

JORDAN COMMERCIAL BANK

PUBLIC SHAREHOLDING LIMITED COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (REVIEWED NOT AUDITED)

31 MARCH 2023



Building a better
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**REPORT ON REVIEW OF THE 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 31 March 2023, comprising the interim condensed statement of financial position as at 31 March 2023 and the related interim condensed statements of income, comprehensive income, changes in equity, and cash flows for the three months then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting) as adopted by the Central Bank of Jordan. 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.

Conclusion

Based on our review, 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 Central Bank of Jordan.

Amman – Jordan

27 April 2023

ERNST & YOUNG
Amman - Jordan

JORDAN COMMERCIAL BANK
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AS AT 31 MARCH 2023

| | Notes | 31 March 2023 JD (Unaudited) | 31 December 2022 JD (Audited) |
|---|-------|---------------------------------------|--|
| ASSETS | | | |
| Cash and balances at central Banks | 4 | 69,248,140 | 71,440,168 |
| Balances at Banks and financial institutions, net | 5 | 50,985,459 | 46,289,112 |
| Direct credit facilities, net | 6 | 697,472,031 | 701,854,386 |
| Financial assets at fair value through income statement | 7 | 1,458,911 | 1,551,339 |
| Financial assets at fair value through other comprehensive income | 8 | 49,967,663 | 49,490,315 |
| Financial assets at amortized cost, net | 9 | 359,920,588 | 366,316,269 |
| Property and equipment, net | | 22,260,340 | 22,006,151 |
| Intangible assets, net | | 2,286,368 | 2,228,329 |
| Right of use assets | | 5,803,624 | 5,835,715 |
| Deferred tax assets | | 10,014,947 | 9,505,024 |
| Other assets | 10 | 72,164,280 | 87,586,431 |
| Total Assets | | 1,341,582,351 | 1,364,103,239 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| LIABILITIES | | | |
| Banks' and financial institutions' deposits | | 79,128,693 | 82,143,414 |
| Customers' deposits | 11 | 889,283,662 | 896,800,727 |
| Cash margins | | 38,020,578 | 37,774,075 |
| Borrowed funds | 12 | 104,243,558 | 145,321,349 |
| Provision for income tax | 13/a | 4,298,517 | 5,417,035 |
| Sundry provisions | 14 | 1,072,599 | 881,359 |
| Deferred tax liabilities | | 660,422 | 1,720,245 |
| Lease contracts liabilities | | 5,631,794 | 5,624,770 |
| Other liabilities | 15 | 53,799,312 | 26,304,149 |
| Total Liabilities | | 1,176,139,135 | 1,201,987,123 |
| SHAREHOLDERS' EQUITY | | | |
| Authorized and paid-in capital | 1 | 120,000,000 | 120,000,000 |
| Statutory reserve | 16 | 19,011,405 | 19,011,405 |
| Fair value reserve, net | 17 | 4,122,808 | 2,621,695 |
| Retained earnings | 18 | 20,483,016 | 20,483,016 |
| Profit for the period | | 1,825,987 | - |
| Total Shareholders' Equity | | 165,443,216 | 162,116,116 |
| Total Liabilities and Shareholders' Equity | | 1,341,582,351 | 1,364,103,239 |

The accompanying notes from 1 to 25 form part of these interim condensed financial statements

JORDAN COMMERCIAL BANK
INTERIM CONDENSED INCOME STATEMENT
(PUBLIC SHAREHOLDING LIMITED COMPANY)
FOR THE THREE MONTHS ENDED 31 MARCH 2023 (REVIEWED NOT AUDITED)

| | <u>Notes</u> | <u>2023</u> | <u>2022</u> |
|--|--------------|-------------------|-------------------|
| | | JD | JD |
| Interest income | | 22,486,372 | 17,647,253 |
| Deduct: Interest expense | | (9,991,890) | (8,561,291) |
| Net interest income | | 12,494,482 | 9,085,962 |
| Net commission income | | 820,245 | 1,016,075 |
| Net interest and commission income | | 13,314,727 | 10,102,037 |
| Gain from foreign currencies | | 310,126 | 257,744 |
| (Loss) Gain from financial assets at fair value through income statement | | (92,428) | 67,219 |
| Dividends from financial assets at fair value through other comprehensive income | 8 | 93,750 | 75,000 |
| Other income | | 1,102,968 | 1,912,198 |
| Gross income | | 14,729,143 | 12,414,198 |
| Employees' expenses | | 3,824,922 | 3,445,729 |
| Depreciation and amortization | | 903,799 | 891,309 |
| Provision for expected credit losses, net | 19 | 4,265,134 | 1,862,674 |
| Sundry provisions | 14 | 191,240 | 10,598 |
| Impairment on assets seized by the Bank against due debts | 10 | 28,641 | 925,201 |
| Other expenses | | 3,211,200 | 2,445,695 |
| Total expenses | | 12,424,936 | 9,581,206 |
| Profit for the period before tax | | 2,304,207 | 2,832,992 |
| Income tax expense for the period | 13/b | (478,220) | (1,079,819) |
| Profit for the period | | 1,825,987 | 1,753,173 |
| Earnings per share for the period attributable to the Bank's shareholders | | JD/Fils | JD/Fils |
| Basic and diluted | | 0/015 | 0/015 |

The accompanying notes from 1 to 25 form part of these interim condensed financial statements

JORDAN COMMERCIAL BANK
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(PUBLIC SHAREHOLDING LIMITED COMPANY)
FOR THE THREE MONTHS ENDED 31 MARCH 2023 (REVIEWED NOT AUDITED)

| | <u>2023</u> | <u>2022</u> |
|--|-------------------------|-------------------------|
| | JD | JD |
| Profit for the period | 1,825,987 | 1,753,173 |
| <u>Other comprehensive income items:</u> | | |
| Items not to be reclassified to income statement in subsequent periods | | |
| Change in fair value reserve of financial assets through other comprehensive income, net | <u>1,501,113</u> | <u>77,347</u> |
| Total comprehensive income for the period | <u><u>3,327,100</u></u> | <u><u>1,830,520</u></u> |

The accompanying notes from 1 to 25 form part of these interim condensed financial statements

