

JORDAN COMMERCIAL BANK

PUBLIC SHAREHOLDING LIMITED COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (REVIEWED NOT AUDITED)

31 MARCH 2021



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

We have reviewed the accompanying interim condensed financial statements of Jordan Commercial Bank (a public shareholding limited company) (the "Bank") as at 31 March 2021, comprising the interim condensed statement of financial position as at 31 March 2021 and the related interim condensed statements of income, comprehensive income, changes in equity, and cash flows for the three months then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34 (Interim Financial Reporting) as adopted by the Central Bank of Jordan (CBJ). Our responsibility is to express a conclusion on these interim 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.

Basis of Qualified Conclusion

Included in other assets, seized assets by the Bank against credit facilities of JD 65.8 million. Management did not reduce the value of these properties to its recoverable amount as required by IFRS. Had management reduced these properties to their recoverable amounts, other assets would have been decreased by JD 3.1 million, deferred tax assets would have been increased by JD 1.1 million, and income for the period would have been decreased by JD 2 million. Our audit report as of 31 December 2020 was qualified with respect to this matter.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified conclusion, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Amman – Jordan
29 April 2021

JORDAN COMMERCIAL BANK
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

| | Notes | 31 March 2021 JD (Unaudited) | 31 December 2020 JD (Audited) |
|---|-------|---------------------------------------|--|
| <u>ASSETS</u> | | | |
| Cash and balances with central banks | 4 | 88,317,483 | 96,851,544 |
| Balances at banks and financial institutions | 5 | 56,337,551 | 79,318,273 |
| Direct credit facilities, net | 6 | 735,092,152 | 713,901,025 |
| Financial assets at fair value through profit or loss | 7 | 1,755,352 | 1,645,923 |
| Financial assets at fair value through other comprehensive income | 8 | 28,355,502 | 29,053,113 |
| Financial assets at amortized cost, net | 9 | 302,734,383 | 282,206,186 |
| Property and equipment, net | | 21,733,200 | 21,872,682 |
| Intangible assets, net | | 2,084,095 | 2,093,653 |
| Deferred tax assets | | 12,323,681 | 11,215,869 |
| Right of use assets | | 4,887,668 | 5,119,281 |
| Other assets | 10 | 110,693,211 | 108,744,016 |
| Total Assets | | 1,364,314,278 | 1,352,021,565 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | | |
| LIABILITIES | | | |
| Banks' and financial institutions' deposits | | 113,664,445 | 102,670,901 |
| Customers' deposits | 11 | 939,923,067 | 935,686,966 |
| Cash Margins | | 41,873,049 | 41,822,602 |
| Borrowed Funds | 12 | 97,277,649 | 103,564,728 |
| Provision for income tax | 13/a | 1,790,990 | 174,758 |
| Sundry provisions | 14 | 879,686 | 822,511 |
| Lease liabilities | | 4,579,517 | 4,830,299 |
| Deferred tax liabilities | | 4,396 | - |
| Other liabilities | 15 | 23,676,708 | 22,982,013 |
| Total Liabilities | | 1,223,669,507 | 1,212,554,778 |
| SHAREHOLDERS' EQUITY | | | |
| Authorized and paid in capital | 1 | 120,000,000 | 120,000,000 |
| Statutory reserve | 16 | 15,953,618 | 15,953,618 |
| Fair value reserve, net | 17 | (2,474,355) | (2,020,984) |
| Retained earnings | 18 | 5,534,153 | 5,534,153 |
| Profit for the period | | 1,631,355 | - |
| Total Shareholders' Equity | | 140,644,771 | 139,466,787 |
| Total Liabilities and Shareholders' Equity | | 1,364,314,278 | 1,352,021,565 |

The accompanying notes from 1 to 26 form part of these interim condensed financial statements and should be read with them and the accompanying review report

JORDAN COMMERCIAL BANK
INTERIM CONDENSED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (REVIEWED NOT AUDITED)

| | Notes | 2021 JD | 2020 JD |
|--|-------|-------------------|-------------------|
| <u>Continuing operations</u> | | | |
| Interest income | | 17,438,351 | 17,992,031 |
| Less: Interest expense | | (8,542,948) | (10,244,883) |
| Net interest income | | 8,895,403 | 7,747,148 |
| Net commission income | | 1,076,073 | 1,238,583 |
| Net interest and commission income | | 9,971,476 | 8,985,731 |
| Foreign currency income | | 241,374 | 329,633 |
| Gain (Loss) from financial assets at fair value through profit or loss | | 109,429 | (197,484) |
| Other income | | 1,351,900 | 1,711,650 |
| Gross income | | 11,674,179 | 10,829,530 |
| Employees' expenses | | 3,411,802 | 3,196,053 |
| Depreciation and amortization | | 871,420 | 863,751 |
| Provision for expected credit losses, net | 19 | 1,065,000 | 4,672,754 |
| Other provisions | | 59,450 | 13,735 |
| Provision for assets seized by the Bank against due debts | | 1,077,997 | 469,322 |
| Other expenses | | 2,591,708 | 2,607,092 |
| Total expenses | | 9,077,377 | 11,822,707 |
| Profit (Loss) for the period before income tax | | 2,596,802 | (993,177) |
| Income tax for the period | 13/b | (965,447) | 280,504 |
| Profit (Loss) for the period from continuing operations | | 1,631,355 | (712,673) |
| (Loss) for the period from discontinued operations | 25 | - | (258,728) |
| Profit (Loss) for the period | | 1,631,355 | (971,401) |
| Earnings (Loss) per share for the period attributable to the Bank's shareholders | | Fils/JD | Fils/JD |
| Basic and diluted | | 0.014 | (0.008) |
| Earnings (Loss) per share for the period from continuing operations attributable to the Bank's shareholders | | Fils/JD | Fils/JD |
| Basic and diluted | | 0.014 | (0.006) |
| (Loss) per share for the period from discontinued operations attributable to the Bank's shareholders | | Fils/JD | Fils/JD |
| Basic and diluted | | - | (0.002) |

