

**JORDAN COMMERCIAL BANK**

**PUBLIC SHAREHOLDING COMPANY**

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

**30 JUNE 2021**



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

**Introduction**

We have reviewed the accompanying interim condensed financial statements of Jordan Commercial Bank (a public shareholding limited company) (the “Bank”) as at 30 June 2021, comprising the interim condensed statement of financial position as at 30 June 2021 and the related interim condensed income statement, comprehensive income, changes in equity, and cash flows for the six 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 within the other assets in the interim condensed statement of financial position as at 30 June 2021 properties seized against overdue credit facilities in the amount of approximately JD 64.9 million. These properties have not been reduced to their net realizable value as of the date of the interim condensed financial statements in accordance with IFRS. Had management written down these properties to their net realizable value as of 30 June 2021, other assets would have been reduced by JD 2.8 million. Also, deferred tax assets would have increased by approximately JD 1 million and net profit for the period would have decreased by JD 1.8 million, respectively. Our audit report as of 31 December 2020 was qualified related to this matter.

**Qualified Conclusion**

Based on our review, except for the effects of the matter described in the previous paragraph, 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 as adopted by the Central Bank of Jordan.

Amman – Jordan  
29 July 2021

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Notes	30 June 2021 JD (Unaudited)	31 December 2020 JD (Audited)
<b>ASSETS</b>			
Cash and balances with central banks	4	78,820,785	96,851,544
Balances at banks and financial institutions	5	73,428,980	79,318,273
Direct credit facilities, net	6	753,880,727	713,901,025
Financial assets at fair value through profit or loss	7	1,753,370	1,645,923
Financial assets at fair value through other comprehensive income	8	29,274,533	29,053,113
Financial assets at amortized cost, net	9	326,102,726	282,206,186
Property and equipment, net		21,797,937	21,872,682
Intangible assets, net		2,179,786	2,093,653
Right-of-use assets		5,195,132	5,119,281
Deferred tax assets		10,917,458	11,215,869
Other assets	10	102,829,630	108,744,016
<b>Total Assets</b>		<b>1,406,181,064</b>	<b>1,352,021,565</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Banks and financial institutions' deposits	11	94,428,851	102,670,901
Customers' deposits	12	963,212,888	935,686,966
Cash margins		42,551,132	41,822,602
Borrowed funds	13	130,675,281	103,564,728
Provision for income tax	14/a	1,302,911	174,758
Sundry provisions	15	949,684	822,511
Deferred tax liabilities		3,643	-
Lease liabilities		4,997,351	4,830,299
Other liabilities	16	25,804,222	22,982,013
<b>Total Liabilities</b>		<b>1,263,925,963</b>	<b>1,212,554,778</b>
<b>SHAREHOLDERS' EQUITY</b>			
Authorized and paid in capital	17	120,000,000	120,000,000
Statutory reserve	18	15,953,618	15,953,618
Fair value reserve, net	19	(1,967,728)	(2,020,984)
Retained earnings	20	5,534,153	5,534,153
Profit for the period		2,735,058	-
<b>Total Shareholders' Equity</b>		<b>142,255,101</b>	<b>139,466,787</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,406,181,064</b>	<b>1,352,021,565</b>

The accompanying notes from 1 to 37 form part of these interim condensed financial statements and should be read with them

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED INCOME STATEMENT**  
**FOR THE THREE AND SIX-MONTHS PERIODS ENDED 30 JUNE 2021 (REVIEWED NOT AUDITED)**

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2021	2020	2021	2020
		JD	JD	JD	JD
<b>Continuing Operations</b>					
Interest income	21	17,440,262	17,609,830	34,878,613	35,601,861
Interest expense	22	(8,615,276)	(9,108,606)	(17,158,224)	(19,353,489)
<b>Net interest income</b>		<b>8,824,986</b>	<b>8,501,224</b>	<b>17,720,389</b>	<b>16,248,372</b>
Net commission income		871,935	794,723	1,948,008	2,033,306
<b>Net interest and commission income</b>		<b>9,696,921</b>	<b>9,295,947</b>	<b>19,668,397</b>	<b>18,281,678</b>
Foreign exchange income		227,482	166,759	468,856	496,392
(Loss) gain from financial assets at fair value through profit or loss	24	(1,982)	(30,973)	107,447	(228,457)
Dividends from financial assets at fair value through other comprehensive income	8	196,417	87,500	196,417	87,500
Other income	25	739,955	671,761	2,091,855	2,408,590
<b>Gross income</b>		<b>10,858,793</b>	<b>10,190,994</b>	<b>22,532,972</b>	<b>21,045,703</b>
Employees' expenses		3,643,796	3,207,195	7,055,598	6,403,248
Depreciation and amortization		895,138	883,537	1,766,558	1,747,288
Provision for expected credit losses, net	23	1,648,824	234	2,713,824	4,672,988
Provision for assets seized by the Bank against due debts		668,092	435,352	1,746,089	904,674
Other provisions	15	70,000	1,715	129,450	15,450
Other expenses	26	2,222,363	2,371,327	4,814,070	5,003,598
<b>Total expenses</b>		<b>9,148,213</b>	<b>6,899,360</b>	<b>18,225,589</b>	<b>18,747,246</b>
<b>Profit for the period before income tax</b>		<b>1,710,580</b>	<b>3,291,634</b>	<b>4,307,383</b>	<b>2,298,457</b>
Income tax for the period	14/b	(606,878)	(937,389)	(1,572,325)	(656,887)
<b>Profit for the period from continuing operations</b>		<b>1,103,702</b>	<b>2,354,245</b>	<b>2,735,058</b>	<b>1,641,570</b>
<b>(Loss) for the period from discontinued operations</b>	36	-	(2,131,948)	-	(2,390,676)
<b>Profit (Loss) for the period</b>		<b>1,103,702</b>	<b>222,297</b>	<b>2,735,058</b>	<b>(749,106)</b>
<b>Earnings per share for the period attributable to the Bank's shareholders</b>	27			JD / Fils	JD / Fils
Basic and diluted				0.023	(0.006)
<b>Earnings per share for the period from continuing operations attributable to the Bank's shareholders</b>				JD / Fils	JD / Fils
Basic and diluted				0.023	0.014
<b>(Loss) per share for the year from discontinued operations attributable to the Bank's shareholders</b>				JD / Fils	JD / Fils
Basic and diluted				-	(0.020)

The accompanying notes from 1 to 37 form part of these interim condensed financial statements and should be read with them

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE AND SIX-MONTHS PERIODS ENDED 30 JUNE 2021 (REVIEWED NOT AUDITED)**

	For the three months ended		For the six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	JD	JD	JD	JD
<b>Profit for the period</b>	1,103,702	222,297	2,735,058	(749,106)
<u>Other comprehensive income items:</u>				
<b>Items that are not transferable subsequently to income statement</b>				
Change in fair value reserve of financial assets through other comprehensive income, net	506,627	(179,375)	53,256	(630,183)
<b>Total comprehensive income for the period</b>	<u>1,610,329</u>	<u>42,922</u>	<u>2,788,314</u>	<u>(1,379,289)</u>

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**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (REVIEWED NOT AUDITED)**

	Reserves							Total shareholders' equity
	Authorized and paid in capital	Statutory Reserve	Cyclical fluctuations	General banking risks	Fair value reserve, net	Retained Earnings	Profit (Loss) for the period	
	JD	JD	JD	JD	JD	JD	JD	
<b>For the six months ended 30 June 2021</b>								
Balance at the beginning of the period	120,000,000	15,953,618	-	-	(2,020,984)	5,534,153	-	139,466,787
Profit for the period	-	-	-	-	-	-	2,735,058	2,735,058
Other comprehensive income items	-	-	-	-	53,256	-	-	53,256
Total comprehensive income for the period	-	-	-	-	53,256	-	2,735,058	2,788,314
Balance as at 30 June 2021	<u>120,000,000</u>	<u>15,953,618</u>	<u>-</u>	<u>-</u>	<u>(1,967,728)</u>	<u>5,534,153</u>	<u>2,735,058</u>	<u>142,255,101</u>
<b>For the six months ended 30 June 2020</b>								
Balance at the beginning of the period	120,000,000	15,460,318	3,538,675	548,693	(2,211,406)	1,862,494	-	139,198,774
(Loss) for the period	-	-	-	-	-	-	(749,106)	(749,106)
Other comprehensive income items	-	-	-	-	(630,183)	-	-	(630,183)
Released from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(134,778)	134,778	-	-
Total comprehensive income for the period	-	-	-	-	(764,961)	134,778	(749,106)	(1,379,289)
Transferred from reserves	-	-	808,633	(12,505)	-	(796,128)	-	-
Balance as at 30 June 2020	<u>120,000,000</u>	<u>15,460,318</u>	<u>4,347,308</u>	<u>536,188</u>	<u>(2,976,367)</u>	<u>1,201,144</u>	<u>(749,106)</u>	<u>137,819,485</u>

- The Central Bank of Jordan had issued a Circular No.10/1/7702 on the 6th of June 2018 requesting the offsetting of the General Banking Risk Reserve against the retained earnings' opening balance as of the 1st of January 2018 in accordance with International Financial Reporting Standard No (9).
- The retained earnings balance includes JD 10,917,458 restricted against deferred tax assets as of 30 June 2021 according to the instructions of the Jordan Securities Commission and Central Bank of Jordan.
- Use of retained earnings for an amount equal to the negative change in the fair value of financial assets which amounted to JD 1,967,728 as of 30 June 2021 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 Central Bank of Jordan.

