

JORDAN COMMERCIAL BANK

PUBLIC SHAREHOLDING LIMITED COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (REVIEWED NOT AUDITED)

31 MARCH 2021

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

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

Scope of review

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

Basis of Qualified Conclusion

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

Qualified Conclusion

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

Amman – Jordan
29 April 2021



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

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

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

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

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

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

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

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

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

	Reserves						Total shareholders' equity
	Authorized and paid in capital	Statutory	Cyclical fluctuations	General banking risk	Fair value reserve, net	Retained earnings	
						(Accumulated losses)	
	JD	JD	JD	JD	JD	JD	JD
For the period ended 31 March 2021							
Balance as at 1 January 2021	120,000,000	15,953,618	-	-	(2,020,984)	5,534,153	139,466,787
Profit for the period	-	-	-	-	-	-	1,631,355
Net change in the fair value reserve for financial assets at fair value through the statement of comprehensive income	-	-	-	-	(453,371)	-	(453,371)
Total comprehensive income for the period	-	-	-	-	(453,371)	-	1,177,984
Balance as at 31 March 2021	120,000,000	15,953,618	-	-	(2,474,355)	5,534,153	140,644,771
For the period ended 31 March 2020							
Balance as at 1 January 2020	120,000,000	15,460,318	3,538,675	548,693	(2,211,406)	1,862,494	139,198,774
Loss for the period	-	-	-	-	-	-	(971,401)
Net change in the fair value reserve for financial assets at fair value through the statement of comprehensive income	-	-	-	-	(450,808)	-	(450,808)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(134,778)	134,778	-
Total comprehensive income for the period	-	-	-	-	(585,586)	134,778	(1,422,209)
Balance as at 31 March 2020	120,000,000	15,460,318	3,538,675	548,693	(2,796,992)	1,997,272	137,776,565

- 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 IFRS 9.

- The retained earnings balance includes JD 12,323,681 restricted against deferred tax assets as of 31 March 2021 according to the Central Bank of Jordan's instructions.

- Use of retained earnings for an amount equal to the negative cumulative change in the fair value of financial assets and before any tax effect of as of 31 March 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.

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and should be read with them and the accompanying review report**

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

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

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

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

(1) GENERAL

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

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

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

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

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

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

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

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

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

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

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards as adopted by the Central Bank of Jordan and should be read in conjunction with the Bank's annual report as at 31 December 2020. In addition, results for the three-month period ended 31 March 2021 do not necessarily indicate the expected results for the financial year ending 31 December 2021. No appropriation of the profit has been made for the three months ended 31 March 2021 which is made at the end of the financial year.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2020, except for the followings adoption of new standards effective as at 1 January 2021:

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

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

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

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

(3) USE OF ESTIMATES

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

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

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

Extension and termination options in lease contracts

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

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

Discounting of lease payment

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

JORDAN COMMERCIAL BANK
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31 MARCH 2021 (REVIEWED NOT AUDITED)

(4) CASH AND BALANCES WITH CENTRAL BANKS

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

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

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

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

JORDAN COMMERCIAL BANK
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31 MARCH 2021 (REVIEWED NOT AUDITED)

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

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

(6) DIRECT CREDIT FACILITIES , NET

The details of this item are as follows:

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

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

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

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

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Suspended Interests

The movement on suspended interests is as follows:

	Companies					Governmental and public sectors	Total
	Individuals	Real estate loans	Corporate	SMEs			
	JD	JD	JD	JD	JD	JD	JD
For the three months ended in 31 March 2021 (Unaudited)							
Balance at the beginning of the period	1,953,475	1,535,102	12,789,066	2,571,114	-		18,848,757
Add: Interests in suspense for the period	251,035	110,724	936,597	260,262	-		1,558,618
Less: Interests transferred to revenues	(68,930)	(259,142)	(159,481)	(78,178)	-		(565,731)
Interests in suspense written-off	(5,035)	(120,703)	-	(9,521)	-		(135,259)
Balance at the end of the period	2,130,545	1,265,981	13,566,182	2,743,677	-		19,706,385
	Companies					Governmental and public sectors	Total
	Individuals	Real estate loans	Corporate	SMEs			
	JD	JD	JD	JD	JD	JD	JD
For the year ended in 31 December 2020 (Audited)							
Balance at the beginning of the year	1,312,553	1,255,739	9,746,437	1,764,542	-		14,079,271
Add: Interests in suspense for the year	905,140	617,880	3,446,289	1,058,048	-		6,027,357
Less: Interests transferred to revenues	(256,558)	(329,052)	(403,860)	(243,918)	-		(1,233,188)
Interests in suspense written-off	(7,660)	(9,465)	-	(7,558)	-		(24,683)
Balance at the end of the year	1,953,475	1,535,102	12,789,066	2,571,114	-		18,848,757

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

The details of this item are as follows:

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

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

The details of this item are as follows:

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

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

(9) FINANCIAL ASSETS AT AMORTIZED COST, NET

The details of this item are as follows:

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

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

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

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(10) OTHER ASSETS

The details of this item are as follows:

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

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

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

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

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

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

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

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

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(11) CUSTOMERS' DEPOSITS

The details of this item are as follows:

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

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

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

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

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

(13) INCOME TAX

A. INCOME TAX PROVISION

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

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

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B. INCOME TAX EXPENSE

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

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

C. TAX STATUS:

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

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

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

	31 March 2021	31 December 2020
	(Unaudited)	(Audited)
Statutory Income tax rate	38%	38%

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(14) SUNDRY PROVISIONS

The details of this item are as follows:

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

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

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(15) OTHER LIABILITIES

The details of this item are as follows:

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

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

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

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(16) RESERVES

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

(17) FAIR VALUE RESERVE, NET

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

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

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

(18) RETAINED EARNINGS

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

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

(19) PROVISION FOR EXPECTED CREDIT LOSSES, NET

The details of this item are as follows:

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

(20) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

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

(21) SEGMENT INFORMATION

1- Information on Bank Activities

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

- 1- Individual accounts: Principally following up on individual customers accounts real estate loans overdrafts credit cards facilities and transfer facilities.
- 2- SME's: Principally "SME's' transactions on loans credit facilities and deposits and whom classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the Bank and commensurate with the instructions of the regulatory authorities.
- 3- Corporate accounts: Principally corporate transactions on loans credit facilities and deposits, whom classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the bank and commensurate with the instructions of the regulatory authorities.
- 4- Treasury: Principally providing money market trading and treasury services as well as management of the Bank's funding operations through treasury bills government securities placements and acceptances with other banks and that is through treasury and banking services.
- 5- Other: This sector includes all non-listed accounts in the above sectors, for example equity and investments in associates, receivables, equipment, and general management.

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Total segment liabilities

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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, which represents the local business, The Bank also carries out international activities in the Middle East, Europe, Asia, America and the Near East representing international business.

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

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

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

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(22) RELATED PARTIES TRANSACTIONS

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

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

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

* Credit interest rate ranges from 3.5% to 8.75%

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

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(٢٣) CREDIT COMMITMENTS AND CONTINGENCIES:

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

(24) LITIGATION

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

(25) ASSETS HELD FOR SALE AND DISCOUNTED OPERATIONS

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

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

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

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

(26) COMPARATIVE FIGURES

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