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JORDAN COMMERCIAL BANK
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (REVIEWED NOT AUDITED)

| | <u>2021</u> | <u>2020</u> |
|--|------------------|--------------------|
| | JD | JD |
| Profit (Loss) for the period from continuing operations | 1,631,355 | (712,673) |
| <u>Other comprehensive income items:</u> | | |
| <u>Items that are not transferable subsequently to statement of income</u> | | |
| Net change in fair value reserve of financial assets through other comprehensive income, net | <u>(453,371)</u> | <u>(402,966)</u> |
| Total comprehensive income for the period from continuing operations | <u>1,177,984</u> | <u>(1,115,639)</u> |
| | | |
| (Loss) for the period from discontinued operations | - | (258,728) |
| <u>Other comprehensive income items:</u> | | |
| <u>Items that are not transferable subsequently to statement of income</u> | | |
| Net change in fair value reserve of financial assets through other comprehensive income, net | <u>-</u> | <u>(47,842)</u> |
| Total comprehensive income for the period from discontinued operations | <u>-</u> | <u>(306,570)</u> |
| | | |
| Total comprehensive income for the period | <u>1,177,984</u> | <u>(1,422,209)</u> |

The accompanying notes from 1 to 26 form part of these interim condensed financial statements and should be read with them and the accompanying review report

JORDAN COMMERCIAL BANK
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (REVIEWED NOT AUDITED)

| | Notes | For the three months ended 31 March | |
|---|-------|--|---------------------|
| | | 2021 | 2020 |
| Cash flows from operating activities: | | JD | JD |
| Profit (Loss) for the period before tax | | 2,596,802 | (993,177) |
| Loss for the period from discontinued operations before tax | | - | (258,728) |
| Non-cash Adjustments: | | | |
| Depreciation and amortization | | 639,807 | 742,247 |
| Provision for expected credit losses, net | 19/25 | 1,065,000 | 4,407,205 |
| Loss from valuation of financial assets at fair value through statement of income | | (109,429) | 197,484 |
| Other provisions | 14 | 59,450 | 41,862 |
| Income from recoveries from other provisions | | - | (1,000,000) |
| Provision for impairment of assets seized by the bank against due debts | 10 | 1,077,997 | 469,322 |
| Amortization of right-of-use assets | | 231,613 | 255,061 |
| Finance costs paid for lease obligations | | 92,204 | 85,341 |
| Profit from sale equipment and intangible assets | | (1,884) | - |
| Effect of exchange rate fluctuations on cash and cash equivalents | | (138,556) | (107,169) |
| Profit for the period before changes in assets and liabilities | | 5,513,004 | 3,839,448 |
| Increase (Decrease) in banks' and financial institutions' deposits maturing within a period of more than three months | | 6,000,000 | (1,737,127) |
| (Increase) in balances in banks and financial institutions maturing within a period of more than three months | | - | (153,065) |
| (Increase) in direct credit facilities | | (22,399,584) | (44,935,770) |
| (Increase) Decrease in other assets | | (3,055,078) | 8,502,409 |
| Increase in customers' deposits | | 4,236,101 | 22,434,515 |
| Increase (Decrease) in cash margins | | 50,447 | (877,089) |
| Increase (Decrease) in other liabilities | | 344,954 | (8,113,867) |
| Net cash flows used in operating activities before income tax, provisions, and paid lease obligations | | (9,310,156) | (21,040,546) |
| Various provisions paid | 14/25 | (2,275) | (83,279) |
| Lease contracts paid | | (362,721) | (238,209) |
| Income tax paid | 13 | (174,758) | - |
| Net cash flows used in operating activities | | (9,849,910) | (21,362,034) |
| Cash flows from investing activities: | | | |
| Decrease in financial assets at fair value through other comprehensive income | | (1,675) | 423,616 |
| Decrease in financial assets at amortized cost | | (20,540,545) | 20,510,049 |
| Changes in property and equipment and intangible assets | | (549,627) | (704,058) |
| Proceeds from sale of property and equipment | | 60,750 | - |
| Net cash flows (used in) from investing activities | | (21,031,097) | 20,229,607 |
| Cash flows from financing activities: | | | |
| (Decrease) Increase in borrowed funds | | (6,287,079) | 6,634,171 |
| Net cash flows (used in) from financing activities: | | (6,287,079) | 6,634,171 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | 138,556 | 107,169 |
| Net (Decrease) increase in cash and cash equivalents | | (37,029,530) | 5,608,913 |
| Cash and cash equivalents at the beginning of the period | | 119,020,119 | 80,519,927 |
| Cash and cash equivalents at the end of the period | 20 | 81,990,589 | 86,128,840 |

The accompanying notes from 1 to 26 form part of these interim condensed financial statements and should be read with them and with the accompanying review report

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

(1) GENERAL

Jordan Commercial Bank was established as a Jordanian Public Shareholding Limited Company on 3 May 1977 in accordance with the Jordanian Companies Law No. (12) for the year 1964 with a paid-up capital of JD 5 million divided into 5 million shares at par value of one Jordanian Dinar per share. The Bank's Head Office address is Amman, Tel. +962 (6) 5203000, P.O. Box 9989, Amman The Hashemite Kingdom of Jordan.

During the year 1993, Mashrek Bank (Jordan branches) was merged into Jordan and Gulf Bank. Consequently, Jordan and Gulf Bank replaced Mashrek Bank (Jordan branches) in terms of its rights and obligations.

At the beginning of the year 2004, the Bank was restructured after taking the necessary measures specified by the concerned governmental parties and on June 28, 2004, procedures relating to changing the Bank's name from Jordan and Gulf Bank to Jordan Commercial Bank were completed.

The Bank's capital was increased gradually; the last increase was during the year 2017 whereby the capital became 120 million JD/Share paid in full on 7 June 2017.

The Bank is engaged in banking and related financial operations through its branches (35) inside Jordan.

The financial statements have been approved by the Bank's Board of Directors in its meeting held on 29 April 2021.

(2-1) BASIS OF PREPARATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting) as adopted by the Central Bank of Jordan.

The interim 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 condensed financial statements.