**The accompanying notes from 1 to 37 form part of these interim condensed financial statements and should be read with them**

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (REVIEWED NOT AUDITED)**

	Notes	For the six months ended 30 June	
		2021	2020
		JD	JD
<b>Cash flows from operating activities:</b>			
Profit for the period before tax from continuing operations		4,307,383	2,298,457
(Loss) from discontinued operations before tax		-	(2,390,676)
<b>Non-cash Adjustments:</b>			
Depreciation and amortisation		1,290,697	1,508,878
Provision for expected credit losses, net	23, 36	2,713,824	5,892,991
(Gain) loss from valuation of financial assets at fair value through statement of income	24	(107,447)	228,457
Other provisions	15,36	129,450	(1,061,805)
Provision for assets seized by the Bank against due debts	10	1,746,089	904,674
Amortization of right-of-use assets		475,861	506,029
Finance costs paid for lease obligations		190,699	176,147
Effect of exchange rate fluctuations on cash and cash equivalents		(258,687)	(197,187)
Profit for the period before changes in assets and liabilities		10,487,869	7,865,965
<b>Changes in assets and liabilities-</b>			
Increase (decrease) in banks' and financial institutions' deposits maturing within a period of more than three months		1,000,000	(12,495,467)
(Increase) in direct credit facilities		(42,944,187)	(62,857,637)
Decrease in other assets		4,185,082	7,587,282
Increase in customers' deposits		27,525,922	33,203,345
Increase (decrease) in cash margins		728,530	(7,815,879)
Increase (decrease) in other liabilities		2,545,922	(6,781,039)
<b>Net change in assets and liabilities</b>		<b>(6,958,731)</b>	<b>(49,159,395)</b>
<b>Net cash flows from (used in) operating activities before income tax and provisions</b>			
		3,529,138	(41,293,430)
Sundry provisions paid	15,36	(2,277)	(85,018)
Lease contracts paid		(575,980)	(470,207)
Income tax paid	14/a	(174,758)	(47,172)
<b>Net cash flows from (used in) operating activities</b>		<b>2,776,123</b>	<b>(41,895,827)</b>
<b>Cash flows from investing activities:</b>			
(Increase) decrease in financial assets at fair value through other comprehensive income		(137,091)	247,100
(Increase) in financial assets at amortized cost		(43,905,392)	(3,508,383)
Changes in property and equipment and intangible assets		(1,302,085)	(1,139,829)
<b>Net cash flows (used in) investing activities</b>		<b>(45,344,568)</b>	<b>(4,401,112)</b>
<b>Cash flows from financing activities:</b>			
Increase in borrowed funds		27,110,553	51,712,608
<b>Net cash flows from financing activities</b>		<b>27,110,553</b>	<b>51,712,608</b>
Effect of exchange rate fluctuations on cash and cash equivalents		258,687	197,187
Net (decrease) increase in cash and cash equivalents		(15,199,205)	5,612,856
Cash and cash equivalents at the beginning of the period		119,020,119	80,519,927
<b>Cash and cash equivalents at the end of the period</b>	28	<b>103,820,914</b>	<b>86,132,783</b>

The accompanying notes from 1 to 37 form part of these interim condensed financial statements and should be read with them

**(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 28 June 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 interim condensed financial statements were approved by the Bank's Board of Directors at its meeting No. (5) on 28 July 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.

The interim condensed financial statements do not contain all information and disclosures required for financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Bank's annual report as at 31 December 2020. In addition, results for the six-month period ended 30 June 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 six months ended 30 June 2021 which is made at the end of the financial year.

**(2-2) CHANGES IN ACCOUNTING POLICIES**

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020 except for the adoption of new standard effective as of 1 January 2021 shown below:

**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 condensed financial statements of the Bank. The Bank intends to use the practical expedients in future periods if they become applicable.

**(3) USE OF ESTIMATES**

**Provision for impairment of 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**

In light of the importance of managing the various risks surrounding the Bank's business activities that it is exposed to or may be exposed to in the future, the Bank has continued its work by following a risk management strategy in line with the directives of the Board of Directors, executive management, legislation and laws issued by the Central Bank of Jordan, where best practices have been applied and the latest means and methods used in risk management.

The risk management process includes identifying, measuring, evaluating and monitoring financial and non-financial risks that can negatively affect the overall performance of the Bank, and the risk department evaluates and controls risks and recommends mitigating them and submitting the necessary reports to executive management and independently of other Bank departments that perform other banking activities.

The Risk Department is responsible for managing risks (credit, operational, market, liquidity and information security) within the framework of the Bank's organizational structure and is directly linked to the Risk Management and Compliance Committee of the Board of Directors and the Risk Department reports directly to this Committee as well as the General Manager with work to provide the relevant departments and committees within the Bank With the necessary risk reports a culture is also strengthened. The Bank has risks through internal and external educational courses and workshops for all employees.

The executive management is responsible for defining the main principles of risks and the level of risks that can be accepted, as well as an optimal distribution of them according to the various activities and segment of the bank where executive management exercises its role in ensuring that the Bank manages various risks and adopts policies and procedures governing risk management in the bank through (the Risk and Compliance Committee).

The Risk Department also performs the internal capital adequacy assessment process, ICAAP, which includes assessing the level of internal capital adequacy based on the Bank's business expansion strategy expected for future years.

The Bank's risk management provides independent oversight and support that aims to establish and spread the concept of risk management as a whole on all levels of management and helps proactively in realizing potential losses and sets out the plan and procedures to take to confront these risks in the event of their occurrence. The risk management is part of a general risk management policy that enables the Bank to define and set limits for it, and it is the general framework for managing the main risks expected by the Bank. In addition to a number of separate policies for each type of risk.

The Bank management also gives great importance to the requirements of Basel and best international practices for risk management, as it is considered as a framework to enhance the Bank's ability to improve the control environment and confront various types of risks.

#### **Acceptable risks level (risk appetite)**

The Bank's philosophy in determining the level of acceptable risks is the method by which the Bank has determined the levels of acceptable risks with, given that capital planning is the basis for determining the levels of acceptable risks.

The bottom up approach methodology was used to determine acceptable levels of risk through the concerned departments within the Bank from the bottom of the organizational structure and then raise it to the top organizational structure for each of the risks (credit, concentrations, liquidity, interest rates, reputation, strategy, operation, market, governance Institutionalism, compliance, capital structure).

#### **The objectives of risk appetite**

The Bank aims to determine the acceptable levels of risk to the following:

- 1- Knowing the acceptable level of risk for each type of risk to which the Bank is exposed.
- 2- Protecting the Bank from risks that it might face and negatively affect its business.
- 3- Achieving strategic goals.
- 4- Ensuring that acceptable proportions of capital adequacy are maintained.
- 5- Control risks and work to reduce them.
- 6- Determining the capital needed to face all kinds of risks (economic capital).
- 7- Developing measures to monitor the acceptable level of risks in addition to the capital, asset quality, liquidity and fluctuation in profits.

#### **Stress testing**

In accordance with the instructions issued by the Central Bank related to stress testing, the Bank has prepared a methodology for applying these stress tests and adopting a policy and work procedures by the Risk Committee from the Board of Directors where stress tests are an integral and essential part of the institutional governance and risk management system of the Bank as it has an impact on decision-making at the appropriate administrative level, including strategic decisions of the Board of Directors and Executive Management. To ensure this, the Board of Directors and Executive Management must have a key role in these tests, including setting test goals, defining scenarios, evaluating results, and defining measures to take based on the results of these. The tests at various levels are considered:

- A key tool to understand the Bank's risk matrix and its ability to withstand shocks and the high risks it may face.
- It is considered an important part of the capital planning process through the internal evaluation process of the capital adequacy (ICAPP) and improving the Bank's management of its capital.
- It helps the bank in estimating the size of future capital that must be available in the coming years, in accordance with its strategy.
- An important part in the process of identifying, measuring and controlling liquidity risk, in order to assess the Bank's liquidity and the adequacy of liquidity shock mitigators and improve the Bank's liquidity.

#### **The mechanism by which stress situations are chosen**

Scenarios of stressful situations are chosen to cover all the risks which the Bank is exposed to in accordance with the instructions issued by the Central Bank of Jordan, and a different set of scenarios are applied that range from the least influential to the most influential but are possible to occur are selected and identified by the Bank according to the different risks which it is exposed to such as (size, type, repetition and importance) in coordination with the various departments where these tests aim to assess the Bank's financial position and adequacy, where necessary reports are prepared and applied to stress tests and present them to the Risk Committee from the Board of Directors, which in turn approves assumptions and scenarios used and discuss the results of the tests and approve the measures to be taken based on these results. The impact of stress testing on different financial assets is measured, whether at the level of the facilities or investment portfolio, as follows:

Measuring the impact of stress testing on the Bank's credit portfolio in terms of the increase of non-performing loans as a result of several factors, including the concentration in credit granting, the decline of economic sectors as a result of financial crises, the quality of the credit portfolio, the decrease in the value of guarantees provided and other factors. The impact of these scenarios is assessed for these risks on the income statement and the capital adequacy.

Measuring the impact of stress testing on the Bank's investments in terms of low liquidity of the markets invested in and a decrease in the value of investments due to financial and economic crises. The impact of scenarios for these risks is assessed on the income statement and the capital adequacy.

Measuring the impact of stress testing on the Bank's assets and liabilities in the event of changing the Dinar exchange rates against foreign currencies.

Measuring the impact of stress testing on the Bank's liquidity as a result of several factors, including the loss of our deposits with correspondent banks, the concentration of Bank customer deposits and bank deposits with us, extensive withdrawals of deposits, change of the Dinar exchange rates against foreign currencies and other factors. The impact of the scenarios of these risks is assessed based on statutory and liquidity ratios and based on a maturity scale.

Measuring the impact of stress testing on the operating risks of the Bank's operations. The impact of scenarios on these risks is assessed on the capital adequacy.

**Governance of stress testing**

- stress tests are an integral and essential part of corporate governance with the Bank by enhancing the Bank's ability to identify and control its risks and its major role in providing both the Board and Executive Management with indicators on the amount of capital required to meet the resultant losses on shocks or changes that affect the Bank's financial position and solvency.

**Board of Directors' responsibility:**

- Ensuring that there is an effective framework for stress testing to assess the Bank's ability to withstand shocks and face high risks, as the Board has the ultimate responsibility for the stress testing program, and the adoption of work policies in this regard.

- Ensure that the Risk Department conducts stress tests on a regular basis, and that the Board has a key role in approving the assumptions and scenarios used, analyzing the results of the tests, and adopting the procedures to be taken based on these results.

**Senior executive management responsibility:**

- Implementing and monitoring the stress testing program, and in accordance with the methodology approved by the Board of Directors, which was originally based on the specific stress tests according to the instructions of the Central Bank of Jordan.

- Ensure that a qualified personal is available in the Risk Management Department to conduct stress tests and that the department has the appropriate tools and means for that.

- Ensuring that an appropriate number of possible scenarios related to the Bank's business are available, provided that these scenarios are understood and documented.

- Use the results of stress testing in setting and determining the degree of risk tolerance of the Bank and in the process of planning for capital and liquidity.

- Setting the appropriate remedial procedures based on the results of the tests carried out by the Executive Management and submitting them to the Risk and Compliance Committee and presenting them to the Board of Directors.

**Responsibility of the audit department:**

- The Internal Audit Department is responsible for reviewing and evaluating the framework of stress testing, at least annually, and for evaluating and reviewing results to be submitted to the Board of Directors.

**Risk Department responsibility:**

1- Designing a program of stress testing and using models and methodologies to test its impact on the Bank, so that it covers the following aspects and is not limited to them:

- Stress testing includes scenarios that range from least to most severe.
- Covering all complex financial products, if any.
- It considers potential changes in market conditions that may negatively affect the Bank's exposure to concentration risk.
- Including stress tests to some scenarios related to reputation risks, by reflecting the results of risks that affect the Bank's reputation, which may be reflected on the Bank's liquidity and liquid assets through customers withdrawing their deposits.
- The tests used are consistent with the degree of risk tolerance that the Bank has set for itself, so that the chosen scenarios are commensurate with the size, nature and complexity of the Bank's business and the risks associated with it.
- The stress testing program includes quantitative and qualitative methods to improve the comprehensiveness of these tests and make them supportive and complementary to the models and methods of risk management used in the Bank.
- It includes different types of tests, such as the simple sensitivity analysis based on changes in one risk factor and between scenarios based on statistical methods that take into account the relationships between the causes of systemic risks in times of crisis, knowing that the part related to these scenarios is determined by the Central Bank of Jordan on an annual basis.

