

JORDAN COMMERCIAL BANK

(PUBLIC SHAREHOLDING LIMITED COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (REVIEWED NOT AUDITED)

30 SEPTEMBER 2023

**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 limited shareholding company) (the “Bank”) as at 30 September 2023, comprising the interim condensed statement of financial position as at 30 September 2023 and the related interim condensed income statement, interim condensed statement of comprehensive income, interim condensed statement of changes in equity, and interim condensed statement of cash flows for the nine months then ended and explanatory notes. The Management 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. 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 the Central Bank of Jordan.

Amman – Jordan
30 October 2023

ERNST & YOUNG
Amman - Jordan

JORDAN COMMERCIAL BANK
(PUBLIC SHAREHOLDING LIMITED COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Notes	30 September 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
<u>ASSETS</u>			
Cash and balances at central banks	4	70,261,417	71,440,168
Balances and deposits at banks and financial institutions, net	5	54,852,106	46,289,112
Direct credit facilities, net	6	714,080,906	701,854,386
Financial assets at fair value through statement of income	7	1,459,131	1,551,339
Financial assets at fair value through statement of other comprehensive income	8	50,864,984	49,490,315
Financial assets at amortized cost, net	9	344,013,789	366,316,269
Property and equipment, net		22,199,169	22,006,151
Intangible assets, net		2,621,488	2,228,329
Right-of-use assets		5,795,683	5,835,715
Deferred tax assets		10,412,627	9,505,024
Other assets	10	71,708,277	87,586,431
Total Assets		1,348,269,577	1,364,103,239
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
LIABILITIES			
Banks' and financial institutions' deposits		41,125,954	82,143,414
Customers' deposits	11	953,507,326	896,800,727
Cash margins		38,887,638	37,774,075
Borrowed funds	12	91,783,370	145,321,349
Income tax provision	13/a	2,787,596	5,417,035
Sundry provisions	14	988,492	881,359
Deferred tax liabilities		823,441	1,720,245
Lease liabilities		5,615,423	5,624,770
Other liabilities	15	47,741,360	26,304,149
Total Liabilities		1,183,260,600	1,201,987,123
SHAREHOLDERS' EQUITY			
BANK SHAREHOLDERS' EQUITY			
Authorized and paid in capital		120,000,000	120,000,000
Statutory reserve	16	19,011,405	19,011,405
Fair value reserve, net	17	4,350,842	2,621,695
Retained earnings	18	14,483,016	20,483,016
Profit for the period		7,163,714	-
Total Bank Shareholders' Equity		165,008,977	162,116,116
Total Liabilities and Shareholders' Equity		1,348,269,577	1,364,103,239

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

JORDAN COMMERCIAL BANK
(PUBLIC SHAREHOLDING LIMITED COMPANY)
INTERIM CONDENSED INCOME STATEMENT
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2023 (REVIEWED NOT AUDITED)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2023	2022	2023	2022
		JD	JD	JD	JD
Interest income		23,083,518	19,205,014	68,403,448	55,099,889
Less: interest expense		(11,422,799)	(8,524,568)	(31,706,879)	(25,501,226)
Net interest income		<u>11,660,719</u>	<u>10,680,446</u>	<u>36,696,569</u>	<u>29,598,663</u>
Net commissions income		<u>960,178</u>	<u>918,721</u>	<u>2,550,568</u>	<u>2,950,155</u>
Net interest and commissions income		<u>12,620,897</u>	<u>11,599,167</u>	<u>39,247,137</u>	<u>32,548,818</u>
Gain from foreign currencies		332,809	276,015	982,339	821,804
Gain (loss) from financial assets at fair value through income statement		86,012	(44,161)	(92,208)	(52,655)
Dividends from financial assets at fair value through statement of other comprehensive income	8	182,713	(18,094)	281,263	134,149
Other income		<u>797,860</u>	<u>1,013,261</u>	<u>3,374,331</u>	<u>3,819,303</u>
Gross income		<u>14,020,291</u>	<u>12,826,188</u>	<u>43,792,862</u>	<u>37,271,419</u>
Employees' expenses		3,765,166	3,450,473	11,639,169	10,649,243
Depreciation and amortization		1,067,555	912,648	2,904,066	2,527,443
Provision for expected credit losses, net	19	3,961,007	2,145,994	10,138,357	5,748,023
(Recovered from) provision for assets seized by the bank against due debts	10	67,055	278,706	(10,985)	505,603
Sundry provisions	14	68,228	40,000	391,412	54,836
Other expenses		<u>2,779,017</u>	<u>2,050,593</u>	<u>8,470,768</u>	<u>6,832,572</u>
Total expenses		<u>11,708,028</u>	<u>8,878,414</u>	<u>33,532,787</u>	<u>26,317,720</u>
Profit for the period before income tax		<u>2,312,263</u>	<u>3,947,774</u>	<u>10,260,075</u>	<u>10,953,699</u>
Income tax for the period	13/b	<u>(541,140)</u>	<u>(1,502,274)</u>	<u>(3,096,361)</u>	<u>(3,947,642)</u>
Profit for the period		<u>1,771,123</u>	<u>2,445,500</u>	<u>7,163,714</u>	<u>7,006,057</u>
Earnings per share for the period attributable to the Bank's shareholders				<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted				<u>0/06</u>	<u>0/058</u>

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

JORDAN COMMERCIAL BANK**(PUBLIC SHAREHOLDING LIMITED COMPANY)****INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME****FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2023 (REVIEWED NOT AUDITED)**