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

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards as adopted by the Central Bank of Jordan and should be read in conjunction with the Bank's annual report as at 31 December 2020. In addition, results for the three-month period ended 31 March 2021 do not necessarily indicate the expected results for the financial year ending 31 December 2021. No appropriation of the profit has been made for the three months ended 31 March 2021 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 condensed financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2020, except for the followings adoption of new standards effective as at 1 January 2021:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim financial statements of the Bank. The Bank intends to use the practical expedients in future periods if they become applicable.

(3) USE OF ESTIMATES

Preparation of the condensed interim financial statements and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities.

Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the condensed interim statement of comprehensive income and within shareholders' equity. In particular, the Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the condition and circumstances of those estimates in the future.

The critical judgements and estimates used in the preparation of these condensed interim financial information are consistent with those used in the preparation of the Bank's annual financial statements for the year ended 31 December 2020, except for the changes highlighted below:

Extension and termination options in lease contracts

Extension and termination options are included in a number of the leasing contracts, these options are used to increase the operational flexibility in terms of contracts management, most of the extension and termination options are exercisable by both the Bank and the lessor.

In determining the lease term, management considers all facts and circumstance that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension option (or periods after termination option) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in case of occurrence of an important event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

Discounting of lease payment

The lease payments are discounted using the Bank's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

(4) CASH AND BALANCES WITH CENTRAL BANKS

- The statutory cash reserve held at central banks amounted to JD 31,855,027 as at 31 March 2021 (31 December 2020: JD 31,569,484).
- Except for cash reserves with central banks, there are no restricted cash balances as at 31 March 2021 nor at 31 December 2020.
- There are no balances maturing within a period of more than three months as at 31 March 2021 and 31 December 2020.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

| Item | Banks and financial institutions | | | | | |
|---|----------------------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
| | Local | | Foreign | | Total | |
| | 31 March 2021 | 31 December 2020 | 31 March 2021 | 31 December 2020 | 31 March 2021 | 31 December 2020 |
| | JD (Unaudited) | JD (Audited) | JD (Unaudited) | JD (Audited) | JD (Unaudited) | JD (Audited) |
| Current and call accounts | 29,671 | 29,671 | 8,173,384 | 10,344,882 | 8,203,055 | 10,374,553 |
| Deposits maturing within a period of three months or less | 14,180,000 | 35,659,000 | 3,964,297 | 3,827,953 | 18,144,297 | 39,486,953 |
| Deposits maturing within a period of more than one year | - | - | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 |
| | 14,209,671 | 35,688,671 | 42,137,681 | 44,172,835 | 56,347,352 | 79,861,506 |
| Less: Provision for expected credit losses | (735) | (17,786) | (9,066) | (525,447) | (9,801) | (543,233) |
| | 14,208,936 | 35,670,885 | 42,128,615 | 43,647,388 | 56,337,551 | 79,318,273 |

- The non-interest-bearing balances held at banks and financial institutions amounted to JD 7,659,822 as at 31 March 2021 and (JD 9,831,321 as at 31 December 2020).
- There are no restricted balances as at 31 March 2021 and 31 December 2020.

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

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

| | 31 March 2021 (Unaudited) | | | |
|---|---------------------------|---------|---------|-----------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the period | 543,233 | - | - | 543,233 |
| Recoveries from ECL related to settled balances | (9,608) | - | - | (9,608) |
| Changes resulting from adjustments | (523,824) | - | - | (523,824) |
| Balance at the end of the period | 9,801 | - | - | 9,801 |

(6) DIRECT CREDIT FACILITIES, NET

The details of this item are as follows:

| | 31 March | 31 December |
|--|--------------|--------------|
| | 2021 | 2020 |
| | JD | JD |
| | (Unaudited) | (Audited) |
| Individuals (Retail) | | |
| Overdrafts | 608,819 | 625,721 |
| Loans and bills * | 196,807,294 | 194,412,145 |
| Credit cards | 4,692,431 | 4,520,314 |
| Real Estate Loans | 119,106,668 | 118,674,013 |
| Corporate Customers | | |
| Overdrafts | 72,638,509 | 62,750,734 |
| Loans and bills * | 311,196,262 | 302,268,633 |
| Small and Medium Enterprises "SMEs" | | |
| Overdrafts | 12,598,746 | 13,063,156 |
| Loans and bills * | 49,260,276 | 47,171,682 |
| Governmental and Public Sector | 47,828,936 | 47,995,838 |
| Total | 814,737,941 | 791,482,236 |
| Less: Provision for expected credit losses** | (59,939,404) | (58,732,454) |
| Suspended interests** | (19,706,385) | (18,848,757) |
| Direct credit facilities, net | 735,092,152 | 713,901,025 |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

- * Net after deducting interest and commissions received in advance amounting to JD 1,315,949 as of 31 March 2021 (31 December 2020: JD 2,930,594).
- ** During the first three months of 2021, direct credit facilities amounting to JD 136,766 were written-off with interest in suspense amounting to JD 135,259 and a provision of JD 1,507.
- Non-performing credit facilities amounted to JD 89,893,815 as at 31 March 2021 (31 December 2020: JD 89,052,218), representing 11.03% of total credit facilities.as at 31 March 2021 (31 December 2020: 11.25%).
- Non-performing credit facilities net of interest and commissions amounted to JD 70,471,711 as at 31 March 2021 (31 December 2020: JD 70,601,202), representing 8.86% of total credit facilities after deducting interest and commissions as at 31 March 2021 (31 December 2020: 9.1%).
- Non-performing credit facilities transferred to off interim condensed financial position items amounted to JD 125,756,619 as at 31 March 2021 (31 December 2020: JD 124,790,590). These credit facilities are fully covered with the suspended interests and provisions.
- Direct credit facilities include facilities granted that are guaranteed by the Government of Jordan amounting to JD 30,000,000 as of 31 March 2021 and (31 December 2020: JD 30,000,000).

