Acceptable risk levels

- Determining the acceptable risk levels of the Bank in accordance with quantitative measurement methods and based on the nature and specificity of the various risks, and clarifies the nature of the risks accepted by the Bank in order to achieve its strategic objectives. These limits are reflected in the acceptable risk document adopted by the Bank. Deviations and excesses if any.
- The overall framework for acceptable risk levels is determined in line with the Bank's strategic plan, regulatory directives, sound management of credit risk, liquidity and capital management to support the growth and development of the Bank's business.

Stress tests

- Bank-wide stress tests are an integral part of the risk review and evaluation process. These tests provide information on the Bank's financial safety and risk profile, as well as early warning indicators of potential threats to the Bank's capital
- Stress tests are carried out at the level of sensitivity scenarios and analytical scenarios and reflect their impact on the capital adequacy ratio and profit and loss through a range of levels that fall within (moderate, medium and severe).
- The results of stress tests are analyzed and evaluated and their impact on the quality of the Bank's assets and financial position, both through the expected loss size and / or by influencing the Bank's reputation, capital adequacy and the use of stress testing results in the capital planning process and its potential impact In building additional capital, according to ICAAP.
- Scenarios are assumed that are commensurate with the size and nature of the risks facing the Bank and should fall from the least influential to the most influential, including scenarios that may determine the size of losses that the Bank may face in order to identify the risks not covered, the scope of the scenarios accurately and reviewed periodically and adjusted to developments at the level of the bank in particular and at the level of the banking sector and the economy in general.
- Stress tests are conducted semi-annually to meet the requirements of the regulatory authorities. These tests can be conducted further on the recommendation of the Risk Management Committee according to the data and conditions

Internal assessment of capital adequacy

The Internal Capital Adequacy Assessment process aims to:

- Use better risk management methods to ensure capital adequacy.
- Defining the responsibilities of the Board of Directors and the Executive Management in developing the internal capital assessment process and establishing capital targets that are commensurate with the Bank's risk structure and regulatory environment.
- Comprehensive assessment of the risk elements (quantitative and qualitative) that the Bank may be exposed to under current conditions and stressful situations.
- Treatment of risks not covered under Pillar I (Liquidity Risk, Interest, Concentration, Reputation, Strategy, Business Cycle).
- Understand the nature and levels of risk the Bank may face, and how these risks and capital levels are linked.
- Ensuring that the Bank's management continues to be responsible for ensuring that adequate capital is available to meet the risks and in excess of the prescribed minimum requirements.

The implementation of default and its recording methods:

In order to classify accounts as non-performing loans (NPL), the Central Bank of Jordan (CBJ) or the regulatory authorities in the host countries of the bank's branches or its subsidiaries, whichever is more stringent, are strictly complied with. The non-performing facilities are defined as credit facilities that includes one or more of the following:

- The maturity of one installment or irregular payment of principal and/or interest of account for 90 days or more.

- The overdraft exceeding the Limit granted by (10%) or more for a period of (90) days or more

- Credit facilities that have expired on the expiry date of (90) days or more and have not been renewed.

- Credit facilities granted to any client declared bankrupt or to any company declared under liquidation.

- Credit facilities structured three times in a year.

- Current accounts that had been overdrawn for 90 days or more.

- Paid Guarantees on behalf of customers not credited to their accounts and their payments matured for (90) days or more.

Bad Debt Management

1. Debt Treatment:

This should be done by approval of the Bank and taking into consideration the satisfaction of the client and the guarantors. This type of treatment should ensure that the bank has the maximum possible rights according to the status of the account, its guarantees, and sources of payment, An acceptable period and the strengthening of guarantees and sources of payment if possible and the settlements are approved in accordance with internal levels of Authority.

2. Grace Period

The bank may be forced to a grace period for certain clients after which the client is settled by payment or re-scheduling. However, this method is not considered an effective treatment as it keeps the client within the scope of non-performing loans. Therefore, the bank should not give the client grace period after any payment default, only in exceptional circumstances which the concerned department may determine. In this case, the grace period shall be for a short and specific period in accordance with internal levels of Authority.

3. Legal Action, including enforcement of guarantees

The bank resorted to it when exhausted all the peaceable ways of collection and form a convection that the collection of debt in this manner became the only way to ensure the bank to restore his rights.

Risk Rating System

Moody's Risk Analyst (MRA) platform is a robust, enterprise-wide credit risk management system that collects, analyzes and stores financial and non-financial information providing a comprehensive solution for managing and analyzing counter-party credit risk. It is a Browser-based internal rating system that supports centralized management of credit risk assessment objectives. The ultimate objective of the rating exercise is to categorize customers based on their risk profile. The MRA standard model has been customized to the needs of the Bank.

Risk rating system consists of 3 basic models that are used by business division to analyze and categorize customers by relying on financial and non-financial data of their customers. The system allows the possibility of choosing one of three available models. The model is based on the availability, accuracy and clarity of the financial statements submitted. In addition to a set of questions specific to the customer's activity, the three models as per the following:

- Fundamental Analysis- Financial Only

This model used in case of clear, sufficient and detailed financial statements (audited or unaudited) that can be relied upon to reflect the accurate financial position of the customer. Quantitative information will formulate the largest weight in classification process.

- SME Rating Model- (Financial Statements Provided)

This model used in the case of the availability of Non-detailed financial data and has a less relative importance in the classification process and more importance is given to the qualitative aspects of the classification.

- SME Rating Model- (No Financial Statements Provided):

This model is used in the absence of financial data and classification will depend entirely on qualitative Data.

- Scope of Application

Rating Model is used for Corporates & SMEs Portfolios in Jordan, Palestine and Cyprus.

- The credit rating system consists of 10 credit degree, with the risk of default rising to each degree of higher risk. Each credit degree has a credit rating and is internally approved by the bank.

System Workflow

- The early identification of customers with potential problem loans is essential to the successful management of credit risk in the Bank's portfolio. The earlier a problem customer is identified; the more likely corrective action will be successful in preventing losses.

- Credit operation department is responsible to start, fill out all kinds of related data to the concerned customers to identify and point out the credit risk and weaknesses associated with individual customers that falling under their supervision.

- Credit department review the accuracy and credibility of the inputs and rating class entered by credit operation department and compare the inputs with the credit studies

- Risk department is responsible to manage the system including the Internal Models and related approved parameters, generating reports on regular basis for tracking and reporting purposes

Application and initial recognition

Existing credit exposures

In order to classify credit exposures through the internal rating system, it is necessary to compare the current classification of credit exposures with the degree of classification at initial recognition through a study prepared within the Bank to document the historical risk information of each debt to determine the degree of risk at the first recognition. Which are classified at the date of the financial statements are included in the second phase until their classification as assets.

New credit exposures:

The new accounts must be subject to the internal rating system and their classification will be treated as an initial recognition of the rating date.

The Mechanism Adopted to Calculate (ECL)

- Based on the requirement of the new standard, ECL calculation model for Exposures/debt instruments has been applied on JAB Branches, Subsidiaries and foreign branches in accordance with the instructions of the Central Bank and the best international practices in this regard.

- Credit risk and expected credit loss calculation was calculated for each individual (credit exposure/ debt instrument), not on collective basis approach.

- The mathematical model was used to calculate expected credit losses as follows:

Expected credit loss ECL = Probability of Default (PD%) X Exposure at default (EAD) X Loss Given Default (LGD%)

Probability of Default (PD)

- Transition Matrixes were built for each segment in Bank by using the historical data on exposure, rating grade to build the PiT Matrixes (Moody's Model was the base to generate PiT matrixes and similar risk level rating buckets were merged to obtain more stable observed default rate), for Retail Segment the DPD historical Data was the base to generate PiT Matrixes.

- Based on the nature of segment Economic Shocks were applied on the GDP & Unemployment rates changes compared to the last 10 years through statistical model to construct the future PiT, therefore TTC matrixes were constructed by blending the effect of Economic shocks and distance from the long term default rate (LTDR) which reflects the last five years average default rate.

- Same methodology was used to build Matrixes for Banks & Sovereigns over different regions in the world.

Exposure at Default

EAD is the credit Limit or outstanding Balance whichever is higher & incase of unutilized limit applying CCF of 100%. Present value (PV) of cash flows over the life time of exposure (t) has been taken into consideration by using the effective interest rate (EIR).