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	JD	JD	JD	JD
Profit for the period	1,771,123	2,445,500	7,163,714	7,006,057
<u>Other comprehensive income items:</u>				
Items that are not transferable subsequently to the income statement				
Change in fair value reserve of financial assets through statement of other comprehensive income, net	286,517	1,263,682	1,729,147	2,722,974
Total comprehensive income for the period	<u>2,057,640</u>	<u>3,709,182</u>	<u>8,892,861</u>	<u>9,729,031</u>

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

JORDAN COMMERCIAL BANK
(PUBLIC SHAREHOLDING LIMITED COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (REVIEWED NOT AUDITED)

	Authorized and paid in capital JD	Reserves		Retained earnings JD	Profit for the period JD	Total shareholders' equity JD
		Statutory JD	Fair value, net JD			
For the nine months ended 30 September 2023						
Balance at the beginning of the period	120,000,000	19,011,405	2,621,695	20,483,016	-	162,116,116
Profit for the period	-	-	-	-	7,163,714	7,163,714
Other comprehensive income items	-	-	1,729,147	-	-	1,729,147
Total comprehensive income for the period	-	-	1,729,147	-	7,163,714	8,892,861
Dividends distributed to shareholders *	-	-	-	(6,000,000)	-	(6,000,000)
Balance as at 30 September 2023	<u>120,000,000</u>	<u>19,011,405</u>	<u>4,350,842</u>	<u>14,483,016</u>	<u>7,163,714</u>	<u>165,008,977</u>
For the nine months ended 30 September 2022						
Balance at the beginning of the period	120,000,000	17,208,213	(973,100)	10,936,612	-	147,171,725
Profit for the period	-	-	-	-	7,006,057	7,006,057
Other comprehensive income items	-	-	2,722,974	-	-	2,722,974
Total comprehensive income for the period	-	-	2,722,974	-	7,006,057	9,729,031
Fair value reserve released from the sale of financial assets at fair value through statement of other comprehensive income	-	-	(9,413)	9,413	-	-
Balance as at 30 September 2022	<u>120,000,000</u>	<u>17,208,213</u>	<u>1,740,461</u>	<u>10,946,025</u>	<u>7,006,057</u>	<u>156,900,756</u>

- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 10,412,627 restricted against deferred tax assets as at 30 September 2023 (9,505,024 as at 31 December 2022).
- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 581,460 restricted against the unrealized gain on financial assets through income statement as at 30 September 2023 (JD 673,668 as at 31 December 2022).
- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 4,350,842 restricted against credit balance of fair value of financial assets reserve as at 30 September 2023 (credit balance of JD 2,621,695 as at 31 December 2022) (including JD 311,112 against the implementation of International Financial Reporting Standard No (9)).

* The Bank's General Assembly approved in its meeting held on 13 April 2023 the recommendation of the Board of Directors to distribute 5% of the capital as cash dividends, which is equivalent to JD 6,000,000 to the shareholders for the year 2022.

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

JORDAN COMMERCIAL BANK
(PUBLIC SHAREHOLDING LIMITED COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (REVIEWED NOT AUDITED)

		For the Nine months ended 30 September	
	Notes	2023 JD	2022 JD
Operating activities			
Profit for the period before income tax		10,260,075	10,953,699
Adjustments:			
Depreciation and amortization of property and equipment and intangible assets		2,104,046	1,948,084
Provision for expected credit losses, net	19	10,138,357	5,748,023
Losses from valuation of financial assets at fair value through income statement		92,208	56,030
Sundry provisions	14	391,412	54,836
(Recovered from) provision for assets seized by the bank against due debts	10	(10,985)	505,603
Amortization of right-of-use assets		800,020	579,359
Finance costs paid for lease contracts liabilities		118,763	81,674
Dividends income on financial assets at fair value through statement of OCI		(281,263)	(134,149)
Dividends income on financial assets at fair value through income statement		-	(3,375)
Loss (gain) from sale of property and equipment		1,550	(416)
Effect of exchange rate fluctuations on cash and cash equivalents		(258,427)	290,925
Income from adjustments on prior years income tax		(276,495)	-
Cash flows from operating activities before changes in net assets		23,079,261	20,080,293
Decrease in banks and financial institutions' deposits maturing within a period of more than three months		(25,000,000)	(2,000,000)
Decrease in financial assets at fair value through income statement		-	159,658
(Increase) decrease in direct credit facilities		(22,323,610)	57,938,255
Decrease in other assets		15,972,895	5,529,227
Increase (decrease) in customers' deposits		56,706,599	(56,441,691)
Increase (decrease) in cash margins		1,113,563	(5,232,963)
Increase in restricted balances at central banks		(5,000,000)	-
Increase in other liabilities		21,316,904	1,617,731
Net cash flows from operating activities before paid income tax and provisions		65,865,612	21,650,510
Sundry provisions paid	14	(284,279)	(26,409)
Income tax paid	13/a	(6,391,948)	(4,191,193)
Net cash flows from operating activities		59,189,385	17,432,908
Investing activities			
Increase in financial assets at fair value through statement of other comprehensive income		(507,285)	(11,692,414)
Decrease (increase) in financial assets at amortized cost		22,298,739	(10,696,275)
Dividends income on financial assets at fair value through statement of other comprehensive income		281,263	134,149
Dividends income on financial assets at fair value through income statement		-	3,375
Purchases of property and equipment and intangible assets		(2,705,662)	(1,343,598)
Proceeds from sale of property and equipment		13,889	7,740
Net cash flows from (used in) investing activities		19,380,944	(23,587,023)
Financing activities			
(Decrease) increase in borrowed funds		(53,537,979)	19,159,327
Lease contracts paid		(888,099)	(792,831)
Dividends distributed to shareholders		(6,000,000)	-
Net cash flows (used in) from financing activities		(60,426,078)	18,366,496
Effect of exchange rate fluctuations on cash and cash equivalents		258,427	(290,925)
Net increase in cash and cash equivalents		18,402,678	11,921,456
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	78,988,956	87,428,014

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

(1) GENERAL

Jordan Commercial Bank (the "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 paid-in 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, 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 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 multiple times, and the last increase took place during 2017, where the General Assembly in its extraordinary meeting held on 30 April 2017 resolved to approve the increase in the Bank's capital by 7.125 million JD/share, so that authorized and paid-up capital 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 Shareholding Limited Company listed on Amman Stock Exchange.