JORDAN COMMERCIAL BANK
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
FOR THE THREE MONTHS ENDED 31 MARCH 2023 (REVIEWED NOT AUDITED)

| | Authorized and paid in capital | Reserves | | Retained earnings | Profit for the period | Total shareholders' equity |
|---|--------------------------------------|-------------------|-------------------------------|----------------------|--------------------------|----------------------------------|
| | JD | Statutory | Fair value reserve, net | JD | JD | JD |
| For the three months ended 31 March 2023 | | | | | | |
| Balance as at 1 January 2023 | 120,000,000 | 19,011,405 | 2,621,695 | 20,483,016 | - | 162,116,116 |
| Profit for the period | - | - | - | - | 1,825,987 | 1,825,987 |
| Other comprehensive income items | - | - | 1,501,113 | - | - | 1,501,113 |
| Total comprehensive income for the period | - | - | 1,501,113 | - | 1,825,987 | 3,327,100 |
| Balance as at 31 March 2023 | <u>120,000,000</u> | <u>19,011,405</u> | <u>4,122,808</u> | <u>20,483,016</u> | <u>1,825,987</u> | <u>165,443,216</u> |
| For the three months ended 31 March 2022 | | | | | | |
| Balance as at 1 January 2022 | 120,000,000 | 17,208,213 | (973,100) | 10,936,612 | - | 147,171,725 |
| Profit for the period | - | - | - | - | 1,753,173 | 1,753,173 |
| Other comprehensive income items | - | - | 77,347 | - | - | 77,347 |
| Total comprehensive income for the period | - | - | 77,347 | - | 1,753,173 | 1,830,520 |
| Balance as at 31 March 2022 | <u>120,000,000</u> | <u>17,208,213</u> | <u>(895,753)</u> | <u>10,936,612</u> | <u>1,753,173</u> | <u>149,002,245</u> |

- The Central Bank of Jordan had issued a Circular No.10/17702 on the 6 June 2018 requesting the offsetting of the General Banking Risk Reserve against the retained earnings' opening balance as of the 1 January 2018 to offset the effect of adoption of IFRS (9).
- Retained earnings balance includes JD 10,014,947 as at 31 March 2023 of restricted amounts against net deferred tax assets (JD 9,505,024 as at 31 December 2022) according to the instructions of the Central Bank of Jordan.
- Use of retained earnings balances that is equal to the cumulative credit change in fair value of financial assets of JD 4,122,808 is restricted as at 31 March 2023 (credit JD 2,621,695 as at 31 December 2022 including JD 311,112 against the implementation of International Financial Reporting Standard No. (9)) according to the instructions of the Jordan Securities Commission and the Central Bank of Jordan.
- Use of retained earnings for an amount that is equal to the unrealized gain of financial assets through income statement which amount to JD 581,240 as at 31 March 2023 (JD 673,688 as at 31 December 2022) is restricted according to the instructions of Jordan Securities Commission and Central Bank of Jordan.

The accompanying notes from 1 to 25 form part of these interim condensed financial statements

JORDAN COMMERCIAL BANK
INTERIM CONDENSED STATEMENT OF CASH FLOWS
(PUBLIC SHAREHOLDING LIMITED COMPANY)
FOR THE THREE MONTHS ENDED 31 MARCH 2023 (REVIEWED NOT AUDITED)

| | | For the three months ended 31 March | |
|---|-------|--|---------------------|
| | Notes | 2023 | 2022 |
| | | JD | JD |
| Cash flows from operating activities: | | | |
| Profit for the period before taxes | | 2,304,207 | 2,832,992 |
| Non-cash Adjustments: | | | |
| Depreciation and amortization | | 903,799 | 891,309 |
| Provision for expected credit losses, net | 19 | 4,265,134 | 1,862,674 |
| Losses (Gains) from valuation of financial assets at fair value through statement of income | | 92,428 | (67,219) |
| Sundry provisions | 14 | 191,240 | 10,598 |
| Provision for impairment of assets seized by the bank against due debts | 10 | 28,641 | 925,201 |
| Finance costs paid for lease contracts liabilities | | 40,095 | 101,629 |
| (Gains) Losses from sale of property and equipment | | (5,194) | 2,189 |
| Dividends income on financial assets at fair value through OCI | 8 | (93,750) | (75,000) |
| Effect of exchange rate fluctuations on cash and cash equivalents | | (77,870) | (97,604) |
| Income from adjustments on prior years income tax | | (421,602) | - |
| Profit for the period before changes in assets and liabilities | | 7,227,128 | 6,386,769 |
| Changes in Assets and Liabilities - | | | |
| Decrease in banks and financial institutions' deposits maturing within a period of more than three months | | (25,000,000) | - |
| Decrease in direct credit facilities | | 278,667 | 21,298,564 |
| Decrease in other assets | | 15,152,762 | 8,244,235 |
| Decrease in customers' deposits | | (7,517,065) | (4,524,608) |
| Increase in cash margins | | 246,503 | 652,823 |
| Increase in other liabilities | | 27,575,863 | 5,249,519 |
| Net cash flows from operating activities before income tax and paid provisions | | 17,963,858 | 37,307,302 |
| Sundry provisions paid | 14 | - | (10,598) |
| Income tax paid | 13/a | (1,720,182) | (1,252,261) |
| Net cash flows from operating activities | | 16,243,676 | 36,044,443 |
| Investing activities | | | |
| (Increase) Decrease in financial assets at fair value through other comprehensive income | | (934) | 912 |
| Decrease (Increase) in financial assets at amortized cost | | 6,394,440 | (22,026,058) |
| Purchase of property and equipment and intangible assets | | (961,399) | (310,020) |
| Proceeds from sale of property and equipment | | 5,685 | 3,450 |
| Dividends income on financial assets at fair value through OCI | | 93,750 | 75,000 |
| Net cash flows from (used in) investing activities | | 5,531,542 | (22,256,716) |
| Financing activities | | | |
| (Decrease) Increase in borrowed funds | | (41,077,791) | 2,472,405 |
| Lease contracts paid | | (256,100) | (262,234) |
| Net cash flows (used in) from financing activities | | (41,333,891) | 2,210,171 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | 77,870 | 97,604 |
| Net (Decrease) Increase in cash and cash equivalents | | (19,480,803) | 16,095,502 |
| Cash and cash equivalents at the beginning of the period | | 60,586,278 | 75,506,558 |
| Cash and cash equivalents at the end of the period | 20 | 41,105,475 | 91,602,060 |

The accompanying notes from 1 to 25 form part of these interim condensed financial statements

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(PUBLIC SHAREHOLDING LIMITED COMPANY)
31 MARCH 2023 (REVIEWED NOT AUDITED)

(1) GENERAL

Jordan Commercial Bank (the "Bank") was established as a Jordanian Public Limited Shareholding Company under registration number of (113) on 3 May 1977 in accordance with the Jordanian Companies Law No. (12) for the year 1964 with paid-up capital of JD 5 million divided into 5 million shares. The Bank's Head Office address is Amman, P.O. Box 9989, Amman 11191 - The Hashemite Kingdom of Jordan.

During the year 1993, Al Mashrek Bank (Jordan branches) was merged into Jordan and Gulf Bank. Consequently, Jordan and Gulf Bank replaced Al Mashrek Bank (Jordan branches) in terms of all 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, and the last increase took place during 2017. In its extraordinary meeting held on 30 April 2017, the Bank's General Assembly resolved to approve the increase in the Bank's capital by 7.125 million JD/share, so that authorized and paid-up capital would become 120 million JD/share through capitalizing part of the retained earnings and distributing the amount to shareholders as stock dividends. The procedures for the capital increase were completed on 7 June 2017.

Jordan Commercial Bank is a Public Limited Shareholding Company listed on Amman Stock Exchange.