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

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

| Item | 31 March 2021 (Unaudited) | | | | | Total |
|--|---------------------------|-------------|------------|-----------|---------------------------------|------------|
| | Individuals | Real estate | Corporate | SMEs | Governmental and public sectors | |
| | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the period | 10,511,271 | 3,292,945 | 39,763,877 | 5,127,101 | 37,260 | 58,732,454 |
| Provision for expected credit loss on new facilities during the period | 50,784 | 2,204 | 16,064 | 51,596 | - | 120,648 |
| Recoveries from ECL related to settled facilities | (57,858) | (402,753) | (823) | (42,294) | - | (503,728) |
| Transferred to stage 1 | (83,964) | (48,608) | (252,423) | (22,386) | - | (407,381) |
| Transferred to stage 2 | (12,079) | 22,786 | 252,423 | 16,664 | - | 279,794 |
| Transferred to stage 3 | 96,043 | 25,822 | - | 5,722 | - | 127,587 |
| Effect on provision resulting from reclassification among the three stages | 461,202 | (11,576) | 348,668 | 64,289 | - | 862,583 |
| Changes resulting from adjustments | (177,252) | (73,316) | 1,150,731 | (176,075) | 4,866 | 728,954 |
| Written-off credit facilities | (1,507) | - | - | - | - | (1,507) |
| Balance at the end of the period | 10,786,640 | 2,807,504 | 41,278,517 | 5,024,617 | 42,126 | 59,939,404 |
| Re-allocation: | | | | | | |
| Provisions on an individual basis | 10,786,640 | 2,807,504 | 41,278,517 | 5,024,617 | 42,126 | 59,939,404 |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

| Item | 31 December 2020 (Audited) | | | | | | | | | | | |
|--|----------------------------|-----------|-------------|-----------|-----------|------------|------|----|---------------------------------|----|-------|--|
| | Individuals | | Real estate | | Corporate | | SMEs | | Governmental and public sectors | | Total | |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | |
| Balance at the beginning of the period | 10,763,744 | 1,777,426 | 31,252,880 | 4,086,186 | 94,618 | 47,974,854 | | | | | | |
| Provision for expected credit loss on new facilities during the period | 484,255 | 22,623 | 23,362 | 118,820 | 86 | 649,146 | | | | | | |
| Recoveries from ECL related to settled facilities | (275,026) | (67,794) | (227,276) | (171,952) | (2) | (742,050) | | | | | | |
| Transferred to stage 1 | (229,399) | 61,317 | 726,145 | 17,664 | (7) | 575,720 | | | | | | |
| Transferred to stage 2 | 163,988 | (77,071) | (766,442) | (8,382) | - | (687,907) | | | | | | |
| Transferred to stage 3 | 65,411 | 15,754 | 40,297 | (9,282) | 7 | 112,187 | | | | | | |
| Effect on provision resulting from reclassification among the three stages | 1,363,957 | 241,151 | 2,334,635 | 386,418 | (7) | 4,326,154 | | | | | | |
| Changes resulting from adjustments | (1,812,538) | 1,323,786 | 6,380,276 | 707,629 | (57,435) | 6,541,718 | | | | | | |
| Written-off credit facilities | (13,121) | (4,247) | - | - | - | (17,368) | | | | | | |
| Balance at the end of the period | 10,511,271 | 3,292,945 | 39,763,877 | 5,127,101 | 37,260 | 58,732,454 | | | | | | |
| Re- allocation: | | | | | | | | | | | | |
| Provisions on an individual basis | 10,511,271 | 3,292,945 | 39,763,877 | 5,127,101 | 37,260 | 58,732,454 | | | | | | |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

Suspended Interests

The movement on suspended interests is as follows:

| | Real estate | | Companies | | Governmental and public sectors | Total |
|--|------------------|------------------|-------------------|------------------|---------------------------------------|-------------------|
| | Individuals | loans | Corporate | SMEs | | |
| | JD | JD | JD | JD | | |
| For the three months ended in 31 March 2021 (Unaudited) | | | | | | |
| Balance at the beginning of the period | 1,953,475 | 1,535,102 | 12,789,066 | 2,571,114 | - | 18,848,757 |
| Add: Interests in suspense for the period | 251,035 | 110,724 | 936,597 | 260,262 | - | 1,558,618 |
| Less: Interests transferred to revenues | (68,930) | (259,142) | (159,481) | (78,178) | - | (565,731) |
| Interests in suspense written-off | (5,035) | (120,703) | - | (9,521) | - | (135,259) |
| Balance at the end of the period | 2,130,545 | 1,265,981 | 13,566,182 | 2,743,677 | - | 19,706,385 |
| | Real estate | | Companies | | Governmental and public sectors | Total |
| | Individuals | loans | Corporate | SMEs | | |
| | JD | JD | JD | JD | | |
| For the year ended in 31 December 2020 (Audited) | | | | | | |
| Balance at the beginning of the year | 1,312,553 | 1,255,739 | 9,746,437 | 1,764,542 | - | 14,079,271 |
| Add: Interests in suspense for the year | 905,140 | 617,880 | 3,446,289 | 1,056,048 | - | 6,027,357 |
| Less: Interests transferred to revenues | (256,558) | (329,052) | (403,660) | (243,918) | - | (1,233,188) |
| Interests in suspense written-off | (7,660) | (9,465) | - | (7,558) | - | (24,683) |
| Balance at the end of the year | 1,953,475 | 1,535,102 | 12,789,066 | 2,571,114 | - | 18,848,757 |

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

The details of this item are as follows:

| | 31 March 2021 (Unaudited) JD | 31 December 2020 (Audited) JD |
|---------------------------------|---------------------------------------|--|
| Quoted shares in active markets | 1,755,352 | 1,645,923 |
| | 1,755,352 | 1,645,923 |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

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

The details of this item are as follows:

| | 31 March 2021 | 31 December 2020 |
|-----------------------------------|-------------------|---------------------|
| | JD (Unaudited) | JD (Audited) |
| Quoted shares in active markets | 23,221,041 | 23,954,878 |
| Unquoted shares in active markets | 5,134,461 | 5,098,235 |
| | <u>28,355,502</u> | <u>29,053,113</u> |

- There were no cash dividend distributions for the above-mentioned financial assets for the three months ended 31 March 2021 and 2020.