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

The interim condensed financial statements were approved by the Bank's Board of Directors in its meeting held on 30 October 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 at fair value which are held at fair value as of the date of the interim condensed financial statements.

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

The interim condensed financial statements do not contain all information and disclosures required for 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 nine months ended 30 September 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 nine months ended 30 September 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 adoption of the following amendments effective as of 1 January 2023:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 has been applied retrospectively on 1 January 2023. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Bank.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective from 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank.

(3) USE OF ESTIMATES

Preparation of the interim condensed financial statements and application of the accounting policies require the Banks' 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 interim condensed statement of comprehensive income and within shareholders' equity. In particular, the Bank's management are required to make judgments 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.

Expected credit loss provision:

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

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

The 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.

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

(4) CASH AND BALANCES WITH CENTRAL BANKS

- The statutory cash reserve is amounted to JD 32,547,076 as at 30 September 2023 (JD 30,922,971 as at 31 December 2022).
- The restricted balances is amounted to JD 37,547,076 as at 30 September 2023 (JD 30,922,971 as at 31 December 2022).
- There are no balances maturing within a period of more than three months as at 30 September 2023 and 31 December 2022.
- There are no certificates of deposits as at 30 September 2023 and 31 December 2022.

(5) BALANCES AND DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS, NET

Item	Banks and financial institutions				Total	
	Local		Foreign			
	30	31	30	31	30	31
	September	December	September	December	September	December
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
	(Reviewed	(Audited)	(Reviewed	(Audited)	(Reviewed	(Audited)
	not audited)		not audited)		not audited)	
Current and call accounts	-	29,671	8,146,178	8,822,862	8,146,178	8,852,533
Deposits maturing within a period of three months or less	14,754,500	7,407,100	1,952,815	29,891	16,707,315	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	14,754,500	7,436,771	40,098,993	38,852,753	54,853,493	46,289,524
Less: provision for expected credit losses *	(508)	(402)	(879)	(10)	(1,387)	(412)
	14,753,992	7,436,369	40,098,114	38,852,743	54,852,106	46,289,112

- The non-interest-bearing balances and deposits held at banks and financial institutions amounted to JD 8,146,178 as at 30 September 2023 (JD 8,852,533 as at 31 December 2022).
- There are no restricted balances as at 30 September 2023 and 31 December 2022.
- Balances and deposits held at banks and financial institutions that mature in three months amounted to JD 30,000,000 as at 30 September 2023 and (JD 30,000,000 as at 31 December 2022).

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

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

	Total				
	Stage 1	Stage 2	Stage 3	30 September 2023	31 December 2022
	JD	JD	JD	JD	JD
				(Reviewed not audited)	(Audited)
Balance at the beginning of the period / year	412	-	-	412	2,865
ECL for new balances during the period / year	865	-	-	865	287
Recovered from impairment loss on settled balances	(115)	-	-	(115)	(2,233)
Changes resulting from adjustments	225	-	-	225	(507)
Total balance at the end the period / year	1,387	-	-	1,387	412

(6) DIRECT CREDIT FACILITIES, NET

The details of this item are as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Individuals (retail):		
Overdraft accounts	716,073	617,809
Loans and promissory notes *	185,160,707	192,034,774
Credit Cards	6,465,514	6,516,177
Real Estate Loans	100,424,200	103,677,524
Companies:		
A - Large:		
Overdraft accounts	81,629,708	75,306,699
Loans and promissory notes *	346,441,376	309,368,859
B- SMEs:		
Overdraft accounts	14,732,424	13,831,126
Loans and promissory notes *	42,832,438	42,573,080
Government and Public Sector	18,785,976	26,911,335
Total	797,188,416	770,837,383
<u>(Less):</u> Provision for expected credit losses **	(61,633,147)	(52,030,738)
Interest in suspense	(21,474,363)	(16,952,259)
Net direct credit facilities	714,080,906	701,854,386

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

- * Net after deducting interest and commissions received in advance amounted to JD 208,474 as at 30 September 2023 (JD 415,570 as at 31 December 2022).
- Non-performing credit facilities amounted to JD 89,358,188 representing 11.21% of total direct credit facilities as at 30 September 2023 (JD 75,322,001 as at 31 December 2022 representing 9.77% of total direct credit facilities).
- Non-performing credit facilities, net of interest and commissions in suspense, amounted to JD 67,883,825 representing 8.75% of total direct credit facilities net of interest and commission in suspense as at 30 September 2023 (JD 58,369,742 as at 31 December 2022 representing 7.74% of total direct credit facilities net of interest and commission in suspense).
- Non-performing credit facilities amounted to JD 166,006,022 as at 30 September 2023 has been transferred to off financial position items, (JD 163,021,206 as at 31 December 2022). These credit facilities are fully covered with the interest in suspense and provisions.
- During the nine months ended 30 September 2023, direct credit facilities amounting to JD 928,331 were written-off with the interest in suspense related to these facilities was JD 433,650 and the provision against them was JD 494,681.
- Direct credit facilities include facilities granted that are guaranteed by the Government of Jordan amounted to JD 11,250,000 as at 30 September 2023 (JD 18,750,000 as at 31 December 2022).