Loss Given Default (LGD)

- LGD methodology, recovery rate approach preceded by a deep assessment of many aspects related to the bank internal process, Default management and workout. Bank applied average recovery rate period approach (Average 3 years) for unsecured portfolio on banking segments (CORPs, SMEs & Retail) to construct the actual LGD for each type of segment, taking into consideration all recoveries were discounted based on contracts interest rate to the value at default date.

- However Managerial LGD for secured portfolio / portion were applied based on type of collateral and applying of Hair Cut per each type of collaterals as per the CBJ instructions.

- Regulatory Rates (FIRB) of 45% were applied for some segment due to the small size volatile portfolios.

Financial Assets in Scope

Under the methodology used, the following credit exposures and financial instruments have been subject to the expected credit loss in line with CBJ instructions and IFRS9 requirements:

Loans and Credit Facilities (Direct and Indirect)

The expected credit losses were calculated by considering the credit Limits or the outstanding Balance whichever is higher to determine the Exposure at Default (EAD). Present value (PV) of cash flows over the life of the exposure has been taken into consideration by using the effective interest rate (EIR) and discounted at time .

To Consider the Probability of Default (PD), Transition Matrixes were built for each segment in Bank by using the historical data on exposure, rating grade to build the PiT Matrixes (Moody's Model was the base to generate PiT matrixes and similar risk level rating buckets were merged to obtain more stable observed default rate), for Retail Segment the DPD historical Data was the base to generate PiT Matrixes.

Based on the nature of segment Economic Shocks were applied on the GDP & Unemployment rates changes compared to the last 10 years through statistical model to construct the future PiT, therefore TTC matrixes were constructed by blending the effect of Economic shocks and distance from the long term default rate (LTDR) which reflects the last five years average default rate.

For LGD, Bank applied average recovery rate period approach for unsecured portfolio on banking segments (CORPs, SMEs and Retail) to construct the actual LGD for each type of segment, taking into consideration all recoveries were discounted based on contracts interest rate to the value at default date.

However Managerial LGD for secured portfolio / portion were applied based on type of collateral after applying of Hair Cut.

Debt Instruments Carried at Amortized cost or Carried at Fair Value Through other Comprehensive Income (OCI)

The expected credit losses were calculated using the Outstanding Balance & Accrued interest on the Instrument of each reporting date to determine the Exposure at Default (EAD). Probability of default was calculated using Transition Matrixes that was built for each type of debt instrument. Regulatory LGD ratio of 45% was used for these kind of instruments (FIRB Ratio) .

Present value (PV) of cash flows over the life of the debt instrument has been taken into consideration using the effective interest rate (EIR) and discounted at time .

Note: Based on the CBJ Regulations, 0% Expected Credit Loss (ECL) is applied for local and foreign currency financial assets of Jordan Governmental & CBJ.

Credit Exposures on Banks and Financial Institutions

The expected credit losses were calculated using the Outstanding Balance of ach reporting date to determine the Exposure at Default (EAD, Probability of default was calculated using Transition Matrices that was built for banks and financial institutions based on Geographical distribution (Locally, Regionally & International).

Regulatory LGD ratio of 45% was used for these kind of placements (FIRB Ratio).

Staging Criteria

All Credit Exposures / Debt Instruments that are subject to expected credit loss are subject to certain determinants as an indication that they have a significant effect to increase credit risk, Therefore, Shifting to stages has been adopted by using the following methodology :

<table>
<tr><th>Variable</th><th>Staging Criteria / Shift to Stage 2</th><th>Staging Criteria / Shift to Stage 3</th></tr>
<tr><td>Change in Credit Rating for Exposure / Debt Instrument</td><td>Customers, which are having 2 grades deterioration in their final rating compared to their initial rating/ On Internal Rating Model

The significant or expected decline in the external Credit Rating</td><td rowspan="4">Non-performing loans

Bankruptcies or for companies under liquidation</td></tr>
<tr><td>Un Rated Exposures</td><td>Lack of credit rating for credit exposure / debt instrument subject to internal credit rating</td></tr>
<tr><td>Past due days</td><td>Past dues above 60 Days</td></tr>
<tr><td>Account Status</td><td>Watch List Accounts</td></tr>
</table>

Governing the application of the international standard

Adopting corporate governance is a key to success, Therefore JAB has adopted the directives of the Corporate Governance in line with the directives of the Central Bank of Jordan and the best international practices recommended by the Basel Committee in this regard.
Also corporate governance one of the means to provide the proper and appropriate tools and means for the Board of Directors and senior executive management to reach the achievement of strategic objectives and ensure an effective working environment.

The Bank to make sure its financial reports were consistent with the IFRS9 requirements. To that end, an agreement was concluded with Prometeia for implementing software across Jordan Branches, Forging Branches and its subsidiaries.

To ensure that the application of the International Financial Reporting Standard in effect, the following is the responsibilities of the Board of Directors and the Senior Executive Management In this regard:

Board of Directors

- Define the strategic objectives of the bank, and guide & monitor the executive management to prepare strategies & plans of action that are consistent with these strategies.

- Evaluate existing infrastructure and make decisions regarding the changes or improvements required to ensure that the calculation of expected credit losses in line with relevant regulations.

- Ensuring through the committees emanating from the Board to supervise the senior executive management and make sure the availability of internal control and control systems that provide the Bank's policies, plans and procedures, and verify compliance with the Bank's internal policies, international standards and related legislation covering the activity of applying the international standard.

- Take measures to ensure effective control over the proper application of the standard and the protection of the systems used in the application.

- Adoption of appropriate policies and procedures for the application of the new standard.

Executive Management

- Provide the appropriate infrastructure and recommendations on the changes or improvements that help to apply the standard accurately and comprehensively, make sure to include a qualified staff, adequate database in terms of accuracy, comprehensiveness and appropriate management information system.

- Distribution of tasks and responsibilities to the concerned parties in the process of applying the International Accounting Standard.

- To assess the impact of applying the International Accounting Standard on the financial position of the Bank from the quantitative and qualitative framework.

- suitability for the application of the standard.

- Prepare a detailed work plan to implement the standard and study the quantitative impact on the bank and adhere to the time frame specified by the regulator.

- Make sure to reflect the impact of the new standard on Bank strategy and pricing Methodology.

- Ensuring the participation of the Bank's various concerned departments with the proper compliance with the following:

Risk department

- Validation of the methodology and system used in the application of IFRS 9.
- Periodically update the PD default matrices at bank level and for all different sectors and reverse matrix adjustments to the system used to calculate expected credit losses.
- Periodic update of the loss matrix assuming LGD at bank level and for all different sectors and reversing outputs on the system used to calculate expected credit losses.
- Review the ICAAP methodology and stress testing to meet the requirements of the standard Preparation of qualitative and quantitative periodic disclosures for the purposes of complying with the requirements of IFRS 9.
- Ensuring that provisions are properly accounted for.

Audit Department

- Validate the integrity of the methodologies and systems used in the application of IFRS 9 and the samples that confirm the integrity of the results extracted
- Verify that all credit instruments / credit exposures have been measured for their expected credit loss and to verify the expected credit loss (loss) attributable to each financial statement.
- Verification of the periodic disclosures required for the purpose of complying with the International Financial Reporting Standard as per the Central Bank's instructions.

Compliance Department

- Ensure compliance with the applicable laws, regulations and instructions relating to the preparation of financial statements and the application of IFRS 9 and the disclosures required by IFRS 7.

Credit Group

- Identify indicators to assess the increase in credit risk related to the classification of all credit exposures and in accordance with the instructions of the Central Bank of Jordan and the accounting standard in this regard.
- Ensure the existence of a credit rating and the correctness of the degree of risk classification of the customer, reflecting the credit status of the customer, the definition of credit grades and the economic situation in which the client exercises his activity, in addition to giving the required checks on the inputs to the system of MOODYS and ensure their updating and archiving periodically.
- Studying and documenting the historical risk of each religion to determine the degree of classification at initial recognition.
- Ensure that the system outputs reflect Staging stages that reflect the customer's credit status and review and verify changes in the provision.
- Ensure that the transition between phases is correct.
- Preparation of quantitative periodic disclosures for compliance with IFRS requirements

Finance department

- Determine the financial instruments that are subject to the provision for credit losses as referred to in IFRS 9.
- Distribution of portfolios and ratings within banking sectors and their adoption within the expected credit loss model.
- Reconciling the accounting balances of the financial instruments subject to accounting with the Bank's accounting professor and comparing the results of the calculation of Standard 9 with the provisions required in accordance with the Central Bank's instructions 47/2009 and applying whichever is higher.
- Participate in the preparation and review of periodic disclosures required for compliance with IFRS

Key economic indicators used to calculate expected credit loss

When estimating the probability of default for different sectors, the historical information, current conditions and expected future events are taken into account in accordance with reliable information or material judgment by the Bank.