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

The interim condensed financial statements have been approved by the Bank's Board of Directors in its meeting held on 25 April 2023.

(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 which are presented fair value as of the date of the interim condensed financial statements.

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

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(PUBLIC SHAREHOLDING LIMITED COMPANY)
31 MARCH 2023 (REVIEWED NOT AUDITED)

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards as adopted by the Central Bank of Jordan and should be read in conjunction with the Bank's annual report as at 31 December 2022. In addition, results for the three months ended 31 March 2023 do not necessarily indicate the expected results for the financial year ending 31 December 2023. No appropriation of the profit has been made for the three months ended 31 March 2023 as it is made at the end of the financial year.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2022, except for the followings adoption of new standards effective as at 1 January 2023:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no material impact on the interim condensed financial statements of the Bank.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no material impact on the interim condensed financial statements of the Bank.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no material impact on the interim condensed financial statements of the Bank.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is not applicable to the Bank.

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no material impact on the interim condensed financial statements of the Bank.

(3) USE OF ESTIMATES

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

Management believes that critical judgements and estimates used in the preparation of these interim condensed financial information are consistent with those used in the preparation of the Bank’s annual financial statements for the year 2022.

Extension and termination options in lease contracts

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

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

Discounting of lease payment

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

(4) CASH AND BALANCES AT CENTRAL BANKS

- The statutory cash reserve held at central banks amounted to JD 30,472,433 as at 31 March 2023 (JD 30,922,971 as at 31 December 2022).
- Except for cash reserves requirements with central banks, there are no restricted cash balances as at 31 March 2023 and 31 December 2022.
- There are no balances maturing within a period of more than three months as at 31 March 2023 and 31 December 2022.
- There are no certificates of deposits as at 31 March 2023 and 31 December 2022.

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(PUBLIC SHAREHOLDING LIMITED COMPANY)
31 MARCH 2023 (REVIEWED NOT AUDITED)

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS, NET

| Item | Banks and financial institutions | | | | Total | |
|---|----------------------------------|-------------|------------------------|------------|------------------------|-------------|
| | Local | | Foreign | | | |
| | 31 March | 31 December | 31 March | 31 | 31 March | 31 December |
| | 2023 | 2022 | 2023 | December | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD |
| | (Reviewed not audited) | (Audited) | (Reviewed not audited) | (Audited) | (Reviewed not audited) | (Audited) |
| Current and call accounts | - | 29,671 | 7,729,848 | 8,822,862 | 7,729,848 | 8,852,533 |
| Deposits maturing within a period of three months or less | 11,344,000 | 7,407,100 | 1,912,180 | 29,891 | 13,256,180 | 7,436,991 |
| Deposits maturing within a period of more than one year | - | - | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 |
| Total | 11,344,000 | 7,436,771 | 39,642,028 | 38,852,753 | 50,986,028 | 46,289,524 |
| Less: Provision for expected credit losses* | - | (402) | (569) | (10) | (569) | (412) |
| | 11,344,000 | 7,436,369 | 39,641,459 | 38,852,743 | 50,985,459 | 46,289,112 |

- The non-interest-bearing balances held at banks and financial institutions amounted to JD 7,729,848 as at 31 March 2023 and (JD 8,852,533 as at 31 December 2022).
- Total Balances at Banks and financial institutions that are maturing in more than three months amounted JD 30,000,000 as of 31 March 2023 (JD 30,000,000 as at 31 December 2022).
- There are no restricted balances as at 31 March 2023 and 31 December 2022.

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

| | 31 March 2023 (Reviewed not audited) | | | |
|--|--------------------------------------|---------|---------|-------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the period | 412 | - | - | 412 |
| ECL for new balances during the year | 559 | - | - | 559 |
| Recoveries from ECL related to paid balances | (402) | - | - | (402) |
| Balance at the end of the period | 569 | - | - | 569 |

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(PUBLIC SHAREHOLDING LIMITED COMPANY)
31 MARCH 2023 (REVIEWED NOT AUDITED)

| | 31 December 2022 | | | |
|--|------------------|---------|---------|---------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 2,865 | - | - | 2,865 |
| ECL for new balances during the year | 287 | - | - | 287 |
| Recoveries from ECL related to paid balances | (2,233) | - | - | (2,233) |
| Changes resulting from adjustments | (507) | - | - | (507) |
| Balance at the end of the year | 412 | - | - | 412 |

(6) DIRECT CREDIT FACILITIES, NET

The details of this item are as follows:

| | 31 March 2023 JD (Reviewed not audited) | 31 December 2022 JD (Audited) |
|--|---|--|
| Individuals (Retail): | | |
| Overdrafts | 690,141 | 617,809 |
| Loans and bills * | 190,457,509 | 192,034,774 |
| Credit cards | 6,371,627 | 6,516,177 |
| Real Estate Loans | 105,127,072 | 103,677,524 |
| Corporations: | | |
| A- Large Corporations: | | |
| Overdrafts | 67,766,532 | 75,306,699 |
| Loans and bills * | 318,894,534 | 309,368,859 |
| B- Small and Medium Enterprises "SMEs:" | | |
| Overdrafts | 14,557,247 | 13,831,126 |
| Loans and bills * | 45,256,165 | 42,573,080 |
| Governmental and Public Sector | 22,952,888 | 26,911,335 |
| Total | 772,073,715 | 770,837,383 |
| (Less): Provision for expected credit losses | (56,098,845) | (52,030,738) |
| Suspended interests | (18,502,839) | (16,952,259) |
| Direct credit facilities, net | 697,472,031 | 701,854,386 |

- * Net after deducting interest and commissions received in advance amounting to JD 320,586 as at 31 March 2023 (JD 415,570 as at 31 December 2022).
- During the first three months ended at 31 March 2023, direct credit facilities amounting to JD 76,633 were written-off with interest in suspense amounting to JD 41,087 and a provision of JD 35,581.
 - Non-performing credit facilities amounted to JD 77,573,901 representing 10.05% of total credit facilities as at 31 March 2023 (JD 75,322,001 representing 9.77% of total credit facilities as at 31 December 2022).