2- Organizing an appropriate line of communication between the various parties concerned to take their views on the shocks and potential stressful situations if they occur with the aim of identifying assumptions and scenarios that are appropriate to the internal and external risks that the Bank may be exposed to so that all the parties involved with the Bank participate in this line of communication when determining these tests annually.

3- Submitting the results of the tests to the Basel Committee, an internal evaluation of the capital adequacy, and then to the Risk and Compliance Committee from the Bank's Board of Directors annually.

**The Bank's application for defaulting and the defaulting mechanism**

The Bank follows and applies the instructions of the Central Bank of Jordan (the regulatory body) related to the International Financial Reporting Standard No. (9) to classify credit facilities in three stages.

1. The Bank's application to default:

The instructions of the Central Bank of Jordan regarding the classification of defaulting loans and the suspension of interest are applied according to the requirements of IFRS (9). As for provisioning, instructions No. (47/2009) and (13/2018) related to the International Financial Reporting Standard (9) are adopted. The most conservative and severe results are taken, except in special cases and with prior approval by the Central Bank of Jordan.

2. The defaulting mechanism:

The Bank follows up with a client before their default with the aim of not reaching the stage of classifying the facilities granted to them. In case the classification is made, a provision is recorded against this loan in accordance to the adopted standards, among the mechanisms used to treat default by the Bank as following:

- 1- Debt scheduling according to the scheduling principles as per the instructions of the Central Bank of Jordan.
- 2- Taking legal measures to collect what is owed to the Bank.

**The internal credit rating system of the Bank and its mechanism:**

The Bank has implemented a credit risk rating system based on Standard and Poor's (S&P) classification models to measure the credit risk of large companies, small and medium-sized companies which would positively reflect on the quality of the credit portfolio and help in making appropriate credit decisions as the following is extracting through the system:

Obligor risk rating (ORR) is divided into measuring the activity standards (qualitative) and the financial standards (quantitative) by:

Specific criteria:

- 1- Measuring the risks of the countries in which the client practices their activity
- 2- Measuring the risks of the economic sectors that represent the client's activities
- 3- Measuring the client's competitive position in detail

Quantity standards:

- 4- Measuring the client's financial risks by assessing cash flows, receivables, capital structure, and others.

Classification models include (modifier's) quality rates that enhance credit rating accuracy as follows:

- 1- The impact of the various activities of the client
- 2- The capital structure
- 3- Approved financing policy
- 4- Liquidity assessment
- 5- Management and governance

Clients are classified on the system to ten levels, where the classification grades are distributed from (1) high quality clients (few risks) to (10) high risk customers.

As a result of assessing the client's credit rating through the system, the probability of default (PD) is determined.

**The approved mechanism for calculating expected credit losses on financial instruments:**

**1- The basic components of calculating the credit loss of financial instruments:**

- \* Clients' staging
- \* Probability of default ratio Stage 1 (12-month projected credit losses) and stage 2 (expected credit losses over the life of the financial instrument).
- \* Loss given default (LGD).
- \* Exposure at default (EAD).

**2- Criteria for classifying client according to the stages:**

The criteria for classifying the stages is one of the important parameters used to determine the expected credit losses according to the International Financial Reporting Standard No. (9), where financial instruments were classified into three stages in addition to a statement of the credit limitations for the transfer of the financial instrument / exposures between the stages according to the instructions issued by the Central Bank of Jordan No. (13/2018).

**3- Probability of default – PD**

**Corporate portfolio**

Based on the probability of default resulting from the analysis of all quantitative and qualitative data of the client through the credit rating system as this is done through the approved models of the company (S&P) and based on historical data, a future probability of default is calculated and linking it to the macroeconomic indicators, following the stress tests and their results.

**Individual portfolio**

Individual risk is measured at the level of each product separately (personal loans / housing loans / credit cards / car loans) through the evaluation of the product through customer behavior records and their commitment to pay on the agreed upon times for the last 5 years. The approach roll rate methodology is used in measuring risks of individual customers to link them to all variables of economic factors (gross domestic product, unemployment, inflation) to determine the future risks of individuals' portfolio.

### **Debt portfolio and money market**

The default probability of debt instruments classified under the amortized cost portfolio (AC) and other comprehensive income statement (OCI) is calculated on an individual basis based on the probability of default according to external classification.

**Debt instruments issued by the Jordanian government, or guaranteed by it, and current accounts are excluded from calculating the expected credit losses.**

### **4- Loss Given Default - LGD**

The percentage of loss is measured on the assumption of default, based on the present value of the guarantees provided by the client based on historical ratios of financial recoveries and converting the guarantees into cash as a result of implementation of the guarantees due to default, taking into account the time dimension and credit dilution, which includes the part covered and not covered by the guarantees according to the requirements of the Central Bank of Jordan.

### **5- Exposure at Default – EAD**

It is defined as the size of the indebtedness to which the Bank may be exposed to the possibility of non-payment if the customer defaults as follows:

- It is the current balance in relation to direct and indirect facilities.
- In the case of ceilings, the value of the amount exposed to default: it is the used balance in addition to a percentage of the unutilized ceiling (direct and indirect) based on a historical study of the extent of utilization of these ceilings.

### **Governance of implementing the requirements of IFRS 9:**

The Bank is adherent to the instructions of institutional governance, including the instructions of the Central Bank of Jordan and the best international practices that were included in the Basel Committee in this regard in a manner that achieves the rule of implementation of the International Financial Reporting Standard. The following are the responsibilities of the Board of Directors, the Executive Management, the concerned committees and departments to ensure the appropriateness of applying the financial reporting standard:

#### **Board responsibilities:**

- Approving the policies, assumptions and models used for the application of the standard.
- Approving the expected credit losses in the Bank's financial statements.
- Ensuring proper application of the standard by defining the roles of committees, departments and work units in the Bank and ensuring complementarity of work among them and providing the appropriate infrastructure.

- Overseeing, through the committees of the Board, the Executive Management to develop the necessary systems to provide adequate information in an accurate and safe matter so that it provides the accurate capability of the Bank to record through the participation of all relevant business units in the Bank and under the supervision of the Bank's Board of Directors and its related committees.
- Approving of amendments that could affect the business model, the Bank's strategy, measurement and evaluation methodologies for the credit process, pricing and guarantees mechanism for credit products or assets that fall within the standard.
- Ensuring that the Bank manages its credit risk within the appropriate best practices, including effective control systems within the credit process that includes a clear determination of the amount of provisions required for all of its risks.
- Ensuring that the supervisory units in the Bank, specifically risk management, manage the internal audit of all necessary processes to verify the validity and integrity of the methodologies and systems used within the framework of the application of IFRS (9) and work to provide the necessary support for these control units.

**Executive management responsibilities:**

- Providing the appropriate infrastructure and providing recommendations regarding required changes or improvements that help to implement the standard in an accurate and comprehensive manner that includes qualified personnel and an adequate database in terms of accuracy and comprehensiveness.
- Reviewing the policies, work procedures, regulations and any other relevant standards and explaining their suitability for implementing the standard.
- Distributing tasks and responsibilities and ensuring the participation of all relevant business units in the proper application of the standard.
- Monitoring the periodic reports related to the results of calculating and applying the standard and determine the impact of the application of the standard on the financial position of the Bank.
- Applying corrective measures approved by the Board of Directors.
- Reflecting the impact of the application of the standard on the Bank's strategy and pricing policy.
- It is responsible for any exceptions of the results of the system outputs, the specific procedures and the documented forms of the calculation process.
- Reviewing the staging rules process and make the necessary recommendations.

- View the calculation of expected credit losses and recommend their approval.
- Recommend any exception or amendment to the results of calculating the expected credit losses required and in accordance with clear and documented justifications.

**Risks and Compliance Committee responsibilities:**

- Reviewing the framework and assumptions for calculating expected credit losses and recommend their approval.
- Supervising the efficiency and effectiveness of the process of calculating the expected credit losses.

**Responsibilities of the Audit Committee:**

- Ensuring that the Internal Audit Department has verified that the methodologies and systems used in the application of IFRS (9) have been applied.
- Monitoring the compliance with the framework for calculating expected credit losses in accordance with IFRS (9) and ensuring that the internal audit fulfills its duty in this regard.
- Reviewing the financial statements after implementing the standard, in particular verifying the implementation of the instructions of the Central Bank of Jordan regarding the adequacy of provisions and expressing an opinion on the Bank's non-operating loans before submitting them to the Board of Directors.
- Reviewing the observations in the Central Bank's reports and the external auditor's reports and following up on the measures taken in their regard.
- Reviewing the accounting issues that have a material impact on the Bank's financial statements and ensure the accuracy of the accounting and control procedures and its safety and adherence to them.
- Ensuring through the Internal Audit Department that all financial instruments/ credit exposures have been measured for expected credit losses.

**Compliance Department responsibilities:**

Ensuring compliance with applicable laws and instructions related to preparing the financial statements and applying the required standard and disclosures.

**Risk Department responsibilities**

- Calculating the expected credit losses ECL.
- Reviewing the models and assumptions used for calculating the provision and recommending any required adjustments

- Evaluating the credit rating systems, their parameters, and results.
- Preparing periodic, qualitative and detailed quantitative disclosures required by the Central Bank of Jordan for the purposes of complying with the requirements of the standard.
- Reviewing the transferring process between the different stages and comparing it with the policy of transferring requirements between stages and reviewing these limitations periodically.

**Finance Department responsibilities:**

- Participating with departments in developing and building the business model, including the classification of the Bank's financial assets in accordance with the principles of IFRS (9).
- Make the necessary accounting adjustments and restrictions after approving the results and verifying that all financial instruments have been accounted for.
- Reviewing the necessary disclosures in cooperation with the relevant departments of the Bank in accordance with the requirements of the standard and the instructions of the Central Bank.

**Determinants of significant change in credit risk:**

All credit exposures / financial instruments are subject to the measurement of expected credit losses to specific determinants as an indicator to be considered a significant increase in credit risk, so that the financial instrument / credit exposure is transferred between the three phases:

Stage (1): Includes financial assets on initial recognition which have not been exposed to a significant increase in credit risk since the initial recognition or with low credit risks at the date of preparing the financial statements. For these assets, the expected credit losses for the 12-month period that result from potential irregularities within the next 12 months are recognized.

Stage (2): Includes financial assets that have experienced a significant increase in credit risk since the initial recognition but there is no objective evidence of a decrease in their value. For these assets, expected credit losses are recognized for the entire life of the debt, which is the expected credit losses that result from all potential irregularities over the expected life of the financial instrument.