Where a statistical model with a single economic variable is used and based on the macro-economic variables which are the growth rates of GDP and the annual differences in the unemployment rate for the previous 10 years and linked to the future projections of the economic variable for the next 5 years to reflect the effect of the changes On the expected future ratios of the annual stumbling potential. The GDP growth rate was calculated for each of the following geographical sectors:

- Jordan: for exposures / debt instruments on the sector of large companies and medium and small companies.
- Palestine: for exposures / debt instruments sector of large companies and medium and small companies.
- Cyprus: for exposures / debt instruments sector of large companies and SMEs.
- North America: for exposures / debt instruments to sovereigns and banks.
- Europe & Central Asia: for exposures / debt instruments to sovereigns and banks
- East Asia & Pacific: for exposures / debt instruments to sovereigns and banks
- Arab World: for exposures / Debt

The annual rates of change in the unemployment rates for each of the following geographical sectors / regions were also adopted:

- Jordan: for individual / retail exposures.
- Affiliates within Jordan Subsidiaries: for exposures granted through subsidiaries.
- Palestine: for individual / retail exposures.
- Cyprus: for individual/ retail sector exposures.

(5) CASH AND BALANCES WITH CENTRAL BANKS

	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
Cash in treasury	54,831,407	42,814,521
Balances with Central Banks:		
- Current accounts	26,577,540	10,607,440
- Time and notice deposits	15,079,106	60,663,582
- Statutory cash reserve requirements	112,997,855	107,237,188
- Certificate of deposits	-	26,899,074
Total balances with central banks	154,654,501	205,407,284
Total cash and balances with central banks	209,485,908	248,221,805

- Except for the cash reserve with the central banks and the capital deposit with the Palestinian Monetary Authority, there are no restricted cash balances as at 30 June 2019 and 31 December 2018.

- There are no balances, maturing within a period exceeding three months as at 30 June 2019 and 31 December 2018.

The movement on cash and balances with central banks is as follows:

	30 June 2019 (Unaudited)			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at 1 January 2019	205,407,284	-	-	205,407,284
New balances during the period	15,219,879	-	-	15,219,879
Settled balances	(65,972,662)	-	-	(65,972,662)
Balance at the end of the period	154,654,501	-	-	154,654,501

(6) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

	Banks and financial institutions				Total	
	Local		Foreign			
Item	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Current and term accounts	504,892	65,610	24,376,526	38,367,245	24,881,418	38,432,855
Deposits matures in 3 months or less	10,280,500	23,551,506	118,936,313	111,610,807	129,216,813	135,162,313
Total	10,785,392	23,617,116	143,312,839	149,978,052	154,098,231	173,595,168
Less: ECL charged for the year	1,690	3,043	25,739	23,939	27,429	26,982
	10,783,702	23,614,073	143,287,100	149,954,113	154,070,802	173,568,186

- Non-interest bearing balances held at banks and financial institutions amounted to JD 24,376,526 as at 30 June 2019 (31 December 2018: JD 38,432,855).

- There are no restricted balances as at 30 June 2019 and 31 December 2018.

The movement on the provision for expected credit losses for balances with banks and financial institutions is as follows:

	30 June 2019 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at 1 January 2019	26,982	-	-	26,982
ECL charged for the period	447	-	-	447
Balance at the end of the period	27,429	-	-	27,429

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

	30 June 2019 (Unaudited)			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at 1 January 2019	173,595,168	-	-	173,595,168
New deposits and balances during the period	39,179,073	-	-	39,179,073
Settled deposits and balances	(58,676,010)	-	-	(58,676,010)
Balance at the end of the period	154,098,231	-	-	154,098,231

(7) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

	Banks and financial institutions					
	Local		Foreign		Total	
Item	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Deposits mature during a period:						
From 3 months to 6 months	5,000,000	5,000,000	8,099,160	14,400,855	13,099,160	19,400,855
From 6 months to 9 months	-	-	-	-	-	-
From 9 months to 1 year	-	-	-	37,798	-	37,798
	5,000,000	5,000,000	8,099,160	14,438,653	13,099,160	19,438,653
Less: ECL	6,877	6,877	17,197	17,197	24,074	24,074
Total	4,993,123	4,993,123	8,081,963	14,421,456	13,075,086	19,414,579

There are no restricted deposits as at 30 June 2019 and as at 31 December 2018.

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

	30 June 2019 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at 1 January 2019	24,074	-	-	24,074
ECL charged for the period	-	-	-	-
Balance at the end of the period	24,074	-	-	24,074

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

	30 June 2019 (Unaudited)			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at 1 January 2019	19,438,653	-	-	19,438,653
New deposits during the period	(6,339,493)	-	-	(6,339,493)
Balance at the end of the period	13,099,160	-	-	13,099,160

(8) DIRECT CREDIT FACILITIES – NET

The details of this item are as follows:

	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
Individuals (Retail):		
Overdrafts	2,764,837	2,661,039
Loans and bills *	330,264,019	332,902,737
Credit Cards	10,694,012	11,397,510
Real estate loans	321,174,481	322,816,366
Corporations:		
A- Large corporations		
Overdrafts	160,109,985	170,961,542
Loans and bills *	487,805,517	475,293,402
B- Small and medium enterprises "SMEs"		
Overdrafts	57,638,362	60,173,422
Loans and bills *	130,186,812	123,181,791
Governmental and public sector	22,101,491	21,129,063
Total	1,522,739,516	1,520,516,872
Less: Provision for expected credit losses	(77,141,071)	(75,149,293)
Less: Suspended interests	(24,858,026)	(20,857,390)
Direct credit facilities, net	1,420,740,419	1,424,510,189

* Net of interest and commission received in advance amounted to JD 14,978,489 as at 30 June 2019 (31 December 2018: JD 16,537,152).

- Non-performing credit facilities amounted to JD 107,155,883 representing 7.04% of total direct credit facilities as at 30 June 2019 (31 December 2018: JD 103,639,286 representing 6.82% of total direct credit facilities).

- Non-performing credit facilities, net of suspended interests and commissions, amounted to JD 89,008,127 representing 5.91% of total direct credit facilities excluding the suspended interests and commissions as at 30 June 2019 (31 December 2018: JD 88,179,183 representing 5.86% of total direct credit facilities excluding the suspended interests and commissions).

- Non-performing credit facilities transferred to off interim consolidated condensed financial position items, amounted to JD 96,312,814 as at 30 June 2019 (31 December 2018: JD 97,402,837). These credit facilities are fully covered with the suspended interests and provisions.

- There are no credit facilities granted to and guaranteed by the Jordanian government as at 30 June 2019 and 31 December 2018.

The movement on the direct credit facilities as at 30 June 2019 is as follows:

	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance as at 1 January 2019	1,271,222,105	145,655,481	103,639,286	1,520,516,872
New exposures for the period	332,389,795	46,223,813	7,062,706	385,676,314
Settled exposures during the period	(327,923,800)	(42,727,727)	(11,621,192)	(382,272,719)
Transferred to stage 1	17,838,809	(17,669,750)	(169,059)	-
Transferred to stage 2	(31,078,272)	34,535,208	(3,456,936)	-
Transferred to stage 3	(4,069,839)	(8,812,190)	12,882,029	-
Changes resulting from modification	-	-	(1,180,951)	(1,180,951)
Total balance at the end of period	1,258,378,798	157,204,835	107,155,883	1,522,739,516

The movement on the provision for expected credit losses is as follows:

	30 June 2019 (Unaudited)					
Item	Corporate	SMEs	Individuals	Real estate	Governmental and public sectors	Total
	JD	JD	JD	JD	JD	JD
Balance as at 1 January 2019	37,421,934	13,882,271	18,971,978	4,788,116	84,994	75,149,293
Provision for expected credit losses on new facilities during the period	207,570	1,339,065	1,913,996	271,023	-	3,731,654
Reversal of provision for expected credit losses	(1,766,567)	(1,623,705)	(1,291,339)	(271,978)	-	(4,953,589)
Effect on provision-resulting from reclassification among three stages for the period	143,803	485,200	1,239,990	186,673	-	2,055,666
Transfer to stage 1	16,859	3,722	696,852	69,456	-	786,889
Transfer to stage 2	(16,512)	(10,648)	(930,587)	(79,291)	-	(1,037,038)
Transfer to stage 3	(347)	6,926	233,735	9,835	-	250,149
Transferred to off statement of financial position	(1,059)	(166,486)	(158,025)	(55,010)	-	(380,580)
Provision for expected credit losses on the old facilities	805,597	275,947	(799,648)	1,165,505	-	1,447,401
Written-off facilities	(150)	(65,230)	(55,752)	(1,119)	-	(122,251)
Foreign exchange adjustments	43,751	97,646	916	66,005	5,159	213,477
Balance at the end of the period	36,854,879	14,224,708	19,822,116	6,149,215	90,153	77,141,071
Re- allocation:						
Individual	36,854,879	14,224,708	19,822,116	6,149,215	90,153	77,141,071
Collective	-	-	-	-	-	-

	31 December 2018 (Audited)					
Item	Corporate	SMEs	Individuals	Real estate	Governmental and public sectors	Total
	JD	JD	JD	JD	JD	JD
Balance as at 1 January 2018	54,501,185	11,610,389	21,842,724	2,523,560	-	90,477,858
Transition adjustment on adoption of IFRS 9	8,399,190	2,038,525	3,364,131	694,533	142,815	14,639,194
Balance as of 1 January 2018 (Amended)	62,900,375	13,648,914	25,206,855	3,218,093	142,815	105,117,052
Provision for expected credit losses on new facilities during the year	1,583,971	2,899,981	4,661,281	1,273,731	-	10,418,964
Provision for expected credit losses on the old facilities	2,698,785	257,661	(3,071,332)	1,504,737	-	1,389,851
Reversal of provision for expected credit losses	(9,851,436)	(1,923,858)	(2,532,744)	(958,960)	(57,821)	(15,324,819)
Transfer to stage 1	(169,698)	(134,036)	281,599	133,378	84,994	196,237
Transfer to stage 2	(409,638)	(1,048,640)	(978,226)	(364,708)	(84,994)	(2,886,206)
Transfer to stage 3	579,336	1,182,676	696,627	231,330	-	2,689,969
Transferred off statement of financial position	(15,180,508)	(2,135,515)	(9,012,192)	(172,330)	-	(26,500,545)
Effect on provision-resulting from reclassification among three stages for the year	(688,709)	1,099,052	3,625,593	174,744	-	4,210,680
Written-off facilities and transferred off statement of financial position	(3,698,747)	(14,740)	(323,664)	(2,969)	-	(4,040,120)
Foreign exchange adjustments	(341,797)	50,776	418,181	(248,930)	-	(121,770)
Balance at the end of the year	37,421,934	13,882,271	18,971,978	4,788,116	84,994	75,149,293
Re- allocation:						
Individual	37,421,934	13,882,271	18,971,978	4,788,116	84,994	75,149,293
Collective	-	-	-	-	-	-

- The provisions no longer needed due to settlements or repayments and transferred against other facilities amounted to JD 4,953,589 for the six months ended 30 June 2019 (JD 15,324,819 for the year ended 31 December 2018).

Suspended Interests

The movement on suspended interests is as follows:

	Corporates	SMEs	Individuals	Real estate loans	Total
	JD	JD	JD	JD	JD
For the six months ended in 30 June 2019 (Unaudited)					
Balance at the beginning of the period	11,306,976	5,021,311	2,634,502	1,894,601	20,857,390
Add: Interests in suspense for the period	2,337,524	1,139,336	797,552	587,990	4,862,402
Less: Interests transferred to revenues	(4,545)	(131,869)	(35,617)	(84,547)	(256,578)
Transferred to off-Consolidated statement of financial position items	(2,632)	(114,327)	(75,460)	(19,202)	(211,621)
Interests in suspense written-off	(30,242)	(305,602)	(54,893)	(2,830)	(393,567)
Balance at the end of the period	13,607,081	5,608,849	3,266,084	2,376,012	24,858,026
For the year ended in 31 December 2018 (Audited)					
Balance at the beginning of the year	17,107,587	4,372,227	5,599,893	1,040,621	28,120,328
Add: Interests in suspense for the year	5,654,994	2,202,009	2,637,116	1,089,467	11,583,586
Less: Interests transferred to revenues	(528,938)	(95,576)	(107,061)	(101,326)	(832,901)
Transferred to off-Consolidated statement of financial position items	(7,572,144)	(1,414,410)	(4,326,623)	(116,447)	(13,429,624)
Interests in suspense written-off	(3,354,523)	(112,339)	(1,168,823)	(17,714)	(4,653,399)
Foreign currencies evaluation difference	-	69,400	-	-	69,400
Balance at the end of the year	11,306,976	5,021,311	2,634,502	1,894,601	20,857,390

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

The details of this item are as follows:

	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
Quoted shares	9,684,012	10,649,493
Unquoted shares	14,196,734	14,312,545
Mutual funds	-	2,382,240
Total	23,880,746	27,344,278

- Cash dividends distributions for the above mentioned financial assets amounted to JD 685,498 for the period ended 30 June 2019 (JD 907,381 for the period ended 30 June 2018).

(10) FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Treasury bonds and bills	629,224,162	552,079,399
Corporate bonds and debentures	103,795,000	102,645,000
	733,019,162	654,724,399
Provision for expected credit losses	(407,576)	(388,812)
	732,611,586	654,335,587
With fixed return	732,611,586	654,335,587
Total	732,611,586	654,335,587
Unquoted bonds and bills	732,611,586	654,335,587

The movement on the provision for expected credit losses of financial assets at amortized cost is as follows:

	30 June 2019 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
At 1 January	388,812	-	-	388,812
ECL charged for the period	18,764	-	-	18,764
At the end of the period	407,576	-	-	407,576

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

	30 June 2019 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	654,724,399	-	-	654,724,399
New investments for the period	125,929,427	-	-	125,929,427
Matured investments	(47,536,135)	-	-	(47,536,135)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from modification	(98,529)	-	-	(98,529)
Total balance at the end of period	733,019,162	-	-	733,019,162

(11) OTHER ASSETS

The details of this item are as follows:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Real estate foreclosed by the Bank against debts, net *	85,210,914	84,107,268
Accrued interest and commissions	17,883,775	14,241,044
Checks and transfers under collection	9,132,131	5,850,019
Foreclosed assets sold, net	11,747,451	12,411,423
Prepaid expenses	5,482,203	2,946,126
Various debtors	4,074,910	3,217,546
Prepaid rent	1,637,255	1,109,834
Refundable deposits, net	277,741	334,008
Temporary advances	937,705	872,523
Others	907,176	138,982
	137,291,261	125,228,773

* Movements on assets seized by the Bank against debts are as follows:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	84,107,268	76,838,461
Additions	3,555,040	18,129,960
Disposals	(2,282,746)	(10,384,335)
Impairment loss	(259,021)	(1,018,074)
Recovery of impairment loss	90,373	541,256
Balance at the end of the period / year	85,210,914	84,107,268

According to the Banks Law, buildings and plots of land seized by the bank against debts due from customers should be sold within two years from the ownership date. For exceptional cases, the Central Bank of Jordan may extend this period for two additional years.

Movement on the impairment on breached assets sized by the bank:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	9,874,974	10,037,839
Provision for the period / year	-	-
Provision for sold property for the period / year	(6,395)	(162,865)
Balance at the end of the period / year	9,868,579	9,874,974

(12) CUSTOMERS' DEPOSITS

The details of this item are as follows:

	Individual	Corporate	SMEs	Governmental and public sectors	Total
	JD	JD	JD	JD	JD
30 June 2019 (Unaudited)					
Current and demand deposits	173,776,261	131,714,602	135,641,308	14,624,589	455,756,760
Saving accounts	253,193,792	-	-	-	253,193,792
Time and notice deposits	728,066,221	216,246,308	149,380,322	69,061,415	1,162,754,266
Total	1,155,036,274	347,960,910	285,021,630	83,686,004	1,871,704,818
31 December 2018 (Audited)					
Current and demand deposits	172,064,077	111,622,519	138,014,912	27,505,990	449,207,498
Saving accounts	270,936,226	-	-	-	270,936,226
Time and notice deposits	744,337,898	245,934,330	142,624,401	58,729,768	1,191,626,397
Total	1,187,338,201	357,556,849	280,639,313	86,235,758	1,911,770,121

- Public sectors and the government of Jordan deposits amounted to JD 81,305,885 representing 4.34% of total customers' deposits as at 30 June 2019 compared to JD 85,780,909 representing 4.49% of total customers' deposits as at 31 December 2018.
- Non-interest bearing deposits amounted to JD 557,969,053 representing 29.81% of total customers' deposits as at 30 June 2019 compared to JD 550,004,317 representing 28.77% of total customers' deposits as at 31 December 2018.
- Restricted deposits amounted to JD 4,852,922 representing 0.26% of total customers' deposits of as at 30 June 2019 compared to JD 3,328,706 representing 0.17% of total customers' deposits as at 31 December 2018.
- Dormant fund deposits amount JD 44,060,888 representing 2.35% as at 30 June 2019 compared to JD 35,740,193 representing 1.87% of total customers' deposits as at 31 December 2018.