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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31 MARCH 2023 (REVIEWED NOT AUDITED)

- Non-performing credit facilities net of suspended interest and commissions amounted to JD 59,088,213 as at 31 March 2023 representing 7.84% of total credit facilities after deducting interest and commissions as at 31 March 2023 (JD 58,369,742 representing 7.74% of total credit facilities as at 31 December 2022).
- Non-performing credit facilities transferred to off financial position items amounted to JD 163,436,174 as at 31 March 2023 (JD 163,021,206 as at 31 December 2022). 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 15,000,000 as of 31 March 2023 (JD 18,750,000 as at 31 December 2022).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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The movement on the provision for expected credit losses for the three months ending 31 March 2023 is as follows:

| Item | 31 March 2023 (Reviewed not audited) | | | | | Governmental and public sectors | | Total |
|--|--------------------------------------|-------------|--------------------|-----------|--|---------------------------------|----|------------|
| | Individuals | Real estate | Large Corporations | SMEs | | JD | JD | |
| | JD | JD | JD | JD | | JD | JD | JD |
| Balance at the beginning of the period | 14,369,317 | 3,409,049 | 28,044,907 | 6,180,871 | | 26,594 | | 52,030,738 |
| ECL for new facilities during the period | 38,248 | 3,844 | 18,073 | 8,995 | | - | | 69,160 |
| Recoveries from ECL related to settled facilities during the period | (81,750) | (13,942) | (5,690) | (2,798) | | - | | (104,180) |
| Transferred to stage 1 | 16,503 | (14,191) | (500,897) | (440) | | - | | (499,025) |
| Transferred to stage 2 | (151,116) | 311 | 483,275 | 485 | | - | | 332,955 |
| Transferred to stage 3 | 134,613 | 13,880 | 17,622 | (45) | | - | | 166,070 |
| Effect on provision resulting from reclassification among the three stages | 158,577 | 288,086 | 210,815 | 36,622 | | - | | 694,100 |
| Changes resulting from adjustments | 591,783 | (4,502) | 2,257,576 | 602,609 | | (2,858) | | 3,444,608 |
| Written-off credit facilities | (35,247) | - | - | (334) | | - | | (35,581) |
| Balance at the end of the period | 15,040,928 | 3,682,535 | 30,525,681 | 6,825,965 | | 23,736 | | 56,098,845 |
| Re-allocation: | | | | | | | | |
| Provisions on an individual basis | 15,040,928 | 3,682,535 | 30,525,681 | 6,825,965 | | 23,736 | | 56,098,845 |
| Total | 15,040,928 | 3,682,535 | 30,525,681 | 6,825,965 | | 23,736 | | 56,098,845 |

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The movement on the provision for expected credit losses during the year ended 31 December 2022 is as follows:

| | 31 December 2022 (Audited) | | | | | |
|--|----------------------------|-------------|--------------|--------------|------------|--------------|
| | Governmental | | | Governmental | | |
| | Retail | Real Estate | Large | SME's | and Public | Total |
| | JD | JD | Corporations | JD | JD | JD |
| Balance at the beginning of the year | 12,664,216 | 3,277,734 | 42,930,898 | 4,851,941 | 68,352 | 63,793,141 |
| ECL for new facilities during the year | 176,354 | 13,022 | 9,948 | 16,311 | - | 215,635 |
| Recoveries from ECL related to settled facilities | (500,935) | (494,557) | (557,898) | (126,013) | (37,877) | (1,717,280) |
| Transferred to stage 1 | (39,956) | (7,597) | (286,387) | (28,983) | - | (362,923) |
| Transferred to stage 2 | (144,831) | 8,749 | 446,346 | 15,376 | - | 325,640 |
| Transferred to stage 3 | 184,787 | (1,152) | (159,959) | 13,607 | - | 37,283 |
| Effect on provision resulting from reclassification among the three stages | 1,536,407 | 54,720 | 2,054,647 | 1,868,819 | - | 5,514,593 |
| Changes resulting from adjustments | 860,779 | 563,480 | 1,043,781 | 30,160 | (3,881) | 2,494,319 |
| Credit facilities transferred to off statement of financial position regulatory accounts | (316,570) | - | (17,366,111) | (460,347) | - | (18,143,028) |
| Written-off credit facilities | (50,934) | (5,350) | (70,358) | - | - | (126,642) |
| Balance at the end of the year | 14,369,317 | 3,409,049 | 28,044,907 | 6,180,871 | 26,594 | 52,030,738 |
| Re-allocation: | | | | | | |
| Provision on an individual basis | 14,369,317 | 3,409,049 | 28,044,907 | 6,180,871 | 26,594 | 52,030,738 |
| Total | 14,369,317 | 3,409,049 | 28,044,907 | 6,180,871 | 26,594 | 52,030,738 |

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Suspended Interest

The movement on suspended interest is as follows:

| | Companies | | | | Government al and public sectors | Total |
|---|------------------|----------------------|-----------------------|------------------|---|-------------------|
| | Individuals | Real estate loans | Large Corporations | SMEs | | |
| | JD | JD | JD | JD | JD | JD |
| For the three months ended in 31 March 2023 (Reviewed not audited) | | | | | | |
| Balance at the beginning of the period | 4,004,947 | 1,778,328 | 8,099,619 | 3,069,365 | - | 16,952,259 |
| Add: Interest in suspense for the period | 522,020 | 180,489 | 758,141 | 327,585 | - | 1,788,235 |
| Less: Interest transferred to revenues for the period | (83,649) | (28,357) | (8,496) | (76,066) | - | (196,568) |
| Interests in suspense written-off | (12,046) | (15,373) | - | (13,668) | - | (41,087) |
| Balance at the end of the period | 4,431,272 | 1,915,087 | 8,849,264 | 3,307,216 | - | 18,502,839 |
| | Companies | | | | Governmental and public sectors | Total |
| | Individuals | Real estate loans | Large Corporations | SMEs | | |
| | JD | JD | JD | JD | JD | JD |
| For the year ended in 31 December 2022 (Audited) | | | | | | |
| Balance at the beginning of the year | 2,746,786 | 1,446,419 | 16,592,779 | 3,069,771 | - | 23,855,755 |
| Add: Interest in suspense for the year | 1,601,925 | 632,109 | 3,734,581 | 1,144,441 | - | 7,113,056 |
| Less: Interest transferred to revenues for the year | (280,505) | (298,755) | (340,674) | (388,395) | - | (1,308,329) |
| Interests in suspense written-off | (19,735) | (1,445) | (889,356) | (51,474) | - | (962,010) |
| Interest in suspense transferred to off statement of financial position regulatory accounts | (43,524) | - | (10,997,711) | (704,978) | - | (11,746,213) |
| Balance at the end of the year | 4,004,947 | 1,778,328 | 8,099,619 | 3,069,365 | - | 16,952,259 |

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(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

The details of this item are as follows:

| | 31 March 2023 (Reviewed not audited) JD | 31 December 2022 (Audited) JD |
|---------------------------------|---|--|
| Quoted shares in active markets | 1,458,911 | 1,551,339 |
| | <u>1,458,911</u> | <u>1,551,339</u> |

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

The details of this item are as follows:

| | 31 March 2023 JD (Reviewed not audited) | 31 December 2022 JD (Audited) |
|---------------------------------|---|--|
| Quoted shares in active markets | 32,429,688 | 32,465,081 |
| Unquoted investments* | 17,537,975 | 17,025,234 |
| | <u>49,967,663</u> | <u>49,490,315</u> |

- Cash dividends distributions for the above-mentioned financial assets amounted to JD 93,750 for the period ended 31 March 2023 (31 December 2022: JD 75,000).

* A memorandum of understanding was signed during December 2022 to sell Jordan Commercial Bank's shares in National Bank – Palestine. Transfer of shares ownership procedures have not been finalized up to the date of the preparation of the accompanying interim condensed financial statements preparation as at 31 March 2023 and the financial statements as at 31 December 2022.