Stage (3): Includes financial assets for which there is objective evidence of a decrease in value at the date of the financial statements in accordance with the indicators specified in the instructions of the Central Bank of Jordan. For these assets, expected credit losses for the entire life are recognized and treated with the calculated interest on them.

**The following are the most prominent determinants used to measure the significant change in credit risk:**

- There is a decrease or a decline in the actual internal credit rating of the borrower according to the internal evaluation system applied by the Bank compared to the degree of the internal rating of the borrower at the time of granting.
- The presence of unpaid dues on a client or borrower account exceeding a certain period.
- Knowing that the borrower faces difficulties affecting the cash flow
- Violating debt covenants or conditions in a manner that affects the obligation to repay.
- The market value of collaterals declines significantly.
- The possibility of a borrower entering bankruptcy procedures.

**The main economic indicators that were used by the bank in calculating the expected credit losses**

When measuring the probability of default for different segments, historical information and current conditions are taken into consideration in addition to expected future events in accordance with substantial information that can be relied upon by the Bank.

Economic factors and their expectations have been used for the next five years in three scenarios for each of the ratios (GDP, unemployment, Amman Financial Market Index (local Index), energy index, other indicators (non- energy index), and historical PD ratios) by relying on data issued by the World Bank with regard to Jordan and based on historical data issued by the Amman Financial Market and the Bank's indicators for default.

**(4) CASH AND BALANCES WITH CENTRAL BANKS**

The details of this item are as follows:

	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Cash in Vaults	26,716,716	23,982,196
Balances at central banks:		
Current and call accounts	11,721,383	16,299,864
Time and notice deposits	8,000,000	25,000,000
Statutory cash reserve	32,382,686	31,569,484
Total balances at central banks	52,104,069	72,869,348
Total cash and balances at central banks	78,820,785	96,851,544

- Except for cash reserves with central banks, there are no restricted cash balances as at 30 June 2021 and at 31 December 2020.
- There are no balances maturing within a period of more than three months as at 30 June 2021 and 31 December 2020.

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

	Stage 1	Stage 2	Stage 3	Total	
				June 30	31 December
				2021	2020
	JD	JD	JD	JD	JD
Balance at 1 January 2021	72,869,348	-	-	72,869,348	53,825,702
New balances during the period	8,000,000	-	-	8,000,000	25,000,000
Settled balances	(25,000,000)	-	-	(25,000,000)	-
Changes due to adjustments	(3,765,279)	-	-	(3,765,279)	(5,956,354)
Balance at the end of the period	<u>52,104,069</u>	<u>-</u>	<u>-</u>	<u>52,104,069</u>	<u>72,869,348</u>

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**(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS**

Item	Banks and financial institutions				Total	
	Local		Foreign		30 June 2021	31 December 2020
	30 June 2021	31 December 2020	30 June 2021	31 December 2020		
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Current and call accounts	29,671	29,671	7,741,006	10,344,882	7,770,677	10,374,553
Deposits maturing within a period of 3 months or less	35,236,000	35,659,000	424,678	3,827,953	35,660,678	39,486,953
Deposits maturing more than one year	-	-	30,000,000	30,000,000	30,000,000	30,000,000
Total	35,265,671	35,688,671	38,165,684	44,172,835	73,431,355	79,861,506
Less: Provision for expected credit losses	(539)	(17,786)	(1,836)	(525,447)	(2,375)	(543,233)
	<u>35,265,132</u>	<u>35,670,885</u>	<u>38,163,848</u>	<u>43,647,388</u>	<u>73,428,980</u>	<u>79,318,273</u>

- The non-interest-bearing balances held at banks and financial institutions amounted to JD 7,770,677 as at 30 June 2021 and (JD 9,831,321 as at 31 December 2020).
- There are no restricted balances as at 30 June 2021 and 31 December 2020.

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

	Stage 1	Stage 2 (Individual)	Stage 3 (Individual)	Total	
	(Individual)			30 June 2021	31 December 2020
	JD			JD	JD
Balance at the beginning of the period/year	79,861,506	-	-	79,861,506	36,721,211
New deposits and balances during the period /year	27,437,000	-	-	27,437,000	55,290,395
Settled balances	(25,024,000)	-	-	(25,024,000)	(23,437,358)
Changes resulting from adjustments	(8,843,151)	-	-	(8,843,151)	11,287,258
Balance at the end of the period/year	<u>73,431,355</u>	<u>-</u>	<u>-</u>	<u>73,431,355</u>	<u>79,861,506</u>

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

	30 June 2021 (Unaudited)			
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
	JD	JD	JD	JD
Balance at the beginning of the period	543,233	-	-	543,233
ECL for new balances during the period	-	-	-	-
Recoveries from ECL related to settled balances	(11,650)	-	-	(11,650)
Changes resulting from adjustments	(529,208)	-	-	(529,208)
Total balance at the end the period	<u>2,375</u>	<u>-</u>	<u>-</u>	<u>2,375</u>

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**(6) DIRECT CREDIT FACILITIES, NET**

The details of this item are as follows:

	30 June 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
<b>Individuals (Retail):</b>		
Overdrafts	719,912	625,721
Loans and bills *	202,295,522	194,412,145
<b>Credit cards</b>	5,311,296	4,520,314
<b>Real Estate Loans</b>	118,454,022	118,674,013
<b>Corporate Customers</b>		
<b>A- Large corporations</b>		
Overdrafts	84,465,380	62,750,734
Loans and bills *	315,351,648	302,268,633
<b>B- Small and medium enterprises “SMEs”</b>		
Overdrafts	12,488,757	13,063,156
Loans and bills *	49,415,866	47,171,682
<b>Governmental and Public Sector</b>	48,238,063	47,995,838
<b>Total</b>	836,740,466	791,482,236
Less: Provision for expected credit losses	(61,695,432)	(58,732,454)
Suspended interests	(21,164,307)	(18,848,757)
Direct credit facilities, net	753,880,727	713,901,025

\* Net after deducting interest and commissions received in advance amounting to JD 1,102,308 as of 30 June 2021 (31 December 2020: JD1,539,428).

- Non-performing credit facilities amounted to JD 103,873,458 representing 12.41% of total direct credit facilities as at 30 June 2021 (31 December 2020: JD 89,052,218 representing 11.25% of total direct credit facilities).
- Non-performing credit facilities, net of suspended interests and commissions, amounted to JD 82,757,884 representing 10.15% of total direct credit facilities excluding the suspended interests and commissions as at 30 June 2021 (31 December 2020: JD 70,601,202 representing 9.1% of total direct credit facilities excluding the suspended interests and commissions).
- Non-performing credit facilities transferred to off financial position items, amounted to JD 126,810,461 as at 30 June 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 30 June 2021 (31 December 2020: JD 30,000,000).

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The movement on direct credit facilities is as follows:

Item	Stage 1	Stage 2	Stage 3	30 June 2021	31 December 2020
	JD	JD	JD	JD (Unaudited)	JD (Audited)
Total exposures at the beginning of the period/year	630,850,815	71,579,203	89,052,218	791,482,236	731,054,500
New exposures during the period/year	30,114,046	2,122,452	1,072,297	33,308,795	96,240,337
Settled exposures during the period/year	(10,164,022)	(1,410,922)	(1,254,668)	(12,829,612)	(51,913,553)
Transferred to stage 1	9,772,759	(9,348,448)	(424,311)	-	-
Transferred to stage 2	(108,543,849)	109,397,739	(853,890)	-	-
Transferred to stage 3	(3,676,324)	(12,552,586)	16,228,910	-	-
Changes resulting from adjustments	17,758,413	6,967,732	229,992	24,956,137	16,143,003
Written-off credit facilities	-	-	(177,090)	(177,090)	(42,051)
Total exposures at the end of period/year	<u>566,111,838</u>	<u>166,755,170</u>	<u>103,873,458</u>	<u>836,740,466</u>	<u>791,482,236</u>

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

30 June 2021 (Unaudited)	Retail	Real estate	Corporate	SMEs	Governmental and public	Total
	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 losses on new facilities during the period	372,236	5,191	72,143	4,378	40	453,988
Recoveries from ECL related to settled facilities	(104,250)	(404,529)	(272,704)	(46,578)	(83)	(828,144)
Transferred to stage 1	(9,142)	(26,868)	(417,314)	(29,768)	-	(483,092)
Transferred to stage 2	(87,004)	(352,048)	(2,020,309)	22,606	-	(2,436,755)
Transferred to stage 3	96,146	378,916	2,437,623	7,162	-	2,919,847
Effect on provision resulting from reclassification among three stages	351,604	(63,344)	2,219,866	86,932	145,946	2,741,004
Changes resulting from adjustments	(6,311)	(268,701)	1,002,575	(131,359)	1,433	597,637
Written-off facilities	(1,507)	-	-	-	-	(1,507)
Balance at the end of the period	<u>11,123,043</u>	<u>2,561,562</u>	<u>42,785,757</u>	<u>5,040,474</u>	<u>184,596</u>	<u>61,695,432</u>
Re- allocation:						
Provisions on an individual basis	<u>11,123,043</u>	<u>2,561,562</u>	<u>42,785,757</u>	<u>5,040,474</u>	<u>184,596</u>	<u>61,695,432</u>
Total	<u>11,123,043</u>	<u>2,561,562</u>	<u>42,785,757</u>	<u>5,040,474</u>	<u>184,596</u>	<u>61,695,432</u>

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	Retail	Real Estate	Corporate	SME's	Governmental and Public	Total
<u>31 December 2020 (Audited)</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance at the beginning of the year	10,763,744	1,777,426	31,252,880	4,086,186	94,618	47,974,854
ECL for new facilities during the year	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 year	<u>10,511,271</u>	<u>3,292,945</u>	<u>39,763,877</u>	<u>5,127,101</u>	<u>37,260</u>	<u>58,732,454</u>
Re-allocation:						
Provision on an individual basis	<u>10,511,271</u>	<u>3,292,945</u>	<u>39,763,877</u>	<u>5,127,101</u>	<u>37,260</u>	<u>58,732,454</u>
Total	<u>10,511,271</u>	<u>3,292,945</u>	<u>39,763,877</u>	<u>5,127,101</u>	<u>37,260</u>	<u>58,732,454</u>

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**Suspended Interests**

The movement on suspended interests is as follows:

	Companies					Total JD
	Retail JD	Real estate JD	Corporate JD	SME's JD	Governmental and public JD	
<b>For the six months ended 30 June 2021 (Unaudited)</b>						
Balance at the beginning of the period	1,953,475	1,535,102	12,789,066	2,571,114	-	18,848,757
<u>Add:</u> Interests in suspense for the period	525,782	241,360	2,049,729	551,824	-	3,368,695
<u>Less:</u> Interests transferred to revenues during the period	(137,235)	(345,105)	(298,507)	(96,715)	-	(877,562)
Interests in suspense written-off	(13,582)	(120,703)	-	(41,298)	-	(175,583)
<b>Balance at the end of the period</b>	<b>2,328,440</b>	<b>1,310,654</b>	<b>14,540,288</b>	<b>2,984,925</b>	<b>-</b>	<b>21,164,307</b>
<b>For the year ended in 31 December 2020 (Audited)</b>						
Balance at the beginning of the year	1,312,553	1,255,739	9,746,437	1,764,542	-	14,079,271
<u>Add:</u> Interests in suspense for the year	905,140	617,880	3,446,289	1,058,048	-	6,027,357
<u>Less:</u> 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)
<b>Balance at the end of the year</b>	<b>1,953,475</b>	<b>1,535,102</b>	<b>12,789,066</b>	<b>2,571,114</b>	<b>-</b>	<b>18,848,757</b>

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

The details of this item are as follows:

	<u>30 June 2021</u> JD (Unaudited)	<u>31 December 2020</u> JD (Audited)
Quoted shares in active markets	1,753,370	1,645,923
<b>Total</b>	<b>1,753,370</b>	<b>1,645,923</b>

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

The details of this item are as follows:

	<u>30 June 2021</u> JD (Unaudited)	<u>31 December 2020</u> JD (Audited)
Quoted shares in active markets	24,058,040	23,954,878
Unquoted shares in active markets	5,216,493	5,098,235
<b>Total</b>	<b>29,274,533</b>	<b>29,053,113</b>

- Cash dividends distributions for the above-mentioned financial assets amounted to JD 196,417 for the period ended 30 June 2021 (JD 87,500 for the period ended 30 June 2020).

**(9) FINANCIAL ASSETS AT AMORTIZED COST, NET**

The details of this item are as follows:

	<u>30 June 2021</u> JD (Unaudited)	<u>31 December 2020</u> JD (Audited)
Treasury bonds and bills	322,309,123	278,403,731
Companies' bonds and debentures	4,663,723	4,573,055
<b>Total</b>	<b>326,972,846</b>	<b>282,976,786</b>
Less: Provision for expected credit losses	(642,397)	(633,545)
Less: interests in suspense	(227,723)	(137,055)
<b>Financial assets at amortized cost, net</b>	<b>326,102,726</b>	<b>282,206,186</b>
Fixed rate	326,102,726	282,206,186
<b>Total</b>	<b>326,102,726</b>	<b>282,206,186</b>

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

	30 June 2021 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	281,239,731	-	1,737,055	282,976,786
New investments during the period	70,037,131	-	-	70,037,131
Matured investments	(26,135,009)	-	-	(26,135,009)
Changes due to adjustments	3,270	-	90,668	93,938
Balance at the end of the period	<u>325,145,123</u>	<u>-</u>	<u>1,827,723</u>	<u>326,972,846</u>

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

	30 June 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	8,638	-	214	8,852
Balance at the end of period	<u>57,201</u>	<u>-</u>	<u>585,196</u>	<u>642,397</u>

**(10) OTHER ASSETS**

The details of this item are as follows:

	30 June 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Accrued interest and commissions	12,441,141	11,034,406
Receivables from assets sold on installments	8,572,559	10,513,038
Prepaid expenses	2,278,821	1,062,039
Assets seized by the Bank against debts, net **	64,914,022	66,042,144
Refundable deposits	1,285,926	1,286,457
Checks and transfers under collection	178,206	46,840
Purchase of time withdrawals, policies and letters of credit, net *	8,699,781	15,029,810
Others	4,459,174	3,729,282
Total	<u>102,829,630</u>	<u>108,744,016</u>

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\* Movement on the balances of time withdrawals, policies and letters of credit:

	30 June 2021				31 December 2020
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD	JD	JD	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	15,213,365	-	-	15,213,365	35,103,927
New balances	-	1,100,000	-	1,100,000	15,213,365
Settled balances	(7,424,970)	-	-	(7,424,970)	(35,103,927)
Balance at the end of the period/year	<u>7,788,395</u>	<u>1,100,000</u>	<u>-</u>	<u>8,888,395</u>	<u>15,213,365</u>

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

	30 June 2021				31 December 2020
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total (Unaudited)	Total (Audited)
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	183,555	-	-	183,555	245,569
New balances	-	59,509	-	59,509	183,555
Settled balances	(67,791)	-	-	(67,791)	(245,569)
Changes resulting from adjustments	13,341	-	-	13,341	-
Balance at the end of the period/year	<u>129,105</u>	<u>59,509</u>	<u>-</u>	<u>188,614</u>	<u>183,555</u>

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

	30 June 2021				31 December 2020
	Seized Properties	Seized Properties sold on installments	Seized Stocks	Total (Unaudited)	Total (Audited)
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year, net	61,098,654	4,274,978	668,512	66,042,144	87,114,292
Additions during the period/year	1,336,705	-	-	1,336,705	4,445,479
Disposals during the period/year	(304,275)	(414,463)	-	(718,738)	(23,949,572)
Transfers to assets sold on installments	(15,244)	15,244	-	-	-
Impairment effect for the period/year	(1,172,956)	(90,187)	(482,946)	(1,746,089)	(1,568,055)
Balance at the end of the period/year	<u>60,942,884</u>	<u>3,785,572</u>	<u>185,566</u>	<u>64,914,022</u>	<u>66,042,144</u>

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

	30 June 2021				30 June 2020
	Seized Properties	Seized Properties sold on instalments	Seized Shares	Total	Total
	JD	JD	JD	JD	JD
Balance – beginning of the year	7,562,129	621,625	504,972	8,688,726	7,386,684
Booked Provision during the period	1,178,270	90,187	-	1,268,457	748,547
Released from provision during the period	(5,314)	-	(355,926)	(361,240)	-
Unrealized loss from seized assets shares	-	-	838,872	838,872	204,418
Utilized from provision during the period	(20,471)	-	-	(20,471)	(49,085)
Transfers to assets sold on installments	(1,335)	1,335	-	-	-
Balance – end of the year	<u>8,713,279</u>	<u>713,147</u>	<u>987,918</u>	<u>10,414,344</u>	<u>8,290,564</u>

- 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 seizure date. For exceptional cases, the Central Bank of Jordan may extend this period for two additional years.
- There is an impairment loss of around JD 7.9 million against seized assets as of 31 December 2018. Pursuant to Letter No. 10/1/43 dated 31 December 2018, the Central Bank of Jordan approved to allocate the impairment amount over five years in equal amounts starting from the year 2019 as the value of deferred provisions as at 31 December 2018 amounted to JD 4.4 million. During 2020, the Bank has revaluated the seized assets after two years passed on its evaluation and resulted in an increase in its fair value by JD 1.1 million, bringing the value of the deferred provision as at 31 December 2020 JD 3.3 million. During the period ending on 30 June 2021 the construction of the required provisions has been completed, so that the value of the deferred provisions will be JD 2.8 million.

**(11) BANKS AND FINANCIAL INSTITUTIONS' DEPOSITS**

The details of this item are as follows:

	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current and call accounts	-	2,957,851	2,957,851	-	3,490,901	3,490,901
Time deposits	49,926,000	41,545,000	91,471,000	49,926,000	49,254,000	99,180,000
Total	<u>49,926,000</u>	<u>44,502,851</u>	<u>94,428,851</u>	<u>49,926,000</u>	<u>52,744,901</u>	<u>102,670,901</u>

- Bank deposits maturing within a period of more than three months amounted to JD 76,000,000 as of 30 June 2021 (31 December 2020: JD 75,000,000).

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**(12) CUSTOMERS' DEPOSITS**

The details of this item are as follows:

	30 June 2021 (Unaudited)				
	Companies			Governmental and Public	Total
	Retail	Corporate	SME's		
	JD	JD	JD	JD	JD
Current and call accounts	37,697,616	26,252,109	39,823,820	5,666,623	109,440,168
Saving deposits	212,206,458	194,400	2,602,645	980,538	215,984,041
Certificates of deposit	27,825,434	-	53,397	-	27,878,831
Time and notice deposits	368,968,334	73,786,819	96,273,825	70,880,870	609,909,848
<b>Total</b>	<b>646,697,842</b>	<b>100,233,328</b>	<b>138,753,687</b>	<b>77,528,031</b>	<b>963,212,888</b>

  

	31 December 2020 (Audited)				
	Companies			Government and Public	Total
	Retail	Corporate	SME's		
	JD	JD	JD	JD	JD
Current and call accounts	38,221,871	22,125,925	36,708,572	6,556,691	103,613,059
Savings deposits	205,907,755	1,233,347	1,894,300	59,878	209,095,280
Certificates of deposit	28,921,346	-	46,794	-	28,968,140
Term deposits subject to notice	349,092,248	75,207,641	83,861,396	85,849,202	594,010,487
<b>Total</b>	<b>622,143,220</b>	<b>98,566,913</b>	<b>122,511,062</b>	<b>92,465,771</b>	<b>935,686,966</b>

- The Government of Jordan's and the public sector's deposits inside the Kingdom amounted to JD 77,528,031, representing 8.05% of total customers' deposits as of 30 June 2021 (JD 92,465,771 representing 9.9% of total customers' deposits as of 31 December 2020).
- Non-interest-bearing deposits amounted to JD 107,346,873, representing 11.14% of total customers' deposits as of 30 June 2021 (JD 99,992,527 equivalent to 10.7% of total customers' deposits as of 31 December 2020).
- Reserved deposits (restricted withdrawals) amounted to JD 2,064,875 representing 0.21% of total customers' deposits as of 30 June 2021 (JD 2,685,719 representing 0.29% of total deposits as of 31 December 2020).
- Dormant deposits amounted to JD 10,842,758 as of 30 June 2021 (JD 3,882,102 as of 31 December 2020).