(13) LOANS AND BORROWINGS

The details of this item are as follows:

		Number of instalments					
	Amount	Total	Remaining	Instalment maturity frequency	Collaterals	Interest rate	Relending interest rate
	JD					%	
30 June 2019 – (Unaudited)							
Central Bank of Jordan	3,400,000	30	29	Semi – annual instalments	-	4/14	6/79
Central Bank of Jordan	441,393	30	30	Semi – annual instalments	-	3	6/143
Central Bank of Jordan	437,986	30	30	Semi – annual instalments	-	3	6/143
Central Bank of Jordan	1,944,000	14	10	Semi – annual instalments	-	2/5	6/143
Central Bank of Jordan	2,305,000	20	20	Semi – annual instalments	-	4/52	6/166
Central Bank of Jordan	16,112,043	-	-	Renewed on monthly basis	-	1/870	4/692
Central Bank of Jordan	45,000,000	-	-	Renewed on monthly basis	-	4/75	6/143
European Bank for Reconstruction and Development	6,077,143	7	7	Semi – annual instalments	-	4/18	9-12
Jordan Mortgage Refinance Company	50,000,000	1	1	One payment	-	3/4-6	4/5-8/5
Local Bank (loan to a Subsidiary)	8,416,884	24	24	30 May 2020	-	6/125	10/17
Local Bank (loan to a Subsidiary)	4,287,613	24	13	Eighth of each month	-	6/25	10/17
Jordan Mortgage Refinance Company (loan to a Subsidiary)	35,000,000	8	8	23 August 2019, 18 December 2019, 3 May 2020, 11 May 2020, 3 October 2020, 1 July 2021, 24 September 2021 and 28 December 2021	-	4/6-6/2	10/17
Local Bank (loan to a Subsidiary)	5,311,008	-	-	36 monthly instalments effective from the withdrawal date	-	6/75	15-18
Local Bank (loan to a Subsidiary)	1,980,719	-	-	32 monthly instalments effective from the withdrawal date	-	6/5	15-18
Total	180,713,789						

	Amount	Number of instalments Total	Number of instalments Outstanding	Frequency of the instalments	Collaterals	Interest rate	Relending interest rate
	JD					%	%
31 December 2018 – (Audited)							
Central Bank of Jordan	3,600,000	30	29	Semi – annual installments	-	4/14	6/79
Central Bank of Jordan	441,393	30	30	Semi – annual installments	-	3	6/143
Central Bank of Jordan	2,133,000	14	13	Semi – annual installments	-	2/5	6/143
Central Bank of Jordan	2,305,000	20	20	Semi – annual installments	-	4/52	6/166
Central Bank of Jordan	17,781,042	-	-	Renewed on monthly basis	-	1/870	4/692
European Bank for Reconstruction and Development	7,090,000	7	7	Semi – annual installments	-	4/18	12-9
Jordan Mortgage Refinance Company	50,000,000	1	1	One payment	-	6/4/3	8/5-4/5
Local Bank (loan to a Subsidiary)	1,083,333	24	13	Eighth of each month	-	6/25	10/17
Local Bank (loan to a Subsidiary)	5,000,000	1	1	31 March 2019	-	5	10/17
Local Bank (loan to a Subsidiary)	9,463,180	24	24	30 December 2020	-	5/75	10/17
Jordan Mortgage Refinance Company (loan to a Subsidiary)	35,000,000	8	8	3 April 2019,2 May 2019 11 May 2019 23 August 2019 ,18 December 2019 1 July 2021, 28 December 2021	-	6/2-4/6	10/17
Local Bank (loan to a Subsidiary)	5,141,525	-	-	36 monthly installments effective from the withdrawal date	-	6/75	18-15
Local Bank (loan to a Subsidiary)	3,433,336	-	-	36 monthly installments effective from the withdrawal date	-	6/5	18-15
Total	142,471,809						

- Loans with fixed-interest rates amounted to JD 180,713,789 as at 30 June 2019 (31 December 2018: JD 142,471,809).

(14) INCOME TAX PROVISION

The movement on the income tax provision was as follows:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	7,222,551	4,418,203
Income tax paid during the period/ year	(8,434,262)	(7,684,980)
Income tax for the period/ year	6,693,050	10,489,328
Balance at the end of the period/ year	5,481,339	7,222,551

Income tax in the interim consolidated income statement represents the following:

	30 June 2019	30 June 2018
	JD	JD
	(Unaudited)	(Unaudited)
Accrued income tax on the period's profit	6,693,050	5,422,865
Deferred tax assets for the period	(135,958)	(390,061)
Amortization of deferred tax assets for the period	88,799	391,305
	6,645,891	5,424,109

- The statutory tax rate for the banks in Jordan was changed to 38% for the year 2019 according to tax law no. (34) from the year 2014, amended to law no. (38) for the year 2018. (35% for the year 2018) and the statutory tax rates for the foreign branches and subsidiaries range between 12.5% to 28.79%.

- The Bank has reached a final settlement with the Income and Sales Tax Department for all previous years up to the year 2014 for Jordan Branches.

- Financial years 2015 and 2016: The Income and Sales Tax Department audited the Bank's records for both years and imposed an additional tax amounted to JD 1,479,310 and JD 805,719, respectively. The Bank appealed the decision and filed a lawsuit against the Income and Sales Tax Department. The case is still pending at the Tax Court of First Instance. In the opinion of the Bank's management and the tax consultant, there is no need to book any additional provision.

- Financial years 2017 and 2018: Tax return was submitted for the year 2017. However, the Income and Sales Tax Department did not review the records until the date of these interim consolidated condensed financial statements.

- Palestine Branches reached to final settlement with the Income and Value-Added Tax Department up to the year 2017.

- Cyprus Branch reached to final settlement up to the year 2017.

- Ahli Financial Brokerage Company (subsidiary) – reached to a final settlement with the Income and Sales Tax Department up to the year 2014. In addition, tax returns were submitted for the years 2015, 2016, 2017 and 2018. Noting that an objection was raised by the Income and Sales Tax Department for the year 2015 along with a claim amounting to JD 43,000. In the opinion of the Company's management and the tax consultant, there is no need to book any additional provision for the year 2015 as the decision is against the law.

- Ahli Finance Leasing Company (subsidiary) – reached to a final settlement with the Income and Sales Tax Department up for the year 2015. The Company submitted its tax return for the year 2016, however, the Income and Sales Tax Department did not review the Company's records up to the date of these interim consolidated condensed financial statements. The Company submitted its tax return for 2017 and was accepted by the Income and Sales Tax Department without amendments. The Company submitted its tax return for the year 2018, however, the Income and Sales Tax Department did not review the Company's records up to the date of these interim consolidated condensed financial statements.

- Ahli Microfinance Company (subsidiary) – reached to a final settlement up to the year 2017. Tax return was submitted for the year 2018. However, the Income and Sales Tax Department did not review the Company's records up to the date of these interim consolidated condensed financial statements.

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Income tax rate		
Jordan Branches	38%	35%
Palestine Branches	28.79%	28.79%
Cyprus Branch	12.5%	12.5%

- A provision for income tax for the period ended 30 June 2019 has been booked for the bank, its branches and its subsidiaries.