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

	Companies				Governmental and public sector	Total
	Individuals	Real estate	Corporate	SMEs		
	JD	JD	JD	JD	JD	JD
<u>30 September 2023 (Reviewed not audited)</u>						
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 on facilities during the period	176,047	7,704	85,698	11,850	-	281,299
Recoveries from ECL on facilities during the period	(229,629)	(9,698)	(15,293)	(8,352)	-	(262,972)
Transferred to stage 1	(18,648)	1,195	(351,776)	6,681	-	(362,548)
Transferred to stage 2	(149,825)	(12,367)	62,091	(73,569)	-	(173,670)
Transferred to stage 3	168,473	11,172	289,685	66,888	-	536,218
Effect on provision resulting from reclassification among the three stages	1,451,942	603,628	2,933,361	332,960	-	5,321,891
Changes resulting from adjustments	631,997	(96,680)	3,148,191	1,078,050	(4,686)	4,756,872
Written-off facilities	(54,948)	(7,641)	-	(432,092)	-	(494,681)
Balance at the end of the period	<u>16,344,726</u>	<u>3,906,362</u>	<u>34,196,864</u>	<u>7,163,287</u>	<u>21,908</u>	<u>61,633,147</u>
Re- allocation:						
Provisions on an individual basis	<u>16,344,726</u>	<u>3,906,362</u>	<u>34,196,864</u>	<u>7,163,287</u>	<u>21,908</u>	<u>61,633,147</u>
Total	<u>16,344,726</u>	<u>3,906,362</u>	<u>34,196,864</u>	<u>7,163,287</u>	<u>21,908</u>	<u>61,633,147</u>

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	Companies				Governmental and public sector	Total
	Individuals	Real estate	Corporate	SME's		
	JD	JD	JD	JD	JD	JD
<u>For the year ended 31 December 2022 (Audited):</u>						
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 on facilities during the year	176,354	13,022	9,948	16,311	-	215,635
Recoveries from ECL on facilities during the year	(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 facilities	(50,934)	(5,350)	(70,358)	-	-	(126,642)
Balance at the end of the year	<u>14,369,317</u>	<u>3,409,049</u>	<u>28,044,907</u>	<u>6,180,871</u>	<u>26,594</u>	<u>52,030,738</u>
Re-allocation:						
Provision on an individual basis	<u>14,369,317</u>	<u>3,409,049</u>	<u>28,044,907</u>	<u>6,180,871</u>	<u>26,594</u>	<u>52,030,738</u>
Total	<u>14,369,317</u>	<u>3,409,049</u>	<u>28,044,907</u>	<u>6,180,871</u>	<u>26,594</u>	<u>52,030,738</u>

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Interest in suspense

The movement on interest in suspense is as follows:

	Companies				Governmental and public sector	Total
	Individuals	Real estate	Corporate	SME's		
30 September 2023 (Reviewed not audited)	JD	JD	JD	JD	JD	JD
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	1,582,766	543,413	2,377,278	913,876	-	5,417,333
Less: interest transferred to revenues for the period	(301,074)	(30,591)	(23,360)	(106,554)	-	(461,579)
Interests in suspense written-off	(29,463)	(15,373)	-	(388,814)	-	(433,650)
Balance at the end of the period	<u>5,257,176</u>	<u>2,275,777</u>	<u>10,453,537</u>	<u>3,487,873</u>	<u>-</u>	<u>21,474,363</u>

	Companies				Governmental and public sector	Total
	Individuals	Real estate	Corporate	SME's		
31 December 2022 (Audited):	JD	JD	JD	JD	JD	JD
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)
Interest 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	<u>4,004,947</u>	<u>1,778,328</u>	<u>8,099,619</u>	<u>3,069,365</u>	<u>-</u>	<u>16,952,259</u>

(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

The details of this item are as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Quoted shares in active markets	1,459,131	1,551,339

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

The details of this item are as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Quoted shares in active markets *	32,781,372	32,465,081
Unquoted shares in active markets	18,083,612	17,025,234
	50,864,984	49,490,315

- Cash dividends distributions for the above-mentioned financial assets amounted to JD 281,263 as at 30 September 2023 (30 September 2022: JD 134,149).
- No realized profit from the sale of shares at fair value through statement of other comprehensive income for the period ended 30 September 2023. (JD 9,413 for the period ended 30 September 2022) directly recorded in retained earnings within shareholders' equity.
- * A memorandum of understanding was signed during December 2022 to sell Jordan Commercial Bank's shares in National Bank – Palestine. Sale agreement execution and transfer of shares ownership procedures have not been finalized as final approvals from the regulatory authorities were not obtained up to the date of the preparation of the accompanying interim condensed financial statements as at 30 September 2023.

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(9) FINANCIAL ASSETS AT AMORTIZED COST, NET

The details of this item are as follows:

	30 September 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
Treasury bonds and bills	340,274,814	362,573,553
Companies' bonds and debentures	4,258,404	4,192,932
	<u>344,533,218</u>	<u>366,766,485</u>
<u>Less:</u> provision for expected credit losses **	(377,025)	(373,284)
interest in suspense	(142,404)	(76,932)
Financial assets at amortized cost, net	<u>344,013,789</u>	<u>366,316,269</u>
With fixed return	<u>344,013,789</u>	<u>366,316,269</u>
Total	<u>344,013,789</u>	<u>366,316,269</u>

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

	30 September 2023 (Reviewed not audited)				31 December 2022 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	365,409,553	-	1,356,932	366,766,485	363,353,603
New investments	53,505,853	-	-	53,505,853	137,906,190
Matured investments	(75,843,953)	-	(26,999)	(75,870,952)	(134,497,231)
Changes resulting from adjustments	39,361	-	92,471	131,832	3,923
Balance at the end of the period / year	<u>343,110,814</u>	<u>-</u>	<u>1,422,404</u>	<u>344,533,218</u>	<u>366,766,485</u>

