



TO: Jordan Securities Commission Amman Stock Exchange Date :13/12/2020 <u>Subject: Quarterly Report as of 30/9/2020</u>	السادة هيئة الاوراق المالية المحترمين السادة بورصة عمان المحترمين التاريخ:- 2020/12/13 <u>الموضوع: التقرير ربع السنوي باللغة الانجليزية</u> <u>كما هي في 2020/9/30</u>
Attached the English Quarterly Report of Jordan Commercial Bank as of 30/9/2020	مرفق طيه نسخة من البيانات المالية ربع السنوية باللغة الانجليزية لشركة (البنك التجاري الاردني) كما هي بتاريخ 2020/9/30م
Kindly accept our high appreciation and respect  Jordan Commercial Bank	وتفضلوا بقبول فائق الاحترام...  البنك التجاري الاردني
 عبد الله محفوظ كشك Abdallah Mahfouz Kishek P. 53	 عبد الله محفوظ كشك Abdallah Mahfouz Kishek P. 53



**JORDAN COMMERCIAL BANK**

**PUBLIC SHAREHOLDING LIMITED COMPANY**

**INTERIM CONDENSED**

**FINANCIAL STATEMENTS (REVIEWED NOT AUDITED)**

**30 SEPTEMBER 2020**

**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 30 September 2020, comprising the interim condensed statement of financial position as at 30 September 2020 and the related interim condensed statements of income, comprehensive income, changes in equity, and cash flows for the nine 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**

- Based on the furnished information by the Bank's management, included within the other assets in the interim condensed statement of financial position as at 30 September 2020 are properties seized against overdue credit facilities in the amount of approximately JD 66 million. These properties have not been reduced to their net realizable value as of the date of the interim condensed financial statements in compliance with IFRS as well as CBJ regulations. The Bank's records indicate that had management written down these properties to their net realizable value as of 30 September 2020, other assets would have been reduced by approximately JD 5.2 million. Also, deferred tax assets would have increased by approximately JD 2 million and net income for the period would have increased by approximately JD 1.1 million and shareholder's equity would have decreased by approximately JD 3.2 million, respectively. Our audit report as of 31 December 2019 was qualified related to this matter.

- We were not able to complete the review procedures for the current model used to calculate the provision of expected credit losses, which depends on the update of the expected macroeconomic factors resulting from the impact of the COVID-19 pandemic and the model's sensitivity to macroeconomic factors, and therefore we have not been able to determine the financial impact of the COVID-19 pandemic in the calculation of the provision of expected credit losses on the condensed interim financial statements, if any.

#### **Qualified Conclusion**

Based on our review, except for the effects of the matters 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 as adopted by the Central Bank of Jordan.

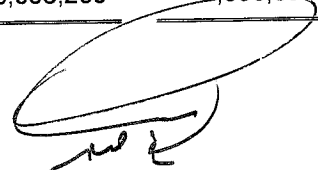
Amman – Jordan  
31 October 2020

*Ernst + Young*

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2020**

	Notes	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<b>ASSETS</b>			
Cash and balances with central banks	4	99,063,632	71,264,135
Balances at banks and financial institutions	5	45,074,965	36,642,539
Direct credit facilities, net	6	722,068,647	669,000,375
Financial assets at fair value through profit or loss	7	1,610,885	1,876,382
Financial assets at fair value through other comprehensive income	8	32,504,829	11,105,937
Financial assets at amortized cost, net	9	280,289,912	276,734,126
Property and equipment, net		21,947,844	22,430,397
Intangible assets, net		1,933,192	1,855,317
Deferred tax assets		12,318,786	12,313,532
Right of use assets		4,324,448	5,141,936
Other assets	10	118,919,095	134,455,262
Assets held for sale -- net	26	-	143,773,084
<b>Total Assets</b>		<b>1,340,056,235</b>	<b>1,386,593,022</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Banks' and financial institutions' deposits		71,055,180	87,386,747
Customers' deposits	11	917,887,503	836,698,393
Margin accounts		48,131,635	56,572,215
Borrowed funds	12	133,279,681	96,083,582
Income tax provision	14	741,337	-
Sundry provisions	13	368,927	1,370,624
Lease liabilities		4,101,467	4,538,267
Other liabilities	15	26,435,652	39,170,608
Deferred tax liabilities		-	50,388
Liabilities directly associated to assets held for sale	26	-	125,523,424
<b>Total Liabilities</b>		<b>1,202,001,382</b>	<b>1,247,394,248</b>
<b>SHAREHOLDERS' EQUITY</b>			
Authorized and paid in capital	1	120,000,000	120,000,000
Statutory reserve	16	15,460,318	15,460,318
General banking risk reserve		-	548,693
Cyclical fluctuations reserve		-	3,538,675
Fair value reserve - net	17	(2,007,653)	(2,211,406)
Retained earnings	18	5,389,879	1,862,494
Loss for the period		(787,691)	-
<b>Total Shareholders' Equity</b>		<b>138,054,853</b>	<b>139,198,774</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,340,056,235</b>	<b>1,386,593,022</b>