(15) OTHER LIABILITIES

The details of this item are as follows:

	30 June 2019 JD (Unaudited)	31 December 2018 JD (Audited)
Accepted checks and transfer	10,625,339	4,437,743
Accounts payable to financial brokerage customers	463,165	333,736
Accrued interests	9,302,736	9,776,565
Temporary deposits	5,741,583	9,037,866
Various creditors	2,355,722	3,194,964
Accrued expenses	3,709,342	4,063,617
Interest and commissions received in advance	1,588,793	953,993
Check and transfers – delayed in payment	2,148,211	2,552,015
Lease contract obligations	7,785,298	-
Board of directors' remuneration	182,898	83,018
Provision for expected credit losses on indirect credit facilities and unutilized facilities ceilings*	1,909,469	1,833,318
Others	76,835	258,624
	45,889,391	36,525,459

* The movement on provision for expected credit losses is as follows:

	30 June 2019 (Unaudited)			
	Stage 1 (Individual) JD	Stage 2 (Individual) JD	Stage 3 JD	Total JD
Balance as at 1 January 2019	1,401,354	431,964	-	1,833,318
Net expected credit losses for the period	76,151	-	-	76,151
Transferred to stage 1	47,354	(47,354)	-	-
Transferred to stage 2	(5,375)	198,084	(192,709)	-
Transferred to stage 3	(6,376)	(5,161)	11,537	-
Total impact from transfers between stages	(35,603)	(145,569)	181,172	-
Total balance at the end of period	1,477,505	431,964	-	1,909,469

The movement on indirect facilities is as follows:

	30 June 2019 (Unaudited)			
	Stage 1 (Individual) JD	Stage 2 (Individual) JD	Stage 3 JD	Total JD
Balance as at 1 January 2019	444,874,846	30,686,203	6,419,686	481,980,735
New facilities for the period	180,547,183	12,334,645	-	192,881,828
Matured facilities	(163,815,030)	(8,922,573)	(215,381)	(172,952,984)
Transferred to stage 1	7,913,875	(7,913,875)	-	-
Transferred to stage 2	(3,338,928)	3,647,252	(308,324)	-
Transferred to stage 3	(157,693)	(1,172,018)	1,329,711	-
Total balance at the end of period	466,024,253	28,659,634	7,225,692	501,909,579

(16) FAIR VALUE RESERVE, NET

The movement on this item is as follows:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	(3,225,878)	912,985
Impact of adoption of IFRS 9	-	(330,204)
Balance at the beginning of the period/ year (Amended)	(3,225,878)	582,781
Shares sold	68	(26,763)
Deferred tax liabilities	-	491,607
Net unrealized losses	(3,462,849)	(4,273,503)
Balance at the end of the period/ year	(6,688,659)	(3,225,878)

(17) RETAINED EARNING AND DISTRIBUTED DIVIDENDS

The details of this item are as follows:

	30 June 2019	31 December 2018
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	34,816,345	24,584,535
General banking risk reserve*	-	15,353,859
Expected credit loss for assets (ECL)	-	(16,597,162)
The effect of IFRS (9) (effect of reclassification of financial assets)	-	330,204
The effect of IFRS (9) on deferred tax assets	-	3,415,351
Retained earnings balance (opening balance) as at 1 January 2018 (Amended)	34,816,345	27,086,787
Profit for the period/ year	-	21,277,280
(Loss) gain from sale of financial assets at fair value through other comprehensive income	(68)	26,763
Distributed Dividends	(11,576,250)	(9,187,500)
Transferred to reserves	-	(4,386,985)
Balance at the end of the period/ year	23,240,027	34,816,345

* The Central Bank of Jordan issued circular No. 10/1/7702 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.

- As at 30 June 2019, an amount of JD 9,677,366 from retained earnings is restricted against deferred tax assets (31 December 2018: JD 9,630,207), in addition to an amount of JD 3,125,029 which represents the restricted surplus of general banking risk reserve transferred to retained earnings according to the regulations of the Central Bank of Jordan.
- The General Assembly resolved in its ordinary meeting held on 29 April 2019 to distribute 6% of the paid in capital as cash dividends amounting to JD 11,576,250 and 4% of voluntary reserve amounting to JD 7,717,500 as stocks dividends for the year 2018. Moreover, procedures for increasing subscribed and paid in capital amounting to JD 7,717,500 were completed during July 2019.
- The General Assembly resolved in its ordinary meeting held on 30 April 2018 to distribute 5% of the paid in capital as cash dividends and 5% of voluntary reserve as stocks dividends for the year 2017.

(18) INTEREST INCOME

The details of this item are as follows:

	For the six months ended 30 June	
	2019	2018
	JD	JD
Direct Credit Facilities	(Unaudited)	(Unaudited)
Individuals (Retail)		
Overdraft	180,029	246,130
Loans and bills	16,222,152	16,318,867
Credit cards	997,168	1,111,039
Real estate mortgages	13,147,670	13,507,776
Corporations		
Large corporations		
Overdrafts	7,905,585	5,590,121
Loans and bills	15,757,921	15,934,160
Small and medium enterprises "SMEs"		
Overdrafts	2,521,026	2,639,249
Loans and bills	6,460,206	7,329,551
Government and Public Sector	559,865	629,897
Balances at Central Banks	280,748	630,602
Balances and deposits at banks and financial institutions	1,382,241	1,557,187
Financial assets measured at amortized cost	16,993,371	10,065,193
	82,407,982	75,559,772

(19) INTEREST EXPENSE

The details of this item are as follows:

	For the six months ended 30 June	
	2019	2018
	JD (Unaudited)	JD (Unaudited)
Banks and financial institutions deposits	2,886,993	1,246,830
Customers' deposits:		
Current accounts and demand deposits	337,281	91,733
Saving accounts	68,816	695,851
Time and notice deposits	26,174,421	22,985,964
Cash margins	4,255,647	3,044,584
Borrowed funds	3,786,639	2,663,592
Amortisation of lease contract obligations	171,022	-
Subordinated bonds	943,493	864,212
Deposit insurance fees	1,512,461	2,088,846
	40,136,773	33,681,612

(20) PROVISION (SURPLUS) FOR EXPECTED CREDIT LOSSES, NET

The details of this item are as follows:

	For the six months ended 30 June	
	2019	2018
	JD (Unaudited)	JD (Unaudited)
Expected credit losses:		
Balances and deposits at Central Banks and financial institutions	447	35,702
Direct facilities	2,281,132	(419,901)
Financial assets at amortized cost	18,764	59,103
Indirect credit facilities and unutilized facilities	76,151	288,606
	2,376,494	(36,490)

(21) EARNINGS PER SHARE ATTRIBUTED TO THE SHAREHOLDERS OF THE BANK

	For the six months ended 30 June	
	2019	2018
	JD (Unaudited)	JD (Unaudited)
Profit for the period	11,394,063	12,947,783
Weighted average number of shares	192,937,500	192,937,500
Basic and diluted earnings per share	0/059	0/067

(22) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	For the six months ended 30 June	
	2019	2018
	JD (Unaudited)	JD (Unaudited)
Cash and balances with central banks maturing within three months	198,851,047	244,494,282
Add: Balances at banks and financial institutions maturing within three months	154,070,802	191,722,611
Less: Banks and financial institutions' deposits maturing within three months	(92,815,451)	(71,944,044)
	260,106,398	364,272,849

(23) CAPITAL MANAGEMENT

Through the management of its paid-up capital, the Bank seeks to achieve the below goals:

- Compliance with the Central Bank capital related requirements
- Maintaining the Bank's ability to continue as a going concern
- Ensuring a strong capital base for supporting the Bank's expansion and development.

Capital adequacy is continuously monitored by the Bank's management, and reported quarterly to the Central Bank of Jordan.

According to the Central Bank Instructions, the minimum requirement for capital adequacy is 12%. Banks are classified into 5 categories, the best of which is having an average capital adequacy equal to or more than 14%.

The Bank manages its capital in a way that ensures the continuation of its operating activities and achieving the highest possible return on equity, and capital is defined according to BASIL III as shown in the below table:

	2019 JD In Thousands	2018 JD In Thousands
Primary capital according to bank's management requirements		
Subscribed and paid in capital	192,937	192,937
Retained Earnings	23,240	34,816
Net profits for the period	11,394	-
Cumulative change in fair value	(6,689)	(3,226)
Statutory Reserve	57,344	57,344
Voluntary Reserve	15,762	15,762
Other Reserves	3,679	3,679
Total Ordinary Share Capital (CET 1)	**297,667**	**301,312**
Total regulatory Adjustments (deductions from capital)		
Goodwill and Intangible assets	(14,794)	(16,479)
Dividends suggested to be paid	(4,823)	(11,576)
Investment in capital of banks, financial institutions and insurance companies	(3,525)	(3,525)
Investments where the bank owns more than 10%	(3,516)	(3,531)
Deferred tax assets	(9,677)	(9,630)
Net Ordinary Shareholders	**261,332**	**256,571**
Additional Capital		
Net primary Capital (Tier 1)	261,332	256,571
Secondary Capital (Tier 2)		
General banking risk reserve	-	-
Provision required against credit facilities in stage 1	6,476	5,689
Total stable loan*	20,000	20,000
Net stable capital	26,476	25,689
Total regulatory capital	**287,808**	**282,260**
Total risk weighted assets	1,959,580	1,916,753
Capital percentage from regular shares (CET 1) (%)	%13.34	%13.39
Regulatory capital percentage (%)	%14.69	%14.73

* During October 2017, the bank issued subordinated bonds in the amount of JD 25 million for a period of six year. The bonds were issued at the discounted interest rate to the Central Bank of Jordan in addition to 2% margin. In order to improve the capital adequacy percentage.