** The movement on the provision for expected credit (ECL) is as follows:

	30 September 2023 (Reviewed not audited)				31 December 2022 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	17,181	-	356,103	373,284	639,101
Recovered from ECL on matured investments	-	-	-	-	(229,092)
Changes resulting from adjustments	3,741	-	-	3,741	(36,725)
Balance at the end of period / year	<u>20,922</u>	<u>-</u>	<u>356,103</u>	<u>377,025</u>	<u>373,284</u>

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(10) OTHER ASSETS

The details of this item are as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Assets seized by the bank against due debts, net **	43,514,512	55,682,898
Accrued interest and revenues	16,934,610	16,054,519
Purchased time withdrawals and letters of credit *	3,881,464	2,402,958
Prepaid expenses	2,032,501	1,340,439
Receivables from assets sold on installments	-	6,553,941
Refundable deposits	1,105,467	1,426,392
Clearing checks	358,523	142,751
Others	3,881,200	3,982,533
	<u>71,708,277</u>	<u>87,586,431</u>

* Movement on the balances of time withdrawals and letters of credit is as follows:

	30 September 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
				(Reviewed not audited)	(Audited)
Balance at the beginning of the period / year	2,507,988	-	-	2,507,988	2,507,988
New balances	2,990,000	-	-	2,990,000	-
Settled balances	(1,595,250)	-	-	(1,595,250)	-
Transferred to stage 3	(912,738)	-	912,738	-	-
Balance at the end of the period / year	<u>2,990,000</u>	<u>-</u>	<u>912,738</u>	<u>3,902,738</u>	<u>2,507,988</u>

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

	30 September 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
				(Reviewed not audited)	(Audited)
Balance at the beginning of the period / year	105,030	-	-	105,030	197,359
New balances	21,274	-	-	21,274	-
Changes resulting from adjustments	(105,030)	-	-	(105,030)	(92,329)
Balance at the end of the period / year	<u>21,274</u>	<u>-</u>	<u>-</u>	<u>21,274</u>	<u>105,030</u>

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** Movement on assets seized by the bank against due debts is as follows:

	30 September 2023 (Reviewed not audited)				31 December 2022 (Audited)
	Seized properties JD	Seized properties sold on instalments JD	Seized shares JD	Total JD	Total JD
Balance at the beginning of the period/ year, net	54,031,623	1,651,275	-	55,682,898	63,485,568
Additions during the period / year	2,204,593	-	567,405	2,771,998	4,349,556
Disposals during the period / year, net	(14,130,005)	(712,977)	(108,387)	(14,951,369)	(12,668,571)
Properties sold on instalments	(575,230)	575,230	-	-	-
(Losses) gains on valuation of seized shares	-	-	(48,708)	(48,708)	1,312,380
Impairment effect for the period / year	(15,371)	(35,748)	110,812	59,693	(796,035)
Balance at the end of the period / year, net	<u>41,515,610</u>	<u>1,477,780</u>	<u>521,122</u>	<u>43,514,512</u>	<u>55,682,898</u>

- Movement on impairment losses on assets seized by the Bank against due debts is as follows:

	30 September 2023 (Reviewed not audited)				30 September 2022 (Reviewed not audited)
	Seized properties JD	Seized properties sold on instalments JD	Seized shares JD	Total JD	Total JD
Balance at the beginning of the period	6,654,329	92,411	1,680,545	8,427,285	7,730,859
Booked provision	32,802	39,853	-	72,655	1,838,246
Released from provision	(17,431)	(4,105)	(110,812)	(132,348)	(20,263)
Properties sold on instalments	(62,367)	62,367	-	-	-
Losses (gains) on valuation of seized shares	-	-	48,708	48,708	(1,312,380)
Utilized from provision	(910,925)	(32,746)	-	(943,671)	(50,014)
Balance at the end of the period	<u>5,696,408</u>	<u>157,780</u>	<u>1,618,441</u>	<u>7,472,629</u>	<u>8,186,448</u>

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(11) CUSTOMERS' DEPOSITS

	30 September 2023 (Reviewed not audited)				
	Individuals	Corporate	SMEs	Government and public sectors	Total
	JD	JD	JD	JD	JD
Current and call accounts	31,884,094	46,199,616	37,064,013	9,058,707	124,206,430
Saving deposits	196,503,768	148,569	1,149,784	299,963	198,102,084
Certificates of deposits	35,387,451	-	26,000	-	35,413,451
Time and notice deposits	392,624,865	52,481,351	81,960,406	68,718,739	595,785,361
	<u>656,400,178</u>	<u>98,829,536</u>	<u>120,200,203</u>	<u>78,077,409</u>	<u>953,507,326</u>

	31 December 2022 (Audited)				
	Individuals	Corporate	SMEs	Government and public sectors	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
Saving deposits	202,108,902	114,447	1,255,897	39,581	203,518,827
Certificates of deposits	30,827,851	-	30,000	-	30,857,851
Time and notice deposits	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 public sector deposits inside the Kingdom amounted to JD 78,077,409 representing 8.19% of total customers' deposits as at 30 September 2023 (JD 61,388,836 representing 6.85% of total customers' deposits as at 31 December 2022).
- Non-interest-bearing deposits amounted to JD 122,642,407 representing 12.86% of total customers' deposits as at 30 September 2023 (JD 115,201,322 representing 12.85% of total customers' deposits as at 31 December 2022).
- Reserved deposits (restricted withdrawals) amounted to JD 5,102,969 representing 0.54% of total customers' deposits as at 30 September 2023 (JD 3,169,873 representing 0.35% of total customers' deposits as at 31 December 2022).
- Dormant deposits amounted to JD 6,741,734 representing 0.71% of total customers' deposits as at 30 September 2023 (JD 10,191,907 representing 1.14% of total customers' deposits as at 31 December 2022).