The accompanying notes from 1 to 27 form part of these interim condensed financial statements and should be read with them and with the accompanying review report

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF INCOME**  
**FOR THE THREE- AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2020	2019	2020	2019
		JD	JD	JD	JD
Interest income		17,448,953	18,492,237	53,050,814	55,678,561
Interest expense		(9,164,020)	(11,095,889)	(28,517,509)	(33,228,894)
<b>Net interest income</b>		<b>8,284,933</b>	<b>7,396,348</b>	<b>24,533,305</b>	<b>22,449,667</b>
Net commission income		1,121,665	1,461,388	3,154,971	4,238,715
<b>Net interest and commission income</b>		<b>9,406,598</b>	<b>8,857,736</b>	<b>27,688,276</b>	<b>26,688,382</b>
Gain from foreign currencies		213,896	243,155	710,288	815,384
Loss from financial assets at fair value through profit or loss		(37,040)	(44,776)	(265,497)	(117,798)
Dividends from financial assets at fair value through other comprehensive income	8	2,667	-	90,167	232,187
Other income		956,491	1,042,125	3,365,081	3,016,760
<b>Gross income</b>		<b>10,542,612</b>	<b>10,098,240</b>	<b>31,588,315</b>	<b>30,634,915</b>
Employees' expenses		3,144,596	3,522,316	9,547,844	10,286,199
Depreciation and amortization		894,512	531,729	2,641,800	2,670,261
Other expenses		2,775,128	2,950,006	7,778,727	6,692,134
Provision for expected credit losses, net	19	2,507,883	1,823,164	7,180,870	2,552,410
Impairment on assets seized by the Bank		394,145	398,369	1,298,819	1,293,422
Sundry provisions	13	-	18,036	15,450	401,894
<b>Total expenses</b>		<b>9,716,264</b>	<b>9,243,620</b>	<b>28,463,510</b>	<b>23,896,320</b>
<b>Profit for the period from continued operations before tax</b>		<b>826,348</b>	<b>854,620</b>	<b>3,124,805</b>	<b>6,738,595</b>
Income tax expense	14	(864,933)	(133,884)	(1,521,820)	(2,012,845)
<b>(Loss) profit for the period from continued operations</b>		<b>(38,585)</b>	<b>720,736</b>	<b>1,602,985</b>	<b>4,725,750</b>
<b>(Loss) profit for the period from discontinued operations</b>	26	-	(2,048,893)	(2,390,676)	(3,777,613)
<b>(Loss) profit for the period</b>		<b>(38,585)</b>	<b>(1,328,157)</b>	<b>(787,691)</b>	<b>948,137</b>
<b>(Loss) earnings per share for the period attributable to the Bank's shareholders</b>				<b>Fils/JD</b>	<b>Fils/JD</b>
Basic and diluted	20			(0.007)	0.008
<b>Earnings per share for the period from continuing operations attributable to the Bank's shareholders</b>				<b>Fils/JD</b>	<b>Fils/JD</b>
Basic and diluted	20			0.013	0.039
<b>Loss per share for the period from discontinued attributable to the Bank's shareholders</b>				<b>Fils/JD</b>	<b>Fils/JD</b>
Basic and diluted	20			(0.020)	(0.031)

The accompanying notes from 1 to 27 form part of these interim condensed financial statements and should be read with them and with the accompanying review report

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE- AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	JD	JD	JD	JD
<b>(Loss) Profit for the period</b>	(38,585)	720,736	1,602,985	4,725,750
Other comprehensive income items not to be reclassified to profit or loss in subsequent periods				
Net change in fair value reserve –after tax	(175,761)	(258,021)	(356,230)	(158,455)
<b>Total comprehensive income for the period</b>	<u>(214,346)</u>	<u>462,715</u>	<u>1,246,755</u>	<u>4,567,295</u>
<b>Loss for the period from discontinued Operations</b>	-	(2,048,893)	(2,390,676)	(3,777,613)
Other comprehensive income items not to be reclassified to profit or loss in subsequent periods				
Net change in fair value reserve –after tax	-	(28,704)	-	(90,900)
<b>Total comprehensive income for the period from discontinued operations</b>	<u>-</u>	<u>(2,077,597)</u>	<u>(2,390,676)</u>	<u>(3,868,513)</u>
<b>Total comprehensive income for the period</b>	<u>(214,346)</u>	<u>(1,614,882)</u>	<u>(1,143,921)</u>	<u>698,782</u>