(24) SEGMENT INFORMATION

1- Information on Bank Activities

The Bank is organized for administrative purposes through six main operating segments, also brokerage and consulting services the bank's subsidiary (Ahli Financing Brokerage Company).

1- Individual accounts: Principally following up on individual customers accounts real estate loans overdrafts credit cards facilities and transfer facilities.

2- SMEs: Principally "SMEs' transactions on loans credit facilities and deposits and whom classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the bank and commensurate with the instructions of the regulatory authorities.

3- Corporate accounts: Principally corporate transactions on loans credit facilities and deposits, whom classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the bank and commensurate with the instructions of the regulatory authorities.

4- 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.

5- Investment and foreign currency management: The activity of this sector is related to local and foreign bank investment as well as those restricted at fair value, in addition services for trading in foreign currency.

6- Others: This sector includes all non-listed accounts in the above sectors, for example equity and investments in associates, receivables, equipment, and general management.

The following represents information about the Bank's sector activities:

	Individuals	SMEs	Corporate	Treasury & Institutional Financing	Others	Total - For the six months ended 30 June (Unaudited) 2019	2018
	JD	JD	JD	JD	JD	JD	JD
Gross Income	20,853,256	10,222,644	19,870,445	5,256,377	1,068,422	57,271,144	55,252,956
Expected credit losses allowance - direct credit facilities	(2,414,222)	(476,507)	609,597	(18,764)	(76,598)	(2,376,494)	36,490
Segment results	18,439,034	9,746,137	20,480,042	5,237,613	991,824	54,894,650	55,289,446
Net distributed segment expenses	-	-	-	-	-	(36,580,787)	(36,449,890)
Provision for seized assets	-	-	-	-	-	(259,021)	(470,145)
Bank's share of (loss) profit in associate companies'	-	-	-	(14,888)	-	(14,888)	2,481
Income for the period before tax	18,439,034	9,746,137	20,480,042	5,222,725	991,824	18,039,954	18,371,892
Income tax	-	-	-	-	-	(6,645,891)	(5,424,109)
Income for the period	18,439,034	9,746,137	20,480,042	5,222,725	991,824	11,394,063	12,947,783
Other matters							
Capital expenditures						5,211,797	25,973,072
Depreciation and amortization						5,831,147	5,770,529
Total segment assets	607,825,133	213,998,785	627,798,069	1,104,636,861	255,799,902	2,810,058,750	2,783,487,914
Total segment liabilities	1,222,257,876	347,826,096	564,881,610	297,065,694	80,360,176	2,512,391,452	2,482,175,580

2- Geographical distribution information

This sector represents the geographical distribution of the Banks operation. The Bank operates mainly in Jordan, which represents the local business. The Bank also carries out international activates in the Middle East, Europe, Asia, America and the Near East representing international business.

	Inside Jordan		Outside Jordan		Total	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Bank's Assets	2,465,500,963	2,447,937,208	344,557,787	335,550,706	2,810,058,750	2,783,487,914

Following is the geographical distribution of the Bank's profit and loss:

	Inside Jordan		Outside Jordan		Total	
	30 June		30 June		30 June	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross income	51,915,107	50,730,885	5,356,037	5,810,264	57,271,144	55,252,956
Capital Expenditure	4,127,909	26,113,342	1,083,888	248,486	5,211,797	25,973,072

Expected credit losses based on the economical distribution

A- Expected credit losses on the financial instruments as at 30 June 2019 (unaudited):

	Financial	Industrial	Trading	Real-estate	Agricultural	Services and public facilities	Shares	Individual	Governmental and other sector	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	-	-	-	-	-	-	-	-	154,654,501	-	154,654,501
Balances at banks and financial institutions	154,070,802	-	-	-	-	-	-	-	-	-	154,070,802
Deposits at banks and financial institutions	13,075,086	-	-	-	-	-	-	-	-	-	13,075,086
Direct credit facilities	14,029,107	160,746,491	319,768,582	485,438,913	29,816,325	142,272,324	9,400,097	230,320,404	22,011,338	6,936,838	1,420,740,419
Financial assets at amortized cost	103,391,226	-	-	-	-	-	-	-	629,220,360	-	732,611,586
Other assets	17,883,775	-	-	-	-	-	-	-	-	-	17,883,775
Gross/current period	302,449,996	160,746,491	319,768,582	485,438,913	29,816,325	142,272,324	9,400,097	230,320,404	805,886,199	6,936,838	2,493,036,169
Letters of guarantee	229,824,294	-	-	-	-	-	-	-	-	-	229,824,294
Letters of credit	139,855,310	-	-	-	-	-	-	-	-	-	139,855,310
Other obligations	132,229,975	-	-	-	-	-	-	-	-	-	132,229,975
Total	804,359,575	160,746,491	319,768,582	485,438,913	29,816,325	142,272,324	9,400,097	230,320,404	805,886,199	6,936,838	2,994,945,748

B- Expected credit losses based on IFRS 9 stages as at 30 June 2019 (unaudited):

Item	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Financial	785,941,679	11,186,363	7,231,533	804,359,575
Industrial	122,566,022	34,718,847	3,461,622	160,746,491
Trading	264,171,399	50,463,958	5,133,225	319,768,582
Real estate	428,096,398	51,737,853	5,604,662	485,438,913
Agricultural	27,529,358	2,071,849	215,118	29,816,325
Services and public facilities	128,057,368	13,435,012	779,944	142,272,324
Shares	9,400,097	-	-	9,400,097
Individual	220,380,152	7,811,324	2,128,928	230,320,404
Governmental and other sectors	805,886,199	-	-	805,886,199
Others	6,936,838	-	-	6,936,838
Total	2,798,965,510	171,425,206	24,555,032	2,994,945,748

The following schedules are prepared in two stages (first: the gross credit exposure and second for the balance of expected credit losses) as at 30 June 2019:

A- Gross Credit Exposure:

Item	Stage 2		Stage 3		Total modifications	Percentage of exposure modified
	Gross Exposure	Modifications	Gross Exposure	Modifications		
	JD	JD	JD	JD	JD	%
Balances with central bank	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-
Direct credit facilities	157,204,835	8,053,268	107,155,883	9,256,034	17,309,302	6.55 %
Financial assets at amortized cost	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total exposure for items within statement of financial position	157,204,835	8,053,268	107,155,883	9,256,034	17,309,302	
Total exposure for items not within statement of financial position	29,044,514	(5,055,761)	7,226,692	1,022,387	(4,033,374)	(11.12) %
Total	186,249,349	2,997,507	114,382,575	10,278,421	13,275,928	

B- Expected credit losses on exposure with modified classification:

Item	Gross exposure with modified classification			Expected credit losses on exposure with modified classification			Percentage of exposure modified
	Gross exposure reclassified from stage 2	Gross exposure reclassified from stage 3	Gross exposure with modified classification	Stage 2 (individual)	Stage 3 (individual)	Total	
	JD	JD	JD	JD	JD	JD	%
Balances with central bank	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-
Direct credit facilities	8,053,268	9,256,034	17,309,302	(1,037,038)	250,149	(786,889)	(4.55) %
Financial assets at amortized cost	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total exposure for items within statement of financial position	8,053,268	9,256,034	17,309,302	(1,037,038)	250,149	(786,889)	
Total exposure for items not within statement of financial position	(5,055,761)	1,022,387	(4,033,374)	145,569	(181,172)	(35,603)	0.88 %
Total	2,997,507	10,278,421	13,275,928	(891,469)	68,977	(822,492)	

Expected credit losses based on the geographical distribution

Expected credit losses on the geographical distribution as at 30 June 2019 (unaudited):