(9) FINANCIAL ASSETS AT AMORTIZED COST, NET

The details of this item are as follows:

| | 31 March 2021 | 31 December 2020 |
|--|--------------------|---------------------|
| | JD (Unaudited) | JD (Audited) |
| Treasury bonds and bills | 298,944,276 | 278,403,731 |
| Companies' bonds and debentures | 4,627,997 | 4,573,055 |
| | <u>303,572,273</u> | <u>282,976,786</u> |
| Less: Provision for expected credit losses | (645,893) | (633,545) |
| Interest is suspense | (191,997) | (137,055) |
| | <u>302,734,383</u> | <u>282,206,186</u> |

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

| | 31 March 2021 (Unaudited) | | | |
|--|---------------------------|----------|----------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the period | 48,563 | - | 584,982 | 633,545 |
| Changes resulting from adjustments | 12,135 | - | 213 | 12,348 |
| Balance at the end of the period | <u>60,698</u> | <u>-</u> | <u>585,195</u> | <u>645,893</u> |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

(10) OTHER ASSETS

The details of this item are as follows:

| | 31 March 2021 | 31 December 2020 |
|---|--------------------|---------------------|
| | JD (Unaudited) | JD (Audited) |
| Assets seized by the Bank against debts, net* | 65,780,451 | 66,042,144 |
| Accrued interest and commissions | 14,566,018 | 11,034,406 |
| Receivables from assets sold on installments | 8,572,559 | 10,513,038 |
| Checks and transfers under collection | 774,107 | 46,840 |
| Prepaid expenses | 2,569,500 | 1,062,039 |
| Refundable deposits | 1,284,513 | 1,286,457 |
| Purchase of time withdrawals, policies and letters of credit, net *** | 13,547,070 | 15,029,810 |
| Others | 3,598,993 | 3,729,282 |
| Total | 110,693,211 | 108,744,016 |

* Movement on assets seized by the bank against debts for the period/year is as follows:

| | 31 March 2021 | 31 December 2020 |
|---|-------------------|---------------------|
| | JD (Unaudited) | JD (Audited) |
| Balance at the beginning of the period / year | 66,042,144 | 87,114,292 |
| Additions | 931,504 | 4,445,479 |
| Disposals | (115,200) | (23,949,572) |
| Impairment loss | (1,093,039) | (1,614,362) |
| Impairment on breached assets seized by the bank ** | 15,042 | 46,307 |
| Balance at the end of the period / year | 65,780,451 | 66,042,144 |

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.

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

** Movement on the impairment on breached assets seized by the bank is as follows:

| | 31 March 2021 | 31 December 2020 |
|---|-------------------|---------------------|
| | JD (Unaudited) | JD (Audited) |
| Balance at the beginning of the period/year | 3,352,554 | 3,398,861 |
| Provided for the period/year | 337,785 | 17,375 |
| Surplus during the period/year | (352,827) | (63,682) |
| Balance at the end of the period/year | <u>3,337,512</u> | <u>3,352,554</u> |

*** Movement on the provision for expected credit losses on time withdrawals, policies and letters of credit is as follows:

| | 31 March 2021 (Unaudited) | | | |
|--|---------------------------|----------|----------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the period | 183,555 | - | - | 183,555 |
| ECL on matured exposures | (14,461) | - | - | (14,461) |
| Changes resulting from adjustments | 42,347 | - | - | 42,347 |
| Balance at the end of the period | <u>211,441</u> | <u>-</u> | <u>-</u> | <u>211,441</u> |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

(11) CUSTOMERS' DEPOSITS

The details of this item are as follows:

| | 31 March 2021 (Unaudited) | | | | |
|------------------------------|----------------------------|--------------------|--------------------|-------------------------------|--------------------|
| | Individuals | Corporate | SMEs | Government and public sectors | Total |
| | JD | JD | JD | JD | JD |
| Current and call accounts | 36,453,118 | 26,502,860 | 33,138,927 | 6,408,351 | 102,503,256 |
| Saving deposits | 209,891,516 | 244,575 | 2,300,350 | 1,001,714 | 213,438,155 |
| Certificates of deposits | 26,602,416 | - | 76,794 | - | 26,679,210 |
| Time and notice deposits | 362,375,093 | 73,264,004 | 91,953,933 | 69,709,416 | 597,302,446 |
| | <u>635,322,143</u> | <u>100,011,439</u> | <u>127,470,004</u> | <u>77,119,481</u> | <u>939,923,067</u> |
| | 31 December 2020 (Audited) | | | | |
| | Individuals | Corporate | SMEs | Government and public sectors | Total |
| | JD | JD | JD | JD | JD |
| Current and on call accounts | 38,221,871 | 22,125,925 | 36,708,572 | 6,556,691 | 103,613,059 |
| Saving deposits | 205,907,755 | 1,233,347 | 1,894,300 | 59,878 | 209,095,280 |
| Certificates of deposits | 28,921,346 | - | 46,794 | - | 28,968,140 |
| Time and notice deposits | 349,092,248 | 75,207,641 | 83,861,396 | 85,849,202 | 594,010,487 |
| | <u>622,143,220</u> | <u>98,566,913</u> | <u>122,511,062</u> | <u>92,465,771</u> | <u>935,686,966</u> |

- The Government of Jordan's and the public sector's deposits inside the Kingdom amounted to JD 77,119,481 representing 8.2% of total customers' deposits as at 31 March 2021 (JD 92,465,771 representing 9.9% of total customers' deposits as at 31 December 2020).
- Non-interest-bearing deposits amounted to JD 96,539,325 representing 10.3% of total customers' deposits as at 31 March 2021 (JD 99,992,527 representing 10.7% of total customers' deposits as at 31 December 2020).
- Reserved deposits (restricted withdrawals) amounted to JD 1,487,161 representing 16/0% of total customers' deposits as at 31 March 2021 (JD 2,685,719 representing 29/0% of total customers' deposits as at 31 December 2020).
- Dormant deposits amounted to JD 9,131,021 as at 31 March 2021 (JD 3,882,102 as at 31 December 2020).