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(12) BORROWED FUNDS

The details of this item are as follows:

	Amount	Utilized	Repayment method	Collaterals	Interest Rate
<u>30 September 2023 (Reviewed not audited)</u>	JD	JD			%
World Bank Loan	2,000,000	800,000	15 years, including a 5-year grace period; to be settled in semi-annual installments.	-	6.85
Arab Monetary Fund Loan	2,100,000	340,188	10 years, including a 3 -year grace period; to be settled in semi-annual installments.	-	2.5
Advances from the Central Bank of Jordan	36,376,257	36,376,257	Various installments.	-	0-1
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 5/2/2024	Property mortgage	8.65
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 16/08/2028	Property mortgage	5.1
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 26/9/2024	Property mortgage	4.55
International Fund for Agricultural Development	750,000	642,166	16 years, including a 3-year grace period; to be settled in semi-annual installments.	-	5.18
International Fund for Agricultural Development	617,000	617,000	15 years, including a 2-year grace period; to be settled in semi-annual installments.	-	5.36
European Investment Bank	23,007,759	23,007,759	7 years. Including 1.5-year grace period; to be settled in semi-annual installments.	-	6
		<u>91,783,370</u>			

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	Amount	Utilized	Repayment method	Collaterals	Interest Rate
31 December 2022 (Audited)	JD	JD			%
World Bank loan	2,000,000	1,000,000	15 years, including a 5-year grace period; to be settled in semi-annual installments.	-	5.64
Arab Monetary Fund loan	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	Various installments.	-	1-0
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 5/2/2024	Property mortgage	7.30
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 16/08/2028	Property mortgage	5.1
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 26/9/2024	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	Varied between 02-01 to 16-05-2023	Bonds mortgage	6-4.5
		<u>145,321,349</u>			

Reborrowed funds amounted to JD 39,227,662 as at 30 September 2023 (JD 37,447,669 as at 31 December 2022) with an interest rate ranging between 2% and 11.5% as at 30 September 2023 (2% and 11% as at 31 December 2022).

(13) INCOME TAX

A. INCOME TAX PROVISION

The movement on income tax provision is as follows:

	30 September 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
Balance at the beginning of the period / year	5,417,035	3,126,294
Income tax payable on profit for the period / year	3,996,317	6,481,934
Prior years income tax expense adjustments	(233,808)	-
Income tax paid	(6,391,948)	(4,191,193)
Balance at the end of the period / year	<u>2,787,596</u>	<u>5,417,035</u>

B. INCOME TAX EXPENSE

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

	For the nine months ended at 30 September	
	2023	2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Income tax incurred on current period profits	3,996,317	3,987,591
Prior years income tax expense	42,687	-
Deferred tax assets for the period	(907,603)	(71,198)
Deferred tax liabilities for the period	(35,040)	31,249
	<u>3,096,361</u>	<u>3,947,642</u>

C. TAX STATUS

- The Bank has reached a final settlement with the Income and Sales Tax Department until the end of the year 2018.
- Regarding the years 2019, 2020, 2021 and 2022, the income tax returns were submitted within the legal period, but it has not been reviewed up to the date of preparation of the interim condensed financial statements by the Income and Sales Tax Department.
- In the opinion of the Bank's management and legal and tax advisors, no liabilities in excess of the provisions booked will arise as at the date of these interim condensed financial statements.

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

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(14) SUNDRY PROVISIONS

The movement of this item is as follows:

	Balance at the beginning of the period	Expense for the period	Paid during the period	Balance at the end of the period
<u>30 September 2023 (Reviewed not audited)</u>	JD	JD	JD	JD
Provision for lawsuits against the Bank	266,000	389,279	(284,279)	371,000
Provision for end of services indemnity	359	2,133	-	2,492
Others	615,000	-	-	615,000
Total	<u>881,359</u>	<u>391,412</u>	<u>(284,279)</u>	<u>988,492</u>

	Balance at the beginning of the year	Expense for the year	Paid during the year	Balance at the end of the year
<u>31 December 2022 (Audited)</u>	JD	JD	JD	JD
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	<u>883,049</u>	<u>32,812</u>	<u>(34,502)</u>	<u>881,359</u>

(15) OTHER LIABILITIES

The details of this item are as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Refundable and various deposits	31,486,477	6,799,197
Accrued unpaid interest	6,778,674	6,834,576
Acceptable checks	2,446,251	3,511,426
Expected credit loss on indirect facilities and un-utilized limits *	1,599,709	1,479,402
Received amounts on the sale of seized assets	1,237,685	1,069,621
Accrued unpaid expenses	1,157,383	1,415,502
Income tax and social security deposits	356,674	336,017
Transactions in transit among branches	153,026	1,140,161
Safe boxes deposits	104,708	105,508
Shareholders' deposits	85,869	14,033
Board of Directors' remunerations	-	55,000
Inward remittance	315,247	37,800
Others	2,019,657	3,505,906
	<u>47,741,360</u>	<u>26,304,149</u>

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* The movement on provision for expected credit losses on indirect facilities and unutilized limits is as follows:

	30 September 2023 (Reviewed not audited)				31 December 2022 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	637,620	41,403	800,379	1,479,402	1,321,797
New facilities during the period / year	40,895	1,238	9	42,142	263,887
Matured facilities during the period / year	(26,987)	(6,939)	(5,152)	(39,078)	(80,703)
Transferred to stage 1	16,182	(16,178)	(4)	-	-
Transferred to stage 2	(8,643)	9,138	(495)	-	-
Transferred to stage 3	(50)	(1,899)	1,949	-	-
Changes resulting from adjustments	108,713	8,186	(14,609)	102,290	(211,997)
Effect on provision due to reclassification between the three stages	-	5,281	9,672	14,953	186,418
Balance at the end of the period / year	<u>767,730</u>	<u>40,230</u>	<u>791,749</u>	<u>1,599,709</u>	<u>1,479,402</u>

- The movement on indirect facilities and unutilized limits is as follows:

	30 September 2023 (Reviewed not audited)				31 December 2022 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	260,398,853	20,398,162	6,175,136	286,972,151	245,992,514
New facilities during the period / year	24,079,442	50,710	49	24,130,201	65,025,011
Matured facilities during the period / year	(17,513,570)	(2,940,622)	(40,945)	(20,495,137)	(28,507,663)
Transferred to stage 1	9,345,070	(9,299,948)	(45,122)	-	-
Transferred to stage 2	(5,468,058)	5,508,058	(40,000)	-	-
Transferred to stage 3	(2,467)	(151,199)	153,666	-	-
Changes resulting from adjustments	(2,906,696)	1,794,319	(864,084)	(1,976,461)	4,462,289
Balance at the end of period / year	<u>267,932,574</u>	<u>15,359,480</u>	<u>5,338,700</u>	<u>288,630,754</u>	<u>286,972,151</u>

(16) STATUTORY RESERVE

The Bank has not deducted the statutory reserve according to the Jordanian Companies Law given that these financial statements are interim and condensed. Normally it is done at the end of the financial year.

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(17) FAIR VALUE RESERVE, NET

The movement on this item is as follows:

	30 September 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	1,729,147	3,604,208
Realized profit from selling financial assets at fair value through statement of other comprehensive income	-	(9,413)
Balance at the end of the period / year	<u>4,350,842</u>	<u>2,621,695</u>

The fair value reserve includes JD 311,112 as at 30 September 2023 and 31 December 2022 as an impact related to the implementation of the International Financial Reporting Standard No. (9).

(18) RETAINED EARNINGS

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period / year	20,483,016	10,936,612
Profit for the year	-	11,340,183
Transferred to statutory reserve	-	(1,803,192)
Dividends distributed to shareholders *	(6,000,000)	-
Realized profit from selling financial assets at fair value through statement of comprehensive income	-	9,413
Balance at the end of the period / year	<u>14,483,016</u>	<u>20,483,016</u>

- According to the instructions of the Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 10,412,627 restricted against deferred tax assets as at 30 September 2023 (9,505,024 as at 31 December 2022).
- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 581,460 restricted against the unrealized gain of financial assets through income statement as at 30 September 2023 (JD 673,668 as at 31 December 2022).
- According to the instructions of the Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes a restricted credit balance of fair value of financial assets reserve which amounted to JD 4,350,842 as at 30 September 2023 (credit balance of JD 2,621,695 as at 31 December 2022) (including JD 311,112 against the implementation of International Financial Reporting Standard No (9)).

* The Bank's General Assembly approved in its meeting held on 13 April 2023 the recommendation of the Board of Directors to distribute 5% of the capital as cash dividends, which is equivalent to JD 6,000,000 to the shareholders 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 nine months ended 30 September	
	2023	2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Balances and deposits at banks and financial institutions	975	(2,515)
Direct credit facilities	10,097,090	5,735,130
Financial assets at amortized cost	3,741	(25,587)
Indirect credit facilities and other commitments	120,307	61,516
Purchased credits and withdrawals	(83,756)	(20,521)
	<u>10,138,357</u>	<u>5,748,023</u>

(20) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	For the nine months ended 30 September	
	2023	2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Cash and balances with central banks maturing within three months	70,261,417	75,937,619
Add: Balances at banks and financial institutions maturing within a period of three months	24,853,493	19,851,154
Less: Restricted balances	(5,000,000)	-
Less: Banks and financial institutions' deposits maturing within a period of three months	(11,125,954)	(8,360,759)
	<u>83,988,956</u>	<u>87,428,014</u>

(21) SEGMENT INFORMATION

1- Information on main operating activities:

The Bank is organized for managerial purposes through the following major operating segments:

- Individual accounts: includes following up on individual customers deposits, and granting them credit, credit cards and other services
- SME's: include "SME's' transactions on loans credit facilities and deposits and who 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: include corporate transactions on loans credit facilities and deposits, who 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: include providing money market trading and treasury services as well as management of the Bank's funding operations and long-term investments at amortized cost and to collect the contractual cashflows.
- Other: This sector includes all non-listed accounts in the above sectors, for example equity and property & equipment, general management, and support management.

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					Total for the nine months ended 30 September	
	Individuals	Corporations	Treasury	Others	2023	2022
	JD	JD	JD	JD	JD	JD
					(Reviewed not audited)	(Reviewed not audited)
Gross income for the period	20,297,440	20,572,641	2,881,696	41,085	43,792,862	37,271,419
Less: provision for expected credit losses	(2,066,472)	(8,150,924)	79,039	-	(10,138,357)	(5,748,023)
Segment results	18,230,968	12,421,717	2,960,735	41,085	33,654,505	31,523,396
Less: net distributed expenses	(13,808,402)	(6,904,201)	(2,239,296)	(442,531)	(23,394,430)	(20,569,697)
Profit before income tax for the period	4,422,566	5,517,516	721,439	(401,446)	10,260,075	10,953,699
Less: Income tax for the period	-	-	-	(3,096,361)	(3,096,361)	(3,947,642)
Profit for the period	4,422,566	5,517,516	721,439	(3,497,807)	7,163,714	7,006,057

Other information:

Capital expenditures	2,705,662	1,343,598
Depreciation and amortization	2,904,066	2,527,443

	Individuals	Corporations	Treasury	Others	30 September 2023	31 December 2022
	JD	JD	JD	JD	JD	JD
					(Reviewed not audited)	(Audited)
Total assets	250,696,232	526,271,156	479,777,442	91,524,747	1,348,269,577	1,364,103,239
Total liabilities	698,376,057	374,864,234	67,874,722	42,145,587	1,183,260,600	1,201,987,123

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2- Geographical distribution information

This sector represents the geographical distribution of the Bank operations, the Bank operates mainly in the Hashemite Kingdom of Jordan.