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(9) FINANCIAL ASSETS AT AMORTIZED COST, NET

The details of this item are as follows:

| | 31 March 2023 JD (Reviewed not audited) | 31 December 2022 JD (Audited) |
|---|---|--|
| Treasury bonds and bills | 356,179,113 | 362,573,553 |
| Companies' bonds and debentures | 4,223,364 | 4,192,932 |
| | <u>360,402,477</u> | <u>366,766,485</u> |
| <u>Less:</u> Provision for expected credit losses * | (374,525) | (373,284) |
| Interests in suspense | (107,364) | (76,932) |
| Financial assets at amortized cost, net | <u>359,920,588</u> | <u>366,316,269</u> |

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

| | 31 March 2023 (Reviewed not audited) | | | |
|--|--------------------------------------|----------|----------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the period | 17,181 | - | 356,103 | 373,284 |
| Changes resulting from adjustments | 1,241 | - | - | 1,241 |
| Balance at the end of the period | <u>18,422</u> | <u>-</u> | <u>356,103</u> | <u>374,525</u> |

| | 31 December 2022 (Audited) | | | |
|---|----------------------------|----------|----------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 53,906 | - | 585,195 | 639,101 |
| Recoveries from ECL related to matured investment | - | - | (229,092) | (229,092) |
| Changes resulting from adjustments | (36,725) | - | - | (36,725) |
| Total balance at the end of the year | <u>17,181</u> | <u>-</u> | <u>356,103</u> | <u>373,284</u> |

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(10) OTHER ASSETS

The details of this item are as follows:

| | 31 March 2023 | 31 December 2022 |
|---|---------------------------|---------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Assets seized by the Bank against due debts - net * | 44,520,054 | 55,682,898 |
| Accrued interest and revenue | 16,779,529 | 16,054,519 |
| Accounts receivable from assets sold in installments | - | 6,553,941 |
| Purchase of time withdrawals and letters of credit – net*** | 2,534,520 | 2,402,958 |
| Refundable deposits | 1,231,988 | 1,426,392 |
| Prepaid expenses | 2,253,216 | 1,340,439 |
| Transactions in transit between branches | 238,652 | - |
| Clearing cheques | 260,172 | 142,751 |
| Others | 4,346,149 | 3,982,533 |
| | <u>72,164,280</u> | <u>87,586,431</u> |

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

| | Assets seized by the bank | |
|--|---------------------------|---------------------|
| | 31 March 2023 | 31 December 2022 |
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Balance at the beginning of the period / year | 55,682,898 | 63,485,568 |
| Additions during the period / year | 1,730,567 | 4,349,556 |
| Disposals during the period / year | (12,864,770) | (12,668,569) |
| Impairment for the period / year | (32,979) | 2,029,452 |
| Provision on breached assets seized by the bank ** | 4,338 | (1,513,109) |
| Balance at the end of the period / year | <u>44,520,054</u> | <u>55,682,898</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 ownership date. For exceptional cases, the Central Bank of Jordan may extend this period for a maximum of two additional years.

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** Movement on the impairment provision on breached assets seized by the bank during the period/year is as follows:

| | 31 March 2023 JD (Reviewed not audited) | 31 December 2022 JD (Audited) |
|---|---|--|
| Balance at the beginning of the period/year | 3,447,395 | 1,934,286 |
| Provided for the period/year | - | 1,547,736 |
| Surplus during the period / year | (4,338) | (34,627) |
| Utilized from provision during the period as a result of sale | (348,809) | - |
| Balance at the end of the period/year | 3,094,248 | 3,447,395 |

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

| | 31 March 2023 (Reviewed not audited) | | | |
|---|--------------------------------------|---------|---------|---------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the period | 105,030 | - | - | 105,030 |
| ECL for new facilities during the year | - | 452 | - | 452 |
| Transferred to stage 3 | (105,030) | - | 105,030 | - |
| Effect on provision resulting from Reclassification between the three stages | - | - | 240,296 | 240,296 |
| Balance at the end of the period | - | 452 | 345,326 | 345,778 |

| | 31 December 2022 (Audited) | | | |
|--------------------------------------|----------------------------|---------|---------|----------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 197,359 | - | - | 197,359 |
| Changes resulting from adjustments | (92,329) | - | - | (92,329) |
| Balance at the end of the year | 105,030 | - | - | 105,030 |

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(11) CUSTOMERS' DEPOSITS

The details of this item are as follows:

| 31 March 2023 (Reviewed not audited) | | | | | |
|--------------------------------------|--------------------|--------------------|--------------------|------------------------------|--------------------|
| | Individuals | Large Corporations | SMEs | Government and public Sector | Total |
| | JD | JD | JD | JD | JD |
| Current and call accounts | 37,766,690 | 33,103,405 | 37,937,464 | 12,364,087 | 121,171,646 |
| Saving deposits | 190,500,890 | 69,215 | 2,158,333 | 306,729 | 193,035,167 |
| Certificates of deposits | 32,442,848 | - | - | - | 32,442,848 |
| Time and notice deposits | 367,551,937 | 40,682,468 | 83,474,096 | 50,925,500 | 542,634,001 |
| | <u>628,262,365</u> | <u>73,855,088</u> | <u>123,569,893</u> | <u>63,596,316</u> | <u>889,283,662</u> |
| 31 December 2022 (Audited) | | | | | |
| | Individuals | Large Corporations | SMEs | Government and Public Sector | Total |
| | JD | JD | JD | JD | JD |
| Current and call accounts | 37,894,037 | 36,285,033 | 37,357,012 | 6,909,082 | 118,445,164 |
| Savings deposits | 202,108,902 | 114,447 | 1,255,897 | 39,581 | 203,518,827 |
| Certificates of deposit | 30,827,851 | - | 30,000 | - | 30,857,851 |
| Term deposits subject to notice | 360,263,719 | 47,364,250 | 81,910,743 | 54,440,173 | 543,978,885 |
| | <u>631,094,509</u> | <u>83,763,730</u> | <u>120,553,652</u> | <u>61,388,836</u> | <u>896,800,727</u> |

- The Government of Jordan and the public sector's deposits amounted to JD 63,596,316 representing 7.15% of total customers' deposits as at 31 March 2023 (JD 61,388,836 representing 6.85% of total customers' deposits as at 31 December 2022).
- Non-interest-bearing deposits amounted to JD 115,183,164 representing 12.95% of total customers' deposits as at 31 March 2023 (JD 115,201,322 representing 12.85% of total customers' deposits as at 31 December 2022).
- Reserved deposits (restricted withdrawals) amounted to JD 2,587,979 representing 0.29% of total customers' deposits as at 31 March 2023 (JD 3,169,873 representing 0.35% of total customers' deposits as at 31 December 2022).
- Dormant deposits amounted to JD 9,545,975 representing 1.07% of total customer's deposits as at 31 March 2023 (JD 10,191,907 as at 31 December 2022 representing 1.14% of total customers deposits).