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**(13) BORROWED FUNDS**

The details of this item are as follows:

<b>30 June 2021 (Unaudited)</b>	Total loans	Utilized	Settlement method	Guarantees	Loan Interest price
	JD	JD			
Loan from World Bank through Central Bank of Jordan	2,000,000	1,300,000	20 years including a 5-year grace period settled in semi-annual instalments	-	2.5%
Loan from Arab Monetary Funds through Central Bank of Jordan	2,100,000	924,000	10 years including a 3-year grace period settled in semi-annual instalments	-	2.5%
Advances from Central Bank of Jordan	31,391,366	31,391,366	Various maturities	-	0-2.25%
Jordan Mortgage Refinance Company	10,000,000	10,000,000	One payment on 21 September 2021	Transfer of Mortgage Funds	6.6%
Jordan Mortgage Refinance Company	10,000,000	10,000,000	One payment on 16 August 2021	Transfer of Mortgage Funds	6.35%
Jordan 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 via the Central Bank	750,000	750,000	18 years including a 3-year grace period settled in semi-annual instalments	-	2.35%
Central Bank of Jordan for Mortgage bonds/ Repurchase agreement	66,309,915	66,309,915	Various maturities, between July1 and Nov 2021	Mortgage bonds	2%
		<u>130,675,281</u>			

<b>31 December 2020 (Audited)</b>	Amount	Utilized	Settlement method	Guarantees	Loan Interest price
	JD	JD			%
Loan from the World Bank through the Central Bank of Jordan	2,000,000	1,400,000	20 years, including a 5-year grace period; to be settled in semi-annual instalments	-	2.5
Loan from the Arab Monetary Fund via Central Bank of Jordan	2,100,000	1,071,000	10 years, including a 3-year grace period; to be settled in semi-annual instalments	-	2.5
Advances from the Central Bank of Jordan	29,927,920	29,927,920		-	0-2.25
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 21/9/2021	Transfer of property mortgage	6.6
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 16/08/2021	Transfer of property mortgage	6.35
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 5/2/2024	Transfer of property mortgage	6.8
International Fund for Agricultural Development through the Central Bank of Jordan	750,000	750,000	18 years, including a 3-year grace period; to be settled in semi-annual instalments	-	2.35
The Central Bank of Jordan against mortgaged bonds / repurchase agreement	40,415,808	40,415,808	Various maturities, between Jan 11 and 30 Mar 2021	Bonds mortgage	2
Total		<u>103,564,728</u>			

Borrowed funds amounted to JD 33,998,571 as at 30 June 2021 (JD 30,266,815 as at 31 December 2020) with an interest rate ranging between 2% and 10% as at 30 June 2021 and 31 December 2020

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**(14) PROVISION FOR INCOME TAX**

A. The movement on the income tax provision is as follows:

	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning balance for the period/ year	174,758	-
Income tax payable	1,302,911	810,257
Income tax paid	(174,758)	(635,499)
Ending balance for the period/ year	<u>1,302,911</u>	<u>174,758</u>

B. Income Tax Expense:

-Income tax expense in the interim income statement is as follows:

	30 June 2021	30 June 2020
	JD (Unaudited)	JD (Unaudited)
Income tax incurred on current period profit	1,302,911	735,216
Deferred tax assets for the period	265,771	(27,941)
Deferred tax liabilities for the period	3,643	(50,388)
	<u>1,572,325</u>	<u>656,887</u>

C. Tax Status:

- A final settlement has been made with the Department of Income and Sales Tax until the end of 2016 and 2018 for the branches of Jordan.

- Financial year 2017: The Department of Income and Sales Tax had performed an audit for the year 2017 and had imposed on the Bank an additional amount of approximately JD 1.9 million. The Bank objected to the decision as they, alongside their tax advisor, believe that there is no need for an additional provision.

- Financial years 2019 and 2020: The Bank had submitted the tax declaration report within the legal timeframe, yet the Department had not performed an audit up to the date of this interim condensed financial statements.

- The tax rate had been modified effective 1 January 2020 to become 35% + 3% national contribution, totalling 38% according to the income tax law of Jordan No. (34) for the year 2014 and its amendments.

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**(15) SUNDRY PROVISIONS**

The details of this item are as follows:

	Balance at the beginning of the period	Expense for the period	Paid during the period	Balance at the end of the period
<u>30 June 2021 (Unaudited)</u>	JD	JD	JD	JD
Provision for lawsuits against the Bank	207,152	129,450	(2,277)	334,325
Provision for end of services indemnity	359	-	-	359
Other provisions	615,000	-	-	615,000
<b>Total</b>	<b>822,511</b>	<b>129,450</b>	<b>(2,277)</b>	<b>949,684</b>

  

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

**(16) OTHER LIABILITIES**

The details of this item are as follows:

	<u>30 June 2021</u>	<u>31 December 2020</u>
	JD	JD
	(Unaudited)	(Audited)
Accepted checks	7,467,913	6,595,053
Unpaid accrued interests	4,152,133	4,818,358
Interest / Commissions Received In Advance	719,345	324,989
Refundable and various deposits	3,941,869	3,362,002
Safe deposits boxes	95,840	94,219
Shareholders' deposits	11,753	14,608
Income tax and social security deposits	346,419	328,804
Accrued expenses	1,133,088	638,115
Transactions in transit among branches	44,883	1,032,341
Board of Directors' remunerations	55,000	55,000
Received amounts on the sale seized real estate	1,987,563	1,973,227
Inward transfers	999,441	18
Expected credit loss on indirect facilities and un-utilized limits*	1,663,250	1,386,964
Others	3,185,725	2,358,315
<b>Total</b>	<b>25,804,222</b>	<b>22,982,013</b>

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

	30 June 2021 (Unaudited)				31 December 2020 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	
Balance at the beginning of the period/year	503,751	255,305	627,908	1,386,964	4,643,231
New facilities during the period/year	36,480	2,775	2,418	41,673	91,948
Matured facilities during the period/year	(8,533)	(15,345)	(9,753)	(33,631)	(449,562)
Transferred to stage 1	29,361	(28,978)	(383)	-	-
Transferred to stage 2	(81,430)	83,440	(2,010)	-	-
Transferred to stage 3	(831)	(205)	1,036	-	-
Changes resulting from adjustments	(3,070)	(72,701)	232,894	157,123	(1,722,805)
Effect on provision due to reclassification between the three stages	-	15,238	95,883	111,121	(1,175,848)
Balance at the end of the period/year	<u>475,728</u>	<u>239,529</u>	<u>947,993</u>	<u>1,663,250</u>	<u>1,386,964</u>

- The movement on indirect facilities is as follows:

	30 June 2021 (Unaudited)				31 December 2020 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	(Individual) JD	(Individual) JD	JD	JD	JD
Balance at the beginning of the period/year	208,269,727	43,245,869	5,749,448	257,265,044	347,038,057
New facilities during the period/year	15,879,370	1,218,735	13,612	17,111,717	27,304,693
Settled facilities during the period/year	(11,900,160)	(657,018)	(62,672)	(12,619,850)	(96,540,794)
Transferred to stage 1	6,551,718	(6,526,029)	(25,689)	-	-
Transferred to stage 2	(27,730,575)	27,863,848	(133,273)	-	-
Transferred to stage 3	(764,220)	(211,978)	976,198	-	-
Changes resulting from adjustments	(700,318)	(4,196,434)	(99,232)	(4,995,984)	(20,536,912)
Total exposures at the end of period/year	<u>189,605,542</u>	<u>60,736,993</u>	<u>6,418,392</u>	<u>256,760,927</u>	<u>257,265,044</u>

**(17) AUTHORIZED AND PAID IN CAPITAL**

The Bank's authorized and paid in capital amounts to JD 120 million across 120 million shares (1JD/share) as at 30 June 2021 (31 December 2020: JD 120 million).

**(18) RESERVES**

The Bank has not deducted the statutory reserve according to the Jordanian Companies Law given that these financial statements are interim.

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**(19) FAIR VALUE RESERVE, NET**

The movement on this item is as follows:

	30 June 2021 <u>JD</u> (Unaudited)	31 December 2020 <u>JD</u> (Audited)
Balance at the beginning of the period/ year	(2,020,984)	(2,211,406)
Unrealized Profit (losses), net	53,256	(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>(1,967,728)</u>	<u>(2,020,984)</u>

- The fair value reserve includes JD 311,112 as at 30 June 2021 and 31 December 2020 as an impact related to the implementation of the International Financial Reporting Standard No. (9).

**(20) RETAINED EARNINGS**

The details of this item are as follows:

	30 June 2021 <u>JD</u> (Unaudited)	31 December 2020 <u>JD</u> (Audited)
Balance at the beginning of the period / year	5,534,153	1,862,494
Profit for the period/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>

- The Central Bank of Jordan issued circular No. 10/1/7702 dated 6 June 2018, requesting the transfer of the general banking risk reserve balance to the retained earnings to offset the effect of IFRS 9 on the opening balance of the retained earnings account as of 1 January 2018. The circular also instructed that the balance of the general banking risk reserve should be restricted 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 2021, an amount of JD 10,917,458 from retained earnings is restricted against deferred tax assets in accordance with the instructions of the Central Bank of Jordan (31 December 2020: JD 12,313,532).
- Use of retained earnings balance equal to the negative change in fair value of financial assets amounting to JD 1,967,728 is restricted.

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**(21) INTEREST INCOME**

The details of this item are as follows:

	<u>30 June 2021</u>	<u>30 June 2020</u>
	JD	JD
	(Unaudited)	(Unaudited)
<u>Direct Credit Facilities</u>		
<u>Individuals (Retail)</u>		
Overdraft	45,644	9,073
Loans and bills	7,742,501	6,139,462
Credit cards	415,992	400,646
Real estate loans	4,095,589	5,673,314
<u>Corporations</u>		
<u>Corporate</u>		
Overdrafts	2,054,158	2,507,521
Loans and bills	9,997,960	9,881,228
<u>Small and medium enterprises "SMEs"</u>		
Overdrafts	556,102	1,159,646
Loans and bills	1,290,328	2,365,380
Governmental and Public Sector	1,450,849	697,177
Balances at Central Banks	52,932	279,899
Balances and deposits at banks and financial institutions	257,029	117,878
Financial assets at amortized cost	6,919,529	6,370,637
	<u>34,878,613</u>	<u>35,601,861</u>

**(22) INTEREST EXPENSE**

The details of this item are as follows:

	<u>30 June 2021</u>	<u>30 June 2020</u>
	JD	JD
	(Unaudited)	(Unaudited)
Banks and financial institutions' deposits	1,704,889	1,779,315
Customers' deposits:		
Current and call accounts	18,945	119,070
Saving accounts	733,707	342,818
Time and notice deposits	11,327,765	12,929,956
Certificates of deposit	654,676	871,626
Cash margins	430,722	755,393
Deposit insurance fees	658,531	613,211
Lease contract obligations	190,699	176,147
Borrowed funds	1,438,290	1,765,953
	<u>17,158,224</u>	<u>19,353,489</u>

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**(23) PROVISION FOR EXPECTED CREDIT LOSSES, NET**

The details of this item are as follows:

	<u>30 June 2021</u>	<u>30 June 2020</u>
	JD	JD
	(Unaudited)	(Unaudited)
Balances and deposits at banks and financial institutions	(540,858)	(55,785)
Direct credit facilities	2,964,485	5,395,366
Debt instruments within a portfolio of financial assets at amortized cost	8,852	(9,408)
Indirect credit facilities and unutilized limits	276,286	(1,033,539)
Purchased guarantees and withdrawals	5,059	376,354
	<u>2,713,824</u>	<u>4,672,988</u>

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

The details of this item are as follows:

**30 June 2021 (Unaudited)**

	<u>Realized</u> <u>Gains</u>	<u>Unrealized</u> <u>Gains</u>	<u>Dividends</u>	<u>Total</u>
	JD	JD	JD	JD
Companies' quoted shares in active markets	<u>-</u>	<u>107,447</u>	<u>-</u>	<u>107,447</u>

**30 June 2020 (Unaudited)**

	<u>Realized</u> <u>Gains</u>	<u>Unrealized</u> <u>Losses</u>	<u>Dividends</u>	<u>Total</u>
	JD	JD	JD	JD
Companies' quoted shares in active markets	<u>-</u>	<u>(228,457)</u>	<u>-</u>	<u>(228,457)</u>

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**(25) OTHER INCOME**

The details of this item are as follows:

	<u>30 June 2021</u>	<u>30 June 2020</u>
	JD	JD
	(Unaudited)	(Unaudited)
Credit cards income, net	178,590	-
Rental income of safe deposit boxes	24,369	26,191
Transfers income	217,323	192,979
Checks income	188,699	92,725
Telecommunication income	10,185	15,432
Recovery of debts previously written-off	547,366	340,131
Gain from sale of seized real estate	437,446	183,853
Gain from sale of property and equipment	1,293	101,997
Seized real state recoveries	6,754	6,754
Income from account services	350,606	367,816
Income from reversal of miscellaneous provisions	-	1,000,000
Insurance income	12,640	2,018
Others	116,584	78,694
Total	<u>2,091,855</u>	<u>2,408,590</u>

**(26) OTHER EXPENSES**

The details of this item are as follows:

	<u>30 June 2021</u>	<u>30 June 2020</u>
	JD	JD
	(Unaudited)	(Unaudited)
Rent	65,778	81,676
Stationery and publications	228,989	172,268
Water, electricity, swift, and telecommunication expenses	450,741	677,760
Legal and lawyer fees	479,284	177,655
Maintenance, repair, and car expenses	314,519	242,226
Insurance expenses	296,838	258,894
Programs and computers maintenance	847,031	595,052
Board of Directors' transportation and attendance of meeting allowance	178,200	197,597
Fees, licenses, and taxes	246,447	206,296
Advertisement	537,500	792,500
Subscriptions	467,745	313,889
Professional and consultancy fees	212,870	144,972
Collection incentives	-	2,674
Donations and gratuity	99,648	532,600
Cleaning and security services	268,249	272,264
Hospitality	9,955	41,796
Cash management fees	46,065	27,578
Others	64,211	265,901
Total	<u>4,814,070</u>	<u>5,003,598</u>

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**(27) EARNINGS PER SHARE FOR THE BANK'S SHAREHOLDERS (UNAUDITED)**

The details of this item are as follows:

	30 June	
	2021	2020
	JD	JD
Profit for the period	2,735,058	1,641,570
Weighted average number of shares	120,000,000	120,000,000
Earnings per share attributable to the Banks' shareholders:	JD / Share	JD / Share
Basic and diluted	0.023	0.014

**From discontinued operations for the period attributable to the Banks' shareholders**

(Loss) for the period	-	(2,390,676)
Weighted average number of shares	120,000,000	120,000,000
(Loss) per share attributable to the Banks' shareholders:	JD / Share	JD / Share
Basic and diluted	-	(0.020)

**From profit for the period attributable to the Banks' shareholders**

Profit (Loss) for the period	2,735,058	(749,106)
Weighted average number of shares	120,000,000	120,000,000
Earnings (Loss) per share attributable to the Banks' shareholders:	JD / Share	JD / Share
Basic and diluted	0.023	(0.006)

**(28) CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	30 June 2021	30 June 2020
	JD	JD
	(Unaudited)	(Unaudited)
Cash and balances with central banks maturing within three months	78,820,785	78,475,799
<u>Add:</u> Balances at banks and financial institutions maturing within three months	43,428,980	37,307,216
<u>Less:</u> Banks and financial institutions' deposits maturing within three months	(18,428,851)	(29,650,232)
	103,820,914	86,132,783

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**(29) 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:

	30 June 2021	31 December 2020
	JD	JD
<b>Core capital items:</b>		
Authorized and Paid-up capital	120,000,000	120,000,000
Retained earnings	5,534,153	5,534,153
Profit for the period	2,735,058	-
<b>Other comprehensive income items</b>		
Fair value reserve, net	(1,967,728)	(2,020,984)
Statutory reserve	15,953,618	15,953,618
<b>Total core capital before regulatory amendments</b>	<b>142,255,101</b>	<b>139,466,787</b>
<b>Less:</b>		
Intangible assets, net	(2,179,786)	(2,093,653)
Deferred tax assets	(10,917,458)	(11,215,869)
Deferred provisions with the approval of the Central Bank	(6,327,342)	(7,403,107)
Investing in the capital of banks and financial companies outside the scope of unification, in which the bank owns more than 10%	(5,966,609)	(6,374,244)
<b>Total regulatory amendments</b>	<b>(25,391,195)</b>	<b>(27,086,873)</b>
<b>Net core capital</b>	<b>116,863,906</b>	<b>112,379,914</b>
<b>Supplementary capital items:</b>		
Provision required against credit exposures in stage 1	3,033,023	4,294,508
<b>Total supplementary capital</b>	<b>119,896,929</b>	<b>116,674,422</b>
<b>Assets weighted by risks - continuing operations</b>		
Credit risk	947,298,231	931,326,219
Market risk	4,317,657	12,096,061
Operational risk	76,958,413	76,958,413
<b>Total assets weighted by risks - continuing operations</b>	<b>1,028,574,301</b>	<b>1,020,380,693</b>
Ratio of regulatory capital	11.66%	11.43%
Core capital ratio	11.36%	11.01%

**(30) SEGMENT INFORMATION**

**A. Information on Main Operating Segments**

The Bank is organized for managerial purposes whereby sectors are measured according to reports used by the General Manager and key decision makers at the Bank, through the following major operating segments:

- Individual accounts: includes following up on individual customers deposits, and granting them credit, credit cards and other services
- Corporate accounts: includes following up on deposits, credit facilities, and banking services related to corporate
- Treasury: This segment includes providing dealing services and managing the Banks' funds.
- Others: This segment includes the activities which do not meet the definition of the above Banks' business segments.

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	Individuals	Corporations	Treasury	Others	30 June 2021	30 June 2020
	JD	JD	JD	JD	JD	JD
					(Unaudited)	(Unaudited)
Gross income	7,339,935	14,710,322	156,639	326,076	22,532,972	21,040,703
<u>Less:</u> Provision for expected credit losses	(821,992)	(2,383,217)	491,385	-	(2,713,824)	(4,177,988)
Segment results	6,517,943	12,327,105	648,024	326,076	19,819,148	16,862,710
Distributed segment expenses	(4,441,892)	(8,902,213)	(577,739)	(1,589,921)	(15,511,765)	(14,074,208)
Profit before income tax for the period	2,076,051	3,424,892	70,285	(1,263,845)	4,307,383	2,788,507
Income tax for the period	-	-	-	(1,572,325)	(1,572,325)	(106,887)
Profit for the period from continuing operations	2,076,051	3,424,892	70,285	(2,836,170)	2,735,058	1,681,620
(Loss) for the period from discontinued operations	-	-	-	-	-	(2,390,776)
Profit (Loss) for the period	2,076,051	3,424,892	70,285	(2,836,170)	2,735,058	(709,156)
<b>Other information:</b>						
Capital expenditures					1,389,113	631,801
Depreciation and amortization					1,766,558	1,747,288
	Individuals	Corporations	Treasury	Others	30 June 2021	31 December 2020
	JD	JD	JD	JD	JD	JD
					(Unaudited)	(Audited)
Total segment assets	294,954,828	517,393,969	472,454,913	121,377,354	1,406,181,064	1,352,021,565
Total segment liabilities	686,156,211	390,117,460	164,550,351	23,101,941	1,263,925,963	1,212,554,778

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1- Geographical distribution information

This sector represents the geographical distribution of the Bank's operation. The Bank operates mainly in Jordan.

	Inside Jordan		Outside Jordan		Total	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Bank's Assets	<u>1,339,518,480</u>	<u>1,277,270,305</u>	<u>66,662,584</u>	<u>74,751,260</u>	<u>1,406,181,064</u>	<u>1,352,021,565</u>

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

	Inside Jordan		Outside Jordan		Total	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
Gross income	23,045,696	21,102,904	(512,724)	(57,201)	22,532,972	21,045,703
Capital expenditures	1,389,113	631,801	-	-	1,389,113	631,801

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**(31) Risk Management:**

**1. Distribution of credit exposures according economic sectors:**

A- Distribution of credit exposures by financial instruments as at 30 June 2021 (unaudited):

	Financial	Industrial	Trading	Construction	Real estate	Agricultural	Shares	Individual	Governmental and public sector	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	52,104,069	-	-	-	-	-	-	-	-	-	52,104,069
Balances at banks and financial institutions	73,428,980	-	-	-	-	-	-	-	-	-	73,428,980
Direct credit facilities	51,493,380	83,013,817	134,743,604	28,268,872	114,581,810	6,086,941	5,001,742	194,342,428	48,053,468	88,294,665	753,880,727
Financial assets at amortized cost	3,793,603	-	-	-	-	-	-	-	322,309,123	-	326,102,726
Other assets	-	-	8,699,781	-	-	-	-	-	-	-	8,699,781
<b>Total current year</b>	<b>180,820,032</b>	<b>83,013,817</b>	<b>143,443,385</b>	<b>28,268,872</b>	<b>114,581,810</b>	<b>6,086,941</b>	<b>5,001,742</b>	<b>194,342,428</b>	<b>370,362,591</b>	<b>88,294,665</b>	<b>1,214,216,283</b>
Letters of guarantee	2,478,182	3,829,290	11,754,025	52,127,038	-	319,738	9,211,057	8,556,567	-	23,121,682	111,397,579
Letters of credit	-	7,179,790	13,993,352	5,263,216	-	-	-	-	-	567,907	27,004,265
Other obligations	13,262,658	11,756,306	27,214,091	16,526,598	22,067,996	702,639	1,863,762	15,625,765	-	7,676,018	116,695,833
<b>Total</b>	<b>196,560,872</b>	<b>105,779,203</b>	<b>196,404,853</b>	<b>102,185,724</b>	<b>136,649,806</b>	<b>7,109,318</b>	<b>16,076,561</b>	<b>218,524,760</b>	<b>370,362,591</b>	<b>119,660,272</b>	<b>1,469,313,960</b>

B- Distribution of credit exposures according to IFRS 9 stages and economic sector as at 30 June 2021 (unaudited):