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

(12) BORROWED FUNDS

These funds have been received from the Central Bank of Jordan, for the purpose of financing micro, small and medium companies, within a program of medium financing terms and will be reimbursed through semi-annual instalments inclusive of interest.

| 31 March 2021 (Unaudited) | Total loans | Utilized | Settlement method | Guarantees | Loan Interest |
|---|-------------|-------------------|--|-------------------------------|---------------|
| | JD | JD | | | price |
| | | | | | % |
| Loan from World Bank through Central Bank of Jordan | 2,000,000 | 1,300,000 | 20 years including 5 years grace period settled in semi-annual instalments | - | 2.5 |
| Loan from Arab Monetary Funds through Central Bank of Jordan | 2,100,000 | 1,084,351 | 10 years including 3 years grace period settled in semi-annual instalments | - | 2.5 |
| Advances from Central Bank of Jordan | 29,619,485 | 29,619,485 | 2 years settled in semi-annual instalments | - | 0- 2.25 |
| Jordanian Mortgage Refinance Company | 10,000,000 | 10,000,000 | One payment on 21 September 2021 | Transfer of Mortgage Funds | 6.6 |
| Jordanian Mortgage Refinance Company | 10,000,000 | 10,000,000 | One payment on 16 August 2021 | Transfer of Mortgage Funds | 6.35 |
| Jordanian Mortgage Refinance Company | 10,000,000 | 10,000,000 | One payment on 5 February 2024 | Transfer of Mortgage Funds | 6.8 |
| International Fund for Agricultural Development through the Central Bank of Jordan | 750,000 | 750,000 | 18 years including 3 years grace period settled in semi-annual instalments | - | 2.35 |
| Central Bank of Jordan for Mortgage bonds | 34,523,813 | 34,523,813 | 7 April, 12 April, and 27 April 2021 | Mortgage bonds | 2 |
| | | <u>97,277,649</u> | | | |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

| 31 December 2020 (Audited) | Total loans | Utilized | Settlement method | Guarantees | Loan Interest |
|---|-------------|--------------------|--|-------------------------------|---------------|
| | JD | JD | | | price |
| | | | | | % |
| Loan from World Bank through Central Bank of Jordan | 2,000,000 | 1,400,000 | 20 years including 5 years grace period settled in semi-annual instalments | - | 2.5 |
| Loan from Arab Monetary Funds through Central Bank of Jordan | 2,100,000 | 1,071,000 | 10 years including 3 years grace period settled in semi-annual instalments | - | 2.5 |
| Advances from Central Bank of Jordan | 29,927,920 | 29,927,920 | 2 years settled in semi-annual instalments | - | 0- 2.25 |
| Jordanian Mortgage Refinance Company | 10,000,000 | 10,000,000 | One payment on 21 September 2021 | Transfer of Mortgage Funds | 6.6 |
| Jordanian Mortgage Refinance Company | 10,000,000 | 10,000,000 | One payment on 16 August 2021 | Transfer of Mortgage Funds | 6.35 |
| Jordanian Mortgage Refinance Company | 10,000,000 | 10,000,000 | One payment on 16 February 2024 | - | 6.8 |
| International Fund for Agricultural Development through the Central Bank of Jordan | 750,000 | 750,000 | 18 years including 3 years grace period settled in semi-annual instalments | - | 2.35 |
| Central Bank of Jordan for Mortgage bonds | 40,415,808 | 40,415,808 | One payment on 6 February 2021 | Mortgage bonds | 2 |
| | | <u>103,564,728</u> | | | |

Borrowed funds amounted to JD 31,413,233 as at 31 March 2021 (JD 30,266,815 as at 31 December 2020) with an interest rate ranging between 2% and 10%.

(13) INCOME TAX

A. INCOME TAX PROVISION

The movement on the provision for income tax during the period/ year was as follows:

| | 31 March 2021 | 31 December 2020 |
|---|------------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Balance at the beginning of the period/year | 174,758 | - |
| Income tax payable on profit for the period/ year | 1,790,990 | 810,257 |
| Income tax paid | (174,758) | (635,499) |
| Balance at the end of the period/year | <u>1,790,990</u> | <u>174,758</u> |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

B. INCOME TAX EXPENSE

Income tax expense in the condensed interim statement of income represents the following:

| | 31 March 2021 | 31 March 2020 |
|--|-------------------|------------------|
| | JD (Unaudited) | JD (Audited) |
| Income tax incurred on current period profit | 1,790,990 | 3,061 |
| Deferred tax assets | (829,939) | (233,177) |
| Deferred tax liabilities | 4,396 | (50,388) |
| | <u>965,447</u> | <u>(280,504)</u> |

C. TAX STATUS:

The Bank has reached a final settlement with the Income and Sales Tax Department for Jordan branches until the end of the year 2016.

Regarding the year 2017, the income tax return was submitted within the legal period and it was reviewed by the Income and Sales Tax Department. A decision was made that required the Bank to pay a tax difference for the year 2017 by an amount of JD 1.9 million and the Bank has appealed the decision. Regarding the year 2018 and 2019 and 2020, the income tax return was submitted within the legal period, but it has not been reviewed yet.

In the opinion of the Management and the Bank's Tax Consultant, no liability would exceed the booked provision and the advance payments as of the date of the condensed interim financial statements.

| | 31 March 2021 | 31 December 2020 |
|---------------------------------|------------------|---------------------|
| | (Unaudited) | (Audited) |
| Statuary Income tax rate | 38% | 38% |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

(14) SUNDRY PROVISIONS

The details of this item are as follows:

| | For the three months ended 31 March 2021 (Unaudited) | | | |
|---|--|---------------------------|---------------------------|--|
| | Balance at the beginning of the period | Expense for the period | Paid during the period | Balance at the end of the period |
| | JD | JD | JD | JD |
| Provision for lawsuits against the Bank | 207,152 | 59,450 | (2,275) | 264,327 |
| Provision for end of services indemnity | 359 | - | - | 359 |
| Others | 615,000 | - | - | 615,000 |
| Total | 822,511 | 59,450 | (2,275) | 879,686 |

| | For the year ended 31 December 2020 (Audited) | | | |
|---|---|-------------------------|-------------------------|--------------------------------------|
| | Balance at the beginning of the year | Expense for the year | Paid during the year | Balance at the end of the year |
| | JD | JD | JD | JD |
| Provision for lawsuits against the Bank | 368,568 | 15,450 | (176,866) | 207,152 |
| Provision for end of services indemnity | 2,056 | - | (1,697) | 359 |
| Other | 1,000,000 | 615,000 | (1,000,000) | 615,000 |
| Total | 1,370,624 | 630,450 | (1,178,563) | 822,511 |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