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(12) BORROWED FUNDS

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

| 31 March 2023 (Reviewed not audited) | Total loan | Utilized | Settlement method | Guarantees | Interest Rate |
|--|------------|--------------------|--|-------------------------------|---------------|
| | JD | JD | | | % |
| World Bank loan | 2,000,000 | 900,000 | 20 years including 5 years grace period settled in semi-annual instalments | - | 5.64 |
| Arab Monetary Fund loan | 2,100,000 | 488,987 | 10 years including 3 years grace period settled in semi-annual instalments | - | 2.5 |
| Advances from the Central Bank of Jordan | 33,548,228 | 33,548,228 | Settled in different instalments | - | 1-0 |
| Jordan Mortgage Refinance Company | 10,000,000 | 10,000,000 | Bullet payment on 5 February 2024 | Transfer of property mortgage | 7.30 |
| Jordan Mortgage Refinance Company | 10,000,000 | 10,000,000 | Bullet payment on 16 August 2028 | Transfer of property mortgage | 5.1 |
| Jordan Mortgage Refinance Company | 10,000,000 | 10,000,000 | Bullet payment on 26 September 2024 | Transfer of property mortgage | 4.55 |
| International Fund for Agricultural Development | 750,000 | 673,584 | 18 years including 3 years grace period settled in semi-annual instalments | - | 3.42 |
| European Investment Bank | 23,007,759 | 23,007,759 | 7 years to be settled in semi-annual installments. | - | 6 |
| The Central Bank of Jordan against mortgaged bonds | 15,625,000 | 15,625,000 | 16 May 2023 | Mortgage bonds | 6-4.5 |
| | | <u>104,243,558</u> | | | |

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| 31 December 2022 (Audited) | Total loan JD | Utilized JD | Settlement method | Guarantees | Interest Rate % |
|--|------------------|--------------------|--|-------------------------------|--------------------|
| Loan from World Bank | 2,000,000 | 1,000,000 | 20 years, including a 5-year grace period; to be settled in semi-annual installments | - | 5.64 |
| Loan from Arab Monetary Funds | 2,100,000 | 483,000 | 10 years, including a 3-year grace period; to be settled in semi-annual installments | - | 2.5 |
| Advances from the Central Bank of Jordan | 35,252,608 | 35,252,608 | Settled in different instalments | - | 1-0 |
| Jordan Mortgage Refinance Company | 10,000,000 | 10,000,000 | Bullet payment dated 5 February 2024 | Transfer of property mortgage | 7.30 |
| Jordan Mortgage Refinance Company | 10,000,000 | 10,000,000 | Bullet payment dated 16 August 2028 | Transfer of property mortgage | 5.1 |
| Jordan Mortgage Refinance Company | 10,000,000 | 10,000,000 | Bullet payment dated 26 September 2024 | Transfer of property mortgage | 4.55 |
| International Fund for Agricultural Development | 750,000 | 667,262 | 18 years, including a 3-year grace period; to be settled in semi-annual installments | - | 3.42 |
| European Investment Bank | 23,007,759 | 23,007,759 | 7 years to be settled in semi-annual installments. | - | 6 |
| The Central Bank of Jordan against mortgaged bonds | 54,910,720 | 54,910,720 | Between 2 January and 16 May 2023 | Mortgage bonds | 6-4.5 |
| Total | | <u>145,321,349</u> | | | |

The re-borrowed loans balance amounted to JD 36,878,016 as at 31 March 2023 (JD 37,447,669 as at 31 December 2022). The interest rates ranged between 2% and 11.75 % as at 31 March 2023 (2% and 11% 31 December 2022).

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(13) INCOME TAX

A. INCOME TAX PROVISION

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

| | 31 March 2023 | 31 December 2022 |
|---|---------------------------|---------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Balance at the beginning of the period / year | 5,417,035 | 3,126,294 |
| Income tax incurred on current period/year profit | 831,661 | 6,481,934 |
| Prior years income tax adjustment | (229,997) | - |
| Income tax paid | (1,720,182) | (4,191,193) |
| Balance at the end of the period/year | 4,298,517 | 5,417,035 |

B. INCOME TAX EXPENSE

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

| | 31 March 2023 | 31 March 2022 |
|--|------------------|------------------|
| | JD | JD |
| Income tax incurred on current period profit | 831,661 | 1,116,177 |
| Prior years income tax | 191,605 | - |
| Deferred tax assets | (509,923) | (61,901) |
| Deferred tax liabilities | (35,123) | 25,543 |
| | 478,220 | 1,079,819 |

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C. TAX STATUS:

The Bank has reached a final settlement with the Income and Sales Tax Department until the end of 2018.

Regarding the years 2019, 2020, 2021 and 2022, the income tax returns were submitted within the legal period, but it have not been reviewed yet.

In the opinion of the Bank's management and legal and tax advisor, no liabilities in excess of the provision booked and the advance payments made by the Bank will arise as of the date of the financial statements.

| | 31 March 2023 (Reviewed not audited) | 31 December 2022 (Audited) |
|----------------------------------|---|----------------------------------|
| <u>Statutory income tax rate</u> | 38% | 38% |
| <u>Effective tax rate</u> | 36% | 36% |

(14) SUNDRY PROVISIONS

The movement on this item is as follows:

| | Balance at the beginning of the period JD | Expense for the period JD | Paid during the period JD | Balance at the end of the period JD |
|--|--|------------------------------------|---------------------------------|--|
| <u>31 March 2023 (Reviewed not audited)</u> | | | | |
| Provision for lawsuits against the Bank | 266,000 | 190,000 | - | 456,000 |
| Provision for end of services indemnity | 359 | 1,240 | - | 1,599 |
| Others | 615,000 | - | - | 615,000 |
| Total | 881,359 | 191,240 | - | 1,072,599 |
| | JD | JD | JD | JD |
| <u>31 December 2022 (Audited)</u> | | | | |
| Provision for lawsuits against the Bank | 267,690 | 32,812 | (34,502) | 266,000 |
| Provision for end of services indemnity | 359 | - | - | 359 |
| Others | 615,000 | - | - | 615,000 |
| Total | 883,049 | 32,812 | (34,502) | 881,359 |

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(15) OTHER LIABILITIES

The details of this item are as follows:

| | 31 March 2023 JD (Reviewed not audited) | 31 December 2022 JD (Audited) |
|--|---|--|
| Received amounts for the sale of financial assets | 23,906,901 | 1,194,665 |
| Refundable and various deposits | 10,965,415 | 6,799,197 |
| Unpaid accrued interests | 7,249,325 | 6,834,576 |
| Accepted checks | 4,892,524 | 3,511,426 |
| Provision for expected credit losses for items off the condensed interim statement of financial position and unutilized ceilings * | 1,398,702 | 1,479,402 |
| Amounts received from sale of assets seized by the Bank | 1,226,146 | 1,069,621 |
| Unpaid accrued expenses | 699,718 | 1,415,502 |
| Transactions in transit between branches | - | 1,140,161 |
| Income tax and social security deposits | 484,667 | 336,017 |
| Safe deposits boxes | 106,298 | 105,508 |
| Shareholders' deposits | 13,957 | 14,033 |
| Board of Directors' remuneration | 55,000 | 55,000 |
| Inward transfers | 41,196 | 37,800 |
| Others | 2,759,463 | 2,311,241 |
| | <u>53,799,312</u> | <u>26,304,149</u> |