Following is the distribution of the Bank's assets by geographical area:

	Inside Jordan		Outside Jordan		Total	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)
Total assets	1,277,051,431	1,284,429,148	71,218,146	79,674,091	1,348,269,577	1,364,103,239

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

	Inside Jordan		Outside Jordan		Total	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)
Gross income	45,285,397	37,826,275	(1,492,535)	(554,856)	43,792,862	37,271,419
Capital expenditures	2,705,662	1,343,598	-	-	2,705,662	1,343,598

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(22) RELATED PARTIES TRANSACTIONS

The Bank entered into transactions with the members of the Board of Directors and their related parties and Companies represented by the members of the Board of Directors and executive management within the normal activities of the bank and according to the normal interest rates and trading commissions. Expected credit loss has been calculated according to IFRS (9).

Transactions and balances with related parties are as follows:

	BOD members and their related parties	Companies represented by the BOD	Employees	Others	Total	
	JD	JD	JD	JD	30 September 2023	31 December 2022
					(Reviewed not audited)	(Audited)
<u>Statement of Financial Position items:</u>						
Deposits	26,164,638	1,825,818	294,259	30,392,613	58,677,328	40,427,044
Direct credit facilities	405,652	17,640,381	1,621,597	5,307,313	24,974,943	26,507,675
Deposits with other	-	-	-	30,000,000	30,000,000	30,000,000
Cash margins	-	368,834	-	-	368,834	586,849
<u>Off-statement of Financial Position items:</u>						
Letters of guarantee	5,000	1,850,618	-	354,500	2,210,118	2,143,424
Letter of credit	-	475,030	-	-	475,030	426,818
					For the nine months ended 30 September (Reviewed not audited)	
					2023	2022
					JD	JD
<u>Interim condensed Income Statement items:</u>						
Interest and commission income	34,322	1,115,886	97,859	562,522	1,810,589	1,369,032
Interest and commission expense	1,456,056	-	13,339	702,900	2,172,295	1,114,781

Credit interest rate ranges from 0% to 21%.

Debit interest rate ranges from 0% to 6.30%.

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(23) CREDIT COMMITMENTS AND CONTINGENCIES

The details of this item are as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Letter of credit	6,913,996	13,830,321
Acceptances	15,694,166	14,809,940
Letter of guarantees:		
Payment	23,724,334	32,696,770
Performance bonds	48,649,762	46,362,086
Others	74,632,415	67,638,596
Unutilized direct credit facilities ceilings	61,920,865	59,666,050
	<u>231,535,538</u>	<u>235,003,763</u>

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(24) 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 assets and financial liabilities are determined (valuation techniques & key inputs):

	Fair value		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
	30 September 2023	31 December 2022				
Financial Assets	JD (Reviewed not audited)	JD (Audited)				
<u>Financial assets at fair value through income statement:</u>						
Quoted shares	<u>1,459,131</u> <u>1,459,131</u>	<u>1,551,339</u> <u>1,551,339</u>	Level 1	Quoted shares	Not applicable	Not applicable
<u>Financial assets at fair value through statement of other comprehensive income:</u>						
Quoted shares	32,781,372	32,465,081	Level 1&2	Quoted shares Through comparison to the market price of a similar financial instrument and discounted cashflow	Not applicable	Not applicable
Unquoted shares	<u>18,083,612</u> <u>50,864,984</u>	<u>17,025,234</u> <u>49,490,315</u>	Level 2		Not applicable	Not applicable

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

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B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:

	30 September 2023 (Reviewed not audited)		31 December 2022 (Audited)		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial assets not measured at fair value					
Deposits at central banks	51,899,600	51,896,600	42,436,174	42,436,174	Level 2
Balances at banks and financial institutions-net	54,852,106	55,707,965	46,289,112	46,914,940	Level 2
Direct credit facilities-net	714,080,906	725,699,973	701,854,386	714,352,390	Level 2
Financial assets at amortized cost-net	344,013,789	348,290,489	366,316,269	369,246,685	Level 2
Total financial assets not measured at fair value	1,164,846,401	1,181,595,027	1,156,895,941	1,172,950,189	
Financial liabilities not measured at fair value					
Banks and financial institutions' deposits	41,125,954	43,961,280	82,143,414	86,186,134	Level 2
Customers' deposits	953,507,326	956,625,037	896,800,727	898,968,976	Level 2
Cash margins	38,887,638	38,641,873	37,774,075	38,002,112	Level 2
Borrowed funds	91,783,370	92,363,246	145,321,349	145,716,923	Level 2
Total financial liabilities not measured at fair value	1,125,304,288	1,131,591,436	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.

(25) LITIGATION

Lawsuits raised against the Bank amounted to JD 18,016,711 as at 30 September 2023 (31 December 2022: JD 2,821,848). In the opinion of the Bank's management and the legal advisor, there are no further liabilities that exceed the provision of JD 371,000 as at 30 September 2023 (31 December 2022: JD 266,000).