(15) OTHER LIABILITIES

The details of this item are as follows:

| | 31 March 2021 | 31 December 2020 |
|--|-------------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Accepted checks | 6,120,727 | 6,595,053 |
| Unpaid accrued interests | 4,516,427 | 4,818,358 |
| Refundable and various deposits | 4,182,725 | 3,362,002 |
| Safe deposits boxes | 95,330 | 94,219 |
| Shareholders' deposits | 11,817 | 14,608 |
| Income tax and social security deposits | 312,973 | 328,804 |
| Unpaid accrued expenses | 731,608 | 638,115 |
| Transactions in transit between branches | 50,445 | 1,032,341 |
| Board of Directors' remuneration | 55,000 | 55,000 |
| Received amounts on the of sale seized real estate | 1,975,651 | 1,973,227 |
| Inward transfers | 236,508 | 18 |
| Provision for expected credit losses for off-condensed interim statement of financial position items * | 1,736,705 | 1,386,964 |
| Others | 3,650,792 | 2,683,304 |
| | <u>23,676,708</u> | <u>22,982,013</u> |

* The movement on the provision for expected credit losses for items off the condensed interim statement of financial position is as follows:

| | 31 March 2021 (Unaudited) | | | |
|--|---------------------------|----------------|----------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the period | 503,751 | 255,305 | 627,908 | 1,386,964 |
| ECL on new exposures during the period | 4,853 | 2,324 | 1,380 | 8,557 |
| ECL on matured exposures | (6,491) | (1,178) | (653) | (8,322) |
| Transferred to stage 1 | 9,232 | (9,119) | (113) | - |
| Transferred to stage 2 | (50,789) | 50,789 | - | - |
| Transferred to stage 3 | (808) | - | 808 | - |
| Effect on provision due to reclassification between the three stages | - | 32,498 | 69,048 | 101,546 |
| Changes resulting from adjustments | 7,865 | (60,071) | 300,166 | 247,960 |
| Balance at the end of the period | <u>467,613</u> | <u>270,548</u> | <u>998,544</u> | <u>1,736,705</u> |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

(16) RESERVES

The bank did not deduct the statutory reserves according to the Jordanian Companies Law and the cyclical fluctuations reserve according to the instructions of the Monetary Authority, as these financial statements are interim and condensed, and this is typically done at the end of the fiscal year.

(17) FAIR VALUE RESERVE, NET

The movement on the fair value reserve for the period / year are as follows:

| | 31 March 2021 | 31 December 2020 |
|---|--------------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Balance at the beginning of the period/year | (2,020,984) | (2,211,406) |
| Unrealized losses - net | (453,371) | (245,490) |
| Released from selling financial assets at fair value through other comprehensive income | - | (258,850) |
| Transferred to retained earnings as a result of selling Palestine branches | - | 694,762 |
| Balance at the end of the period/ year | <u>(2,474,355)</u> | <u>(2,020,984)</u> |

The fair value reserve includes JD 311,112 as at 31 March 2021 and 31 December 2020 as an impact related to the implementation of the International Financial Reporting Standard No. (9).

(18) RETAINED EARNINGS

| | 31 March 2021 | 31 December 2020 |
|--|------------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Balance at the beginning of the period/year | 5,534,153 | 1,862,494 |
| Profit for the year | - | 513,503 |
| Transferred to reserves | - | (493,300) |
| Transferred from reserves as a result of selling Palestine branches | - | 3,392,606 |
| Realized profit from selling financial assets at fair value through other comprehensive income | - | 258,850 |
| Balance at the end of the period/ year | <u>5,534,153</u> | <u>5,534,153</u> |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

- Retained earnings balance includes JD 12,323,681 as of 31 March 2021 of restricted amounts against deferred tax assets according to the Central Bank of Jordan's instructions.
- Use of retained earnings balance equal to the negative cumulative change in fair value of financial assets is restricted (including JD 311,112 against the implementation of International Financial Reporting Standard NO. (9)) according to the instructions of the Jordan Securities Commission and the Central Bank of Jordan.

(19) PROVISION FOR EXPECTED CREDIT LOSSES, NET

The details of this item are as follows:

| | For the three months ended 31 | |
|---|-------------------------------|------------------|
| | March | |
| | 2021 | 2020 |
| | JD | JD |
| Balances and deposits at central banks and financial institutions | (533,432) | (74,449) |
| Direct credit facilities | 1,208,457 | 5,208,913 |
| Debt instruments within a portfolio of financial assets at amortized cost | 12,348 | (9,407) |
| Indirect credit facilities and other commitments | 349,741 | (311,276) |
| Purchased credits and withdrawals | 27,886 | (141,027) |
| | <u>1,065,000</u> | <u>4,672,754</u> |

(20) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

| | For the three months ended 31 | |
|---|-------------------------------|---------------------|
| | March | |
| | 2021 | 2020 |
| | JD | JD |
| Cash and balances with central banks maturing within three months | 88,317,483 | 108,636,182 |
| <u>Add:</u> Balances at banks and financial institutions maturing within a period of three months | 26,337,551 | 7,861,029 |
| <u>Less:</u> Banks and financial institutions' deposits maturing within a period of three months | <u>(32,664,445)</u> | <u>(30,368,371)</u> |
| | <u>81,990,589</u> | <u>86,128,840</u> |

(21) SEGMENT INFORMATION

1- Information on Bank Activities

The Bank is organized for administrative purposes through six main operating segments:

- 1- Individual accounts: Principally following up on individual customers accounts real estate loans overdrafts credit cards facilities and transfer facilities.
- 2- SME's: Principally "SME's' 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- Other: This sector includes all non-listed accounts in the above sectors, for example equity and investments in associates, receivables, equipment, and general management.