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

| | 31 March 2023 (Reviewed not audited) | | | |
|---|--------------------------------------|---------------|-----------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the period | 637,620 | 41,403 | 800,379 | 1,479,402 |
| ECL on new exposures during the period | 15,178 | 397 | - | 15,575 |
| Recoveries from ECL during the period | (21,406) | (4,332) | (2,282) | (28,020) |
| Transferred to stage 1 | 1,376 | (1,371) | (5) | - |
| Transferred to stage 2 | (8,552) | 8,595 | (43) | - |
| Transferred to stage 3 | (2) | (70) | 72 | - |
| Effect on provision due to reclassification between the three stages | - | (420) | (1,070) | (1,490) |
| Changes resulting from adjustments | <u>(29,473)</u> | <u>12,093</u> | <u>(49,385)</u> | <u>(66,765)</u> |
| Balance at the end of the period | <u>594,741</u> | <u>56,295</u> | <u>747,666</u> | <u>1,398,702</u> |

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| | 31 December 2022 (Audited) | | | |
|--|----------------------------|---------------|----------------|------------------|
| | Stage (1) | Stage (2) | Stage (3) | Total |
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 493,631 | 147,605 | 680,561 | 1,321,797 |
| New exposures during the year | 260,000 | 3,773 | 114 | 263,887 |
| Reversed impairment loss on matured exposures | (48,113) | (11,242) | (21,348) | (80,703) |
| Transferred to stage (1) | 6,698 | (6,661) | (37) | - |
| Transferred to stage (2) | (31,792) | 31,792 | - | - |
| Transferred to stage (3) | (554) | (115) | 669 | - |
| Effect on provision due to reclassification between the three stages | - | (23,573) | 209,991 | 186,418 |
| Changes resulting from adjustments | (42,250) | (100,176) | (69,571) | (211,997) |
| Balance at the end of the year | <u>637,620</u> | <u>41,403</u> | <u>800,379</u> | <u>1,479,402</u> |

(16) STATUTORY RESERVES

The Bank did not appropriate any the statutory reserves according to the Jordanian Companies Law as these financial statements are interim condensed. Appropriation is typically done at the end of the fiscal year.

(17) FAIR VALUE RESERVE, NET

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

| | 31 March 2023 | 31 December 2022 |
|---|---------------------------|---------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Balance at the beginning of the period/year | 2,621,695 | (973,100) |
| Unrealized gains - net | 1,501,113 | 3,604,208 |
| Released from selling financial assets at fair value through other comprehensive income | - | (9,413) |
| Balance at the end of the period/ year | <u>4,122,808</u> | <u>2,621,695</u> |

The fair value reserve includes JD 311,112 as at 31 March 2023 and 31 December 2022 as an impact related to the implementation of the International Financial Reporting Standard No. (9).

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(18) RETAINED EARNINGS

| | 31 March 2023 JD (Reviewed not audited) | 31 December 2022 JD (Audited) |
|--|---|--|
| Balance at the beginning of the period/year | 20,483,016 | 10,936,612 |
| Profit for the year | - | 11,340,183 |
| Transferred to reserves | - | (1,803,192) |
| Realized gains from selling financial assets at fair value through other comprehensive income | - | 9,413 |
| Balance at the end of the period/ year | 20,483,016 | 20,483,016 |

- Retained earnings balance includes JD 10,014,947 as of 31 March 2023 of restricted amounts against deferred tax assets according to the instructions of Jordan Securities Commission and Central Bank of Jordan.
- Use of retained earnings balances that is equal to the cumulative credit change in fair value of financial assets of JD 4,122,808 is restricted as at 31 March 2023 (Credit JD 2,621,695 as at 31 December 2022 including JD 311,112 against the implementation of International Financial Reporting Standard No. (9)) according to the instructions of the Jordan Securities Commission and the Central Bank of Jordan.
- Use of retained earnings for an amount that is equal to the unrealized gain of financial assets through income statement which amount to JD 581,240 as at 31 March 2023 (JD 673,668 as at 31 December 2022) is restricted according to the instructions of Jordan Securities Commission and Central Bank of Jordan.
- Subsequent to the date of the interim condensed financial statements, The Bank's General Assembly in it's meeting held on 13 April 2023 approved to distribute 5% of the capital as cash dividends, which is equivalent to JD 6,000,000 to shareholders from the retained earnings for the year 2022.

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(19) PROVISION FOR EXPECTED CREDIT LOSSES, NET

The details of this item are as follows:

| | For the three months ended 31 | |
|--|-------------------------------|------------------|
| | March | |
| | 2023 | 2022 |
| | JD | JD |
| Balances and deposits at financial institutions | 157 | (2,840) |
| Direct credit facilities | 4,103,688 | 1,821,759 |
| Financial assets at amortized cost | 1,241 | (23,068) |
| Indirect credit facilities and other commitments | (80,700) | 70,003 |
| Purchased credits and withdrawals | 240,748 | (3,180) |
| | <u>4,265,134</u> | <u>1,862,674</u> |

(20) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

| | For the three months ended 31 | |
|---|-------------------------------|-------------------|
| | March | |
| | 2023 | 2022 |
| | JD | JD |
| Cash and balances at central banks maturing within three months | 69,248,140 | 113,057,906 |
| <u>Add:</u> Balances at banks and financial institutions maturing within a period of three months | 20,986,028 | 5,516,924 |
| <u>Less:</u> Banks and financial institutions' deposits maturing within a period of three months | (49,128,693) | (26,972,770) |
| | <u>41,105,475</u> | <u>91,602,060</u> |

(21) SEGMENT INFORMATION

1- Information on Bank Activities

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

- Individual accounts: Principally follow-up on individual customers accounts real estate loans overdrafts credit cards facilities and transfer facilities.
- SME's: Principally "SME's' transactions on loans credit facilities and deposits and those classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the Bank and commensurate with the instructions of the regulatory authorities.
- Corporate accounts: Principally corporate transactions on credit facilities and deposits, and those classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the Bank and commensurate with the instructions of the regulatory authorities.
- Treasury: Principally providing money market trading and treasury services as well as management of the Bank's funding operations through treasury bills government securities placements and acceptances with other banks and that is through treasury and banking services.
- Others: This sector includes all accounts not included in the above sectors, for example shareholders equity, property and equipment, and general management.