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Financial	191,482,761	3,998,807	1,079,304	196,560,872
Industrial	75,853,351	24,540,178	5,385,674	105,779,203
Trading	117,398,445	70,608,891	8,397,517	196,404,853
Real estate	116,370,325	15,092,050	5,187,431	136,649,806
Construction	46,678,042	53,104,723	2,402,959	102,185,724
Agricultural	3,165,415	3,759,747	184,156	7,109,318
Shares	14,593,091	1,221,512	261,958	16,076,561
Individuals	202,827,627	11,117,006	4,580,127	218,524,760
Governmental and public sector	361,864,499	8,498,074	18	370,362,591
Others	80,911,951	34,097,067	4,651,254	119,660,272
<b>Total</b>	<b>1,211,145,507</b>	<b>226,038,055</b>	<b>32,130,398</b>	<b>1,469,313,960</b>

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**2- Adjusted Credit Exposures:**

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 2021:

**A- Gross Adjusted Credit Exposures:**

Item	Stage 2		Stage 3		Total Modifications	Percentage of exposure modified
	Gross Exposure	Modifications	Gross Exposure	Modifications		
	JD	JD	JD	JD		
Balances with central bank	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Direct credit facilities	166,755,170	109,397,739	103,873,458	16,228,910	125,626,649	15.01
Financial assets at amortized cost	-	-	1,827,723	-	-	-
Other assets	1,100,000	-	-	-	-	-
Total exposure for items within statement of financial position	167,855,170	109,397,739	105,701,181	16,228,910	125,626,649	
Total exposure for items off statement of financial position	60,736,993	27,863,848	6,418,392	976,198	28,840,046	11.23
<b>Total</b>	<b>228,592,163</b>	<b>137,261,587</b>	<b>112,119,573</b>	<b>17,205,108</b>	<b>154,466,695</b>	

**B- Expected credit losses on exposures with modified classification as at 30 June 2021 (unaudited):**

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 for modified classifications	Stage 2 (Individual)	Stage 3 (Individual)	Total	
	JD	JD	JD	JD	JD	JD	
Balances at central banks	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-
Direct credit facilities	109,397,739	16,228,910	125,626,649	435,934	2,949,157	3,385,091	5.49
Financial assets at amortized cost	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total exposure for items within statement of financial position	109,397,739	16,228,910	125,626,649	435,934	2,949,157	3,385,091	
Total exposure for items off statement of financial position	27,863,848	976,198	28,840,046	83,440	1,036	84,476	5.1
<b>Total</b>	<b>137,261,587</b>	<b>17,205,108</b>	<b>154,466,695</b>	<b>519,374</b>	<b>2,950,193</b>	<b>3,469,567</b>	

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**3- Distribution of credit exposures according geographic sectors:**

A. The table shows geographical distribution of credit risk exposure as at 30 June 2021 (unaudited):

	Inside Jordan	Middle east	Europe	Asia	Africa	America	other	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	52,104,069	-	-	-	-	-	-	52,104,069
Balances at banks and financial institutions	35,265,132	31,546,270	2,115,854	13,963	422,843	3,508,739	556,179	73,428,980
Direct credit facilities	743,830,653	-	10,050,074	-	-	-	-	753,880,727
Financial assets at amortized cost	326,102,726	-	-	-	-	-	-	326,102,726
Other assets	8,699,781	-	-	-	-	-	-	8,699,781
Gross/current period	1,166,002,361	31,546,270	12,165,928	13,963	422,843	3,508,739	556,179	1,214,216,283
Letters of guarantee	111,397,579	-	-	-	-	-	-	111,397,579
Letters of credit	8,070,197	1,066,023	8,294,485	4,685,028	-	2,687,173	2,201,359	27,004,265
Other obligations	116,695,833	-	-	-	-	-	-	116,695,833
Total	1,402,165,970	32,612,293	20,460,413	4,698,991	422,843	6,195,912	2,757,538	1,469,313,960

B. Distribution of credit exposures according to IFRS 9 stages and geographic sector as at 30 June 2021 (unaudited):

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Inside Jordan	1,153,522,979	216,512,593	32,130,398	1,402,165,970
Middle east	32,268,489	343,804	-	32,612,293
Europe	14,056,954	6,403,459	-	20,460,413
Asia	4,122,151	576,840	-	4,698,991
Africa	422,843	-	-	422,843
North America	6,195,912	-	-	6,195,912
other	556,179	2,201,359	-	2,757,538
Total	1,211,145,507	226,038,055	32,130,398	1,469,313,960

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**(32) RELATED PARTIES TRANSACTIONS AND BALANCES**

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. The provision for expected credit losses was calculated in accordance with IFRS 9 requirements.

The following related party transactions took place during the period:

	BOD Members	Companies represented by the BOD	Executive Management	Others *	Total	
					30 June 2021	31 December 2020
					(Unaudited)	(Audited)
	JD	JD	JD	JD	JD	JD
<u>Statement of Financial Position Items:</u>						
Deposits with us	20,585,358	3,531,545	219,899	38,580,480	62,917,282	80,680,382
Direct credit facilities	453,384	20,112,007	1,292,972	3,215,150	25,073,513	24,336,286
Deposits with other	-	-	-	30,000,000	30,000,000	30,000,000
Cash margins	-	59,200	-	-	59,200	52,635
<u>Off- Statement of Financial Position</u>						
<u>Items:</u>						
Letters of guarantee	210,000	653,169	-	354,500	1,217,669	1,227,858
					Total	
					30 June	
					2021	30 June 2020
					(Unaudited)	(Unaudited)
<u>Income statement items:</u>						
Interest and commission income **	15,516	625,740	51,168	68,579	761,003	٤٠٢,٩4٨
Interest and commission expense ***	328,085	229	386	29,190	357,890	١,٣٠٢,٨٩١

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

\*\* Credit interest rate ranges from 3% to 8.75%.

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

**Salaries and compensation of executive management of the Bank and incentives paid**

The salaries and bonuses of the bank's executive management amounted to JD 1,125,920 for the six months ended 30 June 2021. (JD 1,129,165 for the six months ended 30 June 2020.)

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**(33) COMMITMENTS AND CONTINGENT LIABILITIES**

The details of this item are as follows:

	30 June 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Letter of credit	7,921,557	3,724,919
Acceptances	19,128,845	22,458,051
Letter of guarantee:		
Payment	26,595,743	27,159,613
Performance bonds	37,957,067	39,663,917
Others	48,167,950	49,573,518
Unutilized direct credit facilities ceilings	63,077,485	64,066,189
Total	<u>202,848,647</u>	<u>206,646,207</u>

**(34) LITIGATION**

Lawsuits raised against the Bank amounted to JD 11,064,161 as at 30 June 2021 (31 December 2020: JD 26,399,514). In the opinion of the Bank's management and the legal advisor, there are no further liabilities that exceed the provision of JD 334,325 as at 30 June 2021 (31 December 2020: JD 207,152).

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**(35) 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 financial liabilities are measured at fair value at the end of each reporting period, and the following table gives information about how the fair value of these financial asset and financial liabilities are determined (valuation techniques & key inputs):

	Fair value		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
	30 June 2021	31 December 2020				
	JD (Unaudited)	JD (Audited)				
<b>Financial Assets</b>						
Financial assets at fair value through profit or loss:						
Quoted shares	1,753,370	1,645,923	Stage 1	Quoted shares	Not applicable	Not applicable
Total	<b>1,753,370</b>	<b>1,645,923</b>				
Financial assets at fair value through other comprehensive income:						
Quoted shares	24,058,040	23,954,878	Stage 1	Quoted shares	Not applicable	Not applicable
Unquoted shares	5,216,493	5,098,235	Stage 2	Through comparison to the market price of a similar financial instrument	Not applicable	Not applicable
	<b>29,274,533</b>	<b>29,053,113</b>				

There were no transfers between Level 1 and Level 2 during the period.

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

	30 June 2021		31 December 2020		Fair value hierarchy
	(Unaudited)		(Audited)		
	Book value	Fair value	Book value	Fair value	
<b>Financial assets not calculated at fair value</b>	JD	JD	JD	JD	
Deposits at central banks	52,104,069	52,104,507	72,869,348	72,873,458	Stage 2
Balances and deposits at banks and financial institutions	73,428,980	73,598,771	79,318,273	79,365,495	Stage 2
Loans and bills and others	753,880,727	763,121,263	713,901,025	722,054,750	Stage 2
Financial assets at amortized cost	326,102,726	328,936,414	282,206,186	284,914,022	Stage 2
<b>Total financial assets not calculated at fair value</b>	<b>1,205,516,502</b>	<b>1,217,760,955</b>	<b>1,148,294,832</b>	<b>1,159,207,725</b>	
<b>Financial liabilities not calculated at fair value</b>					
Banks and financial institutions' deposits	94,428,851	95,163,099	102,670,901	103,761,922	Stage 2
Customers' deposits	963,212,888	965,782,040	935,686,966	938,504,257	Stage 2
Cash margins	42,551,132	42,776,645	41,822,602	42,088,631	Stage 2
Borrowed funds	130,675,281	131,298,504	103,564,728	104,208,748	Stage 2
<b>Total financial liabilities not calculated at fair value</b>	<b>1,230,868,152</b>	<b>1,235,020,288</b>	<b>1,183,745,197</b>	<b>1,188,563,558</b>	

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

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**(36) ASSETS HELD FOR SALE AND DISCOUNTED OPERATIONS**

On 28 November 2019, an agreement was signed between the Jordan Commercial Bank and the National Bank of Palestine whereby the National Bank of Palestine acquires most of the Jordan Commercial Bank's branch in Palestine at their book value in exchange for a 15% of the National Bank's capital for the Jordan Commercial Bank as a strategic partner. The Bank's management expects to complete this agreement during the second half of 2020. This is in accordance with the requirements of the International Financial Reporting Standard No. (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) gain 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.

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 discounted operations that are included in income for the period ended 30 June 2020 are as follow:

	<u>2020</u>
	JD
Interest Income	٢,٢٥٤,٤٨١
Less: Interest expense	(١,٦٩٦,١٥٥)
<b>Net interest income</b>	<u>٥٥٨,٣٢٦</u>
Net commission income	٦٩,٨٨٥
<b>Net interest and commission income</b>	<u>٦٢٨,٢١١</u>
Foreign currency income	٦٠,٧٠٤
Dividends from financial assets at fair value through statement of comprehensive income	١٩١,٣٦٨
Other income	١٥٥,٤٠٢
<b>Gross income</b>	<u>١,٠٣٥,٦٨٥</u>
Employees' expenses	٩٢١,٨٨٥
Depreciation and amortization	٢٦٧,٦١٩
Provision for expected credit losses, net	١,٢٢٠,٠٠٣
Other provisions	٧٧,٢٥٥
Other expenses	٩٣٩,٥٩٩
<b>Total expenses</b>	<u>٣,٤٢٦,٣٦١</u>
<b>(Loss) for the period before tax</b>	(٢,٣٩٠,٦٧٦)
Income tax for the period	-
<b>(Loss) for the period from discontinued operations</b>	<u>(٢,٣٩٠,٦٧٦)</u>

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**(37) COMPARATIVE FIGURES**

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