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

2- Geographical distribution information

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

| | Inside Jordan | | Outside Jordan | | Total | |
|-----------------------------|-------------------------------------|-------------|-------------------------------------|-------------|-------------------------------------|-------------|
| | For the three months ended 31 March | | For the three months ended 31 March | | For the three months ended 31 March | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | JD | JD | JD | JD | JD | JD |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Gross income | 12,794,382 | 11,024,811 | (1,120,203) | (195,281) | 11,674,179 | 10,829,530 |
| Capital Expenditures | 549,627 | 704,058 | - | - | 549,627 | 704,058 |

Following is the geographical distribution and economic sector of the Bank's profit and loss inside and outside Jordan:

| | 31 March | | 31 December | | 31 March | | 31 December | |
|---------------------|---------------|---------------|-------------|------------|---------------|---------------|-------------|-----------|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | JD | JD | JD | JD | JD | JD | JD | |
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| Total assets | 1,290,593,287 | 1,277,270,305 | 73,720,991 | 74,751,260 | 1,364,314,278 | 1,352,021,565 | | |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

(22) RELATED PARTIES TRANSACTIONS

The Bank entered into transactions with the members of the Board of Directors and related parties and companies represented by the members of the Board of Directors and executive management within the normal banking practice and according to the normal interest rates and trading commissions.

Financial statements include transactions and balances with related parties as follows:

| | BOD members and their related parties | Companies represented by the BOD | Employees | Others | Total | |
|---|---|--|-----------|------------|-------------------------------|-------------|
| | | | | | 31 March | 31 December |
| | | | | | 2021 | 2020 |
| | JD | JD | JD | JD | JD | JD |
| | | | | | (Unaudited) | (Audited) |
| <u>Condensed Interim Statement of Financial</u> | | | | | | |
| <u>Position Items:</u> | | | | | | |
| Deposits | 34,143,711 | 3,195,946 | 187,637 | 38,844,558 | 76,371,852 | 80,680,382 |
| Direct credit facilities | 449,377 | 20,262,959 | 1,300,371 | 3,955,080 | 25,967,787 | 24,336,286 |
| Deposits with other | - | - | - | 30,000,000 | 30,000,000 | 30,000,000 |
| Cash margins | - | 52,635 | - | 5,035 | 57,670 | 52,635 |
| <u>Items Off the Statement of Condensed Interim</u> | | | | | | |
| <u>Financial Position:</u> | | | | | | |
| Letters of guarantee | 210,000 | 681,410 | - | 374,850 | 1,266,260 | 1,227,858 |
| | | | | | For the three months ended 31 | |
| | | | | | March (Unaudited) | |
| | | | | | 2021 | 2020 |
| | | | | | JD | JD |
| <u>Condensed Interim Income Statement Items:</u> | | | | | | |
| Interest and commission income* | 8,367 | 520,944 | 33,135 | 38,579 | 601,025 | 198,314 |
| Interest and commission expense** | 154,599 | 1,764 | 172,672 | 14,519 | 343,554 | 351,856 |

* Credit interest rate ranges from 3.5% to 8.75%

** Debit interest rate ranges from 0% to 6%

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

(23) CREDIT COMMITMENTS AND CONTINGENCIES:

| | 31 March 2021 | 31 December 2020 |
|--|--------------------|---------------------|
| | JD | JD |
| | (Unaudited) | (Audited) |
| Letters of credit | 9,917,823 | 3,724,919 |
| Acceptances | 13,619,317 | 22,458,051 |
| Letters of guarantee: | | |
| Payment | 26,028,943 | 27,159,613 |
| Performance bonds | 38,322,995 | 39,663,917 |
| Others | 49,850,913 | 49,573,518 |
| Unutilized direct credit facilities ceilings | 59,681,208 | 64,066,189 |
| Total | 197,421,199 | 206,646,207 |

(24) LITIGATION

Lawsuits raised against the Bank amounted to JD 11,376,487 as at 31 March 2021 (31 December 2020: JD 26,399,514), In the opinion of the Bank's management and the Legal Counsel, there are no further liabilities that exceed the provision booked amounting to JD 264,327 as at 31 March 2021 (31 December 2020: JD 207,152).

(25) ASSETS HELD FOR SALE AND DISCOUNTED OPERATIONS

On 28 November 2019, an agreement was signed between the Jordan Commercial Bank and the National Bank in Palestine whereby the National Bank acquires most of the assets and liabilities of the Jordan Commercial Bank's branches in Palestine at book value in exchange for a 15% of strategic interests in National Bank's capital. The Bank's management expects to complete this agreement during the second half of 2020. In accordance with the requirements of the International Financial Reporting Standard (5). The comparative figures have been reclassified in the statement of income to show the results of the Bank's branches in Palestine in the line item (loss) profit from discontinued operations as well as transferring all sold assets to assets held for sale and the sold liabilities to liabilities directly associated with assets held for sale. Noting that the final agreement was signed on 29 July 2020.

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2021 (REVIEWED NOT AUDITED)

As part of the deal, the two banks agreed both to have deposits with preferential terms in favor of the National Bank, in order to compensate the differences in the fair value of some of the assets and liabilities acquired. The Bank evaluated these assets and liabilities at fair value in accordance to the requirements of IFRS 13 ("fair value measurement") which resulted in an impairment of the fair value by JD 1,800,000 which was recorded under discontinued operations in the income statement.

The results of performing discounted operations that are included in income for the period ended 31 March 2020 are as follow:

| | <u>2020</u> |
|---|------------------|
| | JD |
| Interest Income | 1,266,296 |
| Less: Interest expense | <u>(906,390)</u> |
| Net interest income | 359,906 |
| Net commission income | 40,937 |
| Net interest and commission income | <u>400,843</u> |
| Foreign currency income | 27,370 |
| Other income | 88,705 |
| Gross income | <u>516,918</u> |
| Employees' expenses | 459,693 |
| Depreciation and amortization | 133,557 |
| Provision for expected credit losses - net | <u>(265,549)</u> |
| Other provisions | 28,127 |
| Other expenses | 419,818 |
| Total expenses | <u>775,646</u> |
| Loss for the period before tax | <u>(258,728)</u> |
| Income tax | - |
| Loss for the period from discontinued operations | <u>(258,728)</u> |

(26) COMPARATIVE FIGURES

Some of the comparative figures in the financial statements have been reclassified to be consistent with the year 2021 presentation with no effect on profit and equity for the year 2020.