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| Total for the three months ended 31 | | | | | |
|-------------------------------------|--|--------------|--|----------|--|
| March (Reviewed not audited) | | | | | |
| Individuals | | Institutions | | Treasury | |
| JD | | JD | | JD | |
| Others | | Others | | Others | |
| JD | | JD | | JD | |
| 2023 | | | | | |
| March | | March | | March | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | JD | |
| 2022 | | 2022 | | 2022 | |
| JD | | JD | | | |

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2- Geographical distribution information

This sector represents the geographical distribution of the Banks operation, The Bank operates mainly in the Kingdom.

| | Inside Jordan | | Outside Jordan | | Total | |
|----------------------|-------------------------------------|---------------|-------------------------------------|-------------|-------------------------------------|---------------|
| | For the three months ended 31 March | | For the three months ended 31 March | | For the three months ended 31 March | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD |
| Gross income | 15,211,256 | 12,645,746 | (482,113) | (231,548) | 14,729,143 | 12,414,198 |
| Capital Expenditures | 961,399 | 310,020 | - | - | 961,399 | 310,020 |
| | | | | | | |
| | 31 March | 31 December | 31 March | 31 December | 31 March | 31 December |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD |
| | (Reviewed not audited) | (Audited) | (Reviewed not audited) | (Audited) | (Reviewed not audited) | (Audited) |
| Total assets | 1,261,561,843 | 1,284,429,148 | 80,020,508 | 79,674,091 | 1,341,582,351 | 1,364,103,239 |

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(22) RELATED PARTIES TRANSACTIONS AND BALANCES

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

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

| | BOD members and their related parties | Companies represented by the BOD | Employees | Others | Total | |
|---|---|--|-----------|------------|----------------------------|---------------------|
| | JD | JD | JD | JD | 31 March 2023 | 31 December 2022 |
| | | | | | (Reviewed not audited) | (Audited) |
| <u>Condensed Interim Statement of Financial</u> | | | | | | |
| <u>Position Items:</u> | | | | | | |
| Deposits | 7,546,966 | 2,722,494 | 356,254 | 30,292,390 | 40,918,104 | 40,427,044 |
| Direct credit facilities | 418,245 | 19,685,580 | 1,679,290 | 5,866,581 | 27,649,696 | 26,507,675 |
| Deposits with others | - | - | - | 30,000,000 | 30,000,000 | 30,000,000 |
| Cash margins | - | 191,031 | - | - | 191,031 | 586,849 |
| <u>Items Off the Statement of Condensed</u> | | | | | | |
| <u>Interim Financial Position:</u> | | | | | | |
| Letters of guarantee | - | 1,423,503 | - | 354,500 | 1,778,003 | 2,143,424 |
| Letters of credit | - | 475,030 | - | - | 475,030 | 426,818 |
| | | | | | For the three months ended | |
| | | | | | 31 March (Reviewed not | |
| | | | | | audited) | |
| | | | | | 2023 | 2022 |
| | | | | | JD | JD |
| <u>Condensed Interim Statement of Income</u> | | | | | | |
| <u>Items:</u> | | | | | | |
| Interest and commission income | 12,327 | 429,431 | 46,973 | 178,506 | 667,237 | 552,066 |
| Interest and commission expense | 5,495 | - | 2,938 | 234,300 | 242,733 | 391,655 |

Credit interest rate ranges from 2% to 21%

Debit interest rate ranges from 0% to 6.4%

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(23) 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 |
|--|------------------------|------------------|----------------------|---|---------------------------------|---|
| | 31 March 2023 | 31 December 2022 | | | | |
| | JD | JD | | | | |
| | (Reviewed not audited) | (Audited) | | | | |
| Financial Assets | | | | | | |
| Financial assets at fair value through statement of Income: | | | | | | |
| Quoted shares | 1,458,911 | 1,551,339 | Level 1 | Quoted prices | Not applicable | Not applicable |
| Total | 1,458,911 | 1,551,339 | | | | |
| Financial assets at fair value through other comprehensive income: | | | | | | |
| Quoted shares | 32,429,688 | 32,465,081 | Level 1 and level 2 | Quoted prices Through comparison to the market price of a similar financial instrument and discounted cash flows | Not applicable | Not applicable |
| Unquoted shares | 17,537,975 | 17,025,234 | Level 2 | | Not applicable | Not applicable |
| | 49,967,663 | 49,490,315 | | | | |

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:

| | 31 March 2022 (Reviewed not audited) | | 31 December 2022 (Audited) | | Fair value hierarchy |
|---|--------------------------------------|----------------------|----------------------------|----------------------|----------------------|
| | Book value | Fair value | Book value | Fair value | |
| Financial assets not calculated at fair value | JD | JD | JD | JD | |
| Deposits at central banks | 47,333,873 | 47,333,873 | 42,436,174 | 42,436,174 | Level 2 |
| Balances and deposits at banks and financial institutions | 50,985,459 | 51,685,427 | 46,289,112 | 46,914,940 | Level 2 |
| Direct credit facilities | 697,472,031 | 709,281,398 | 701,854,386 | 714,352,390 | Level 2 |
| Financial assets at amortized cost | 359,920,588 | 364,190,513 | 366,316,269 | 369,246,685 | Level 2 |
| Total financial assets not measured at fair value | 1,155,711,951 | 1,172,491,211 | 1,156,895,941 | 1,172,950,189 | |
| Financial liabilities not calculated at fair value | | | | | |
| Banks and financial institutions' deposits | 79,128,693 | 83,420,872 | 82,143,414 | 86,186,134 | Level 2 |
| Customers' deposits | 889,283,662 | 891,544,489 | 896,800,727 | 898,968,976 | Level 2 |
| Cash margins | 38,020,578 | 38,166,755 | 37,774,075 | 38,002,112 | Level 2 |
| Borrowed funds | 104,243,558 | 104,793,704 | 145,321,349 | 145,716,923 | Level 2 |
| Total financial liabilities not measured at fair value | 1,110,676,491 | 1,117,925,820 | 1,162,039,565 | 1,168,874,145 | |

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.

(24) CREDIT COMMITMENTS AND CONTINGENCIES:

| | 31 March 2023 | 31 December 2022 |
|--|--------------------|--------------------|
| | JD | JD |
| Letter of credit | 6,856,540 | 13,830,321 |
| Acceptances | 12,225,460 | 14,809,940 |
| Letter of guarantees | | |
| Payment | 30,785,102 | 32,696,770 |
| Performance bonds | 48,541,703 | 46,362,086 |
| Others | 65,070,053 | 67,638,596 |
| Unutilized direct credit facilities ceilings | 63,408,613 | 59,666,050 |
| Total | 226,887,471 | 235,003,763 |

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(25) LAWSUITS AGAINST THE BANK

Lawsuits raised against the Bank amounted to JD 18,154,872 as at 31 March 2023 (31 December 2022: JD 2,821,848). In the opinion of the Bank's management and the legal counsel, there will be no further obligations on the bank that will exceed the provision booked amounting to JD 456,000 as at 31 March 2023 (31 December 2022: JD 266,000).