	Inside Jordan	Middle east	Europe	Asia	Africa	America	Total
	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	117,730,466	36,338,122	585,913	-	-	-	154,654,501
Balances at banks and financial institutions	7,570,880	20,361,083	106,606,759	18,999,191	24,248	508,641	154,070,802
Deposits at banks and financial institutions	4,975,926	37,810	8,061,350	-	-	-	13,075,086
Direct credit facilities	1,260,535,283	136,076,998	24,128,138	-	-	-	1,420,740,419
Financial assets at amortized cost	693,543,608	39,067,978	-	-	-	-	732,611,586
Other assets	16,494,034	1,243,767	145,974	-	-	-	17,883,775
Gross/current period	2,100,850,197	233,125,758	139,528,134	18,999,191	24,248	508,641	2,493,036,169
Letters of guarantee	221,835,540	7,480,694	508,060	-	-	-	229,824,294
Letters of credit	134,789,585	5,065,725	-	-	-	-	139,855,310
Other obligations	112,733,512	9,211,700	10,284,763	-	-	-	132,229,975
Total	2,570,208,834	254,883,877	150,320,957	18,999,191	24,248	508,641	2,994,945,748

Expected credit losses based on IFRS 9 stages as at 30 June 2019 (unaudited):

Item	Stage 1 individual	Stage 2 individual	Stage 3	Total
	JD	JD	JD	JD
Inside Jordan	2,400,630,951	148,964,253	20,613,630	2,570,208,834
Middle east	228,481,522	22,460,953	3,941,402	254,883,877
Europe	150,320,957	-	-	150,320,957
Asia	18,999,191	-	-	18,999,191
Africa	24,248	-	-	24,248
North America	508,641	-	-	508,641
Total	2,798,965,510	171,425,206	24,555,032	2,994,945,748

(25) RELATED PARTIES TRANSACTIONS

The Bank entered into transactions with major shareholders, Board of Directors and executive management. Within the normal banking practices according to the commercial interest and commission rates. All credit facilities granted to related parties are classified under Stage 1 whereby a provision for expected credit losses was calculated in accordance with IFRS 9 requirements.

The following related party transactions took place during the period:

	Associates	Subsidiaries	Board of directors	Executive management	Other*	Total 30 June 2019	Total 31 December 2018
	JD	JD	JD	JD	JD	JD	JD
						(Unaudited)	(Audited)
Items within the interim consolidated statement of financial position:							
Credit facilities	-	845,807	6,169,436	4,680,576	84,396,824	96,092,643	97,369,308
Deposits	6,357	1,733,461	45,921,972	3,438,989	7,415,533	58,516,312	57,201,714
Cash margin	-	-	-	96,429	564,297	660,726	2,606,591
Financial assets at amortized cost	-	-	-	-	3,576,365	3,576,365	3,576,365
Items not within the interim consolidated statement of financial position:							
Letters of guarantee	50,000	845,000	66,000	988	8,263,160	9,225,148	10,203,632
						For the six months of 30 June 2019	For the six months of 30 June 2018
						(Unaudited)	(Unaudited)
Interim consolidated of income items							
Interest and commissions income	352	51,302	320,406	131,340	2,515,368	3,018,768	2,784,949
Interest and commissions expense	275	20,879	1,340,347	44,056	143,786	1,549,343	727,306

* This item represents companies partially owned by members of the Bank's Board of Directors, Board of Directors' relatives, and the bank's employees.

- There are accounts receivable from a subsidiary company (Ahli Brokerage Company) of JD 2,395,899, belonging to a related party as at 30 June 2019. On 31 October 2013, the Company signed a settlement agreement with those clients to pay the obligations through an advance payment upon signing the settlement agreement, in addition to monthly installments, as well as enhancement of their guarantees.

- Interest expenses rates range from 3.75% to 13%.

- Interest income rates range from 0% to 6.5%.

Compensation of executive management of the Bank are as follows:

	For the six months ended 30 June	
	2019	2018
	JD (Unaudited)	JD (Unaudited)
Salaries and other benefits	2,337,475	1,923,698
Travel and transporting & Periderms	34,709	35,103
	2,372,184	1,958,801

(26) CAPITAL AND SHARE PREMIUM

The bank's authorized and paid-up capital amounted to JD 192,937,500 divided into 192,937,500 shares of one Jordanian Dinar each as of 30 June 2019 (JD 192,937,500 as of 31 December 2018).

The General Assembly resolved in its meeting held on 29 April 2019 to distribute by 6% of the paid in capital as cash dividends amounting to JD 11,576,250 and 4% of voluntary reserve as stock dividends amounting to JD 7,717,500 for the year 2018. Moreover, procedures for increasing subscribed and paid in capital amounting to JD 7,717,500 were completed during July 2019.

The General Assembly resolved in its ordinary meeting held on 30 April 2018 to distribute 5% of the paid in capital as cash dividends and 5% of voluntary reserve as stocks dividends for the year 2017.

(27) RESERVES

The Bank did not make any appropriation to the legal reserves for the period, as these financial statements are interim financial statements.

(28) COMMITMENTS AND CONTINGENT LIABILITIES

The details of this item are as follows:

	30 June 2019	31 December 2018
	JD (Unaudited)	JD (Audited)
Letter of credit:		
Letter of credit-outgoing	77,289,714	61,226,604
Letter of credit-incoming	45,822,874	78,124,814
Acceptances	62,565,596	48,549,981
Letter of guarantees:		
-Payment	116,096,954	110,146,698
-Performance bonds	82,706,722	77,304,183
-Others	31,020,618	34,339,234
Unutilized direct credit facilities ceilings	132,229,975	150,414,035
	547,732,453	560,105,549

(29) LITIGATION

Lawsuits raised against the Bank amounted to JD 2,611,633 as at 30 June 2019 (31 December 2018: JD 2,541,116). In the opinion of the Bank's management and the legal advisor, no further liabilities exceeding the provision of JD 153,182 as at 30 June 2019 (31 December 2018: JD 323,585).

(30) FAIR VALUE MEASUREMENT

A. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS:

Some of the financial assets and financials 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 asset and financial liability are determined (valuation techniques & key inputs):

	Fair value					
	30 June 2019	31 December 2018	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs of fair value
	(Unaudited)	(Audited)				%
Financial assets at fair value	JD	JD				
Financial assets at fair value through other comprehensive income:						
Quoted shares	9,684,012	10,649,493	Level 1	Quoted shares	Not applicable	Not applicable
Mutual fund	-	2,382,240	Level 2	The fund managers evaluation of the fair value	Not applicable	Not applicable
Unquoted shares	14,196,734	14,312,545	Level 2	Through using the equity method and latest financial information available	Not applicable	Not applicable
	23,880,746	27,344,278				
Total financial assets at fair value	23,880,746	27,344,278				

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

B. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS:

Except for what is detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the Bank's financial statement approximate their fair values:

	30 June 2019 (Unaudited)		31 December 2018 (Audited)		
	Book value	Fair value	Book value	Fair value	Fair value hierarchy
Financial assets not calculated at fair value	JD	JD	JD	JD	
Deposits at Central Banks	15,079,106	15,079,388	60,668,839	60,696,505	Level 2
Balances and deposits at banks and financial institutions	167,145,888	167,261,950	192,982,765	193,162,071	Level 2
Direct credit facilities	1,420,740,419	1,427,109,947	1,424,510,189	1,430,072,257	Level 2
Financial assets at amortized cost	732,611,586	743,703,488	654,335,587	662,662,486	Level 2
Force-closed assets against debts	85,210,914	100,063,882	84,107,268	98,812,408	Level 2 and Level 1
Total financial assets not calculated at fair value	**2,420,787,913**	**2,453,218,655**	**2,416,604,648**	**2,445,405,727**	
Financial liabilities not calculated at fair value					
Banks and financial institutions deposits	115,958,576	116,442,283	98,159,977	98,338,562	Level 2
Customer deposits	1,871,704,818	1,879,208,717	1,911,770,121	1,919,860,264	Level 2
Cash margin	263,569,649	263,575,761	257,416,155	257,448,791	Level 2
Borrowed funds	180,713,789	181,327,786	142,471,809	143,222,188	Level 2
Total financial Liabilities not calculated at fair value	**2,431,946,832**	**2,440,554,547**	**2,409,818,062**	**2,418,869,805**	

For the items listed above, the fair value of the financial assets and liabilities classified as level two has been determined in accordance with generally accepted pricing models that reflect the credit risk of counterparties.