The accompanying notes from 1 to 27 form part of these interim condensed financial statements and should be read with them and with the accompanying review report

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Reserves					Retained earnings (accumulated losses)	(Loss) Profit for the period	Total Shareholders' equity
	Authorized and paid in capital	Statutory	Cyclical fluctuations	General banking risk	Fair value reserve, net			
	JD	JD	JD	JD	JD	JD	JD	JD
<b>For the nine months ended 30 September 2020</b>								
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	-	-	-	-	-	-	(787,691)	(787,691)
Change in fair value reserve, net	-	-	-	-	(356,230)	-	-	(356,230)
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(134,778)	134,778	-	-
Total comprehensive income for the period	-	-	-	-	(491,008)	134,778	(787,691)	(1,143,921)
Transferred from reserves due to sale of Palestine branches	-	-	(3,538,675)	(548,693)	694,761	3,392,607	-	-
Balance as at 30 September 2020	120,000,000	15,460,318	-	-	(2,007,653)	5,389,879	(787,691)	138,054,853
<b>For the nine months ended 30 September 2019</b>								
Balance as at 1 January 2019	120,000,000	14,714,563	2,597,047	-	(2,053,183)	(1,214,496)	-	134,043,931
Profit for the period	-	-	-	-	-	-	948,137	948,137
Change in fair value reserve, net	-	-	-	-	(249,355)	-	-	(249,355)
Total comprehensive income for the period	-	-	-	-	(249,355)	-	948,137	698,782
Transferred to reserves	-	-	-	328,600	-	(328,600)	-	-
Balance as at 30 September 2019	120,000,000	14,714,563	2,597,047	328,600	(2,302,538)	(1,543,096)	948,137	134,742,713

- \* The central Bank of Jordan issued circular No. 10/1/7702 dated 6 June 2018, requesting to transfer of the general banking risk reserve balance to the retained earnings to offset the effect of IFRS 9 on the opening balance of the retained earnings account as at 1 January 2018.
- As at 30 September 2020, an amount of JD 12,318,786 from accumulated losses is restricted against deferred tax assets as at 30 September 2020, according to the Central Bank of Jordan regulations.
- The use of negative fair value reserve before tax effect is restricted by the instructions of Jordan Securities Commission.

**The accompanying notes from 1 to 27 form part of these interim condensed financial statements and should be read with them and with the accompanying review report**



**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

		For the nine-month period ended 30 September	
	Notes	2020	2019
<b><u>OPERATING ACTIVITIES</u></b>		JD	JD
Profit for the period before income tax		3,124,805	6,738,595
Loss for the period from discontinued operations before tax		(2,390,676)	(3,777,613)
<b>Adjustments -</b>			
Depreciation and amortisation		1,859,318	2,297,594
Provision on expected credit loss, net	19	7,180,870	4,913,333
Reversal of seized stock provision		204,814	(541,345)
Losses from valuation of financial assets at fair value through profit or loss		265,497	117,667
Sundry provisions		(984,550)	596,933
Provision for real estate owned for a period of more than four years		1,094,005	1,834,770
Amortization of right-of-use assets		782,482	752,454
Finance costs paid for lease obligations		264,213	-
Effect of exchange rate changes on cash and cash equivalents		(305,709)	(206,593)
<b>Operating profit before changes in assets and liabilities</b>		<b>11,095,069</b>	<b>12,725,795</b>
<b>Changes in assets and liabilities -</b>			
Decrease in banks and financial institution deposit due after 3 months		(15,000,000)	(11,766,361)
Decrease in financial assets at fair value through profit or loss		-	7,712
Increase in direct credit facilities		(60,605,200)	(9,509,915)
Increase in balances in banks' and financial institutions		(159,651)	-
Decrease (Increase) in other assets		13,323,017	(18,392,839)
Increase customers' deposits		81,189,110	44,870,973
Decrease margin accounts		(8,440,580)	(14,937,016)
(Decrease) Increase in Other liabilities		(12,199,578)	2,545,038
<b>Net cash flows from operating activities before income tax</b>		<b>9,202,187</b>	<b>5,543,387</b>
Paid sundry provision		(17,147)	(291,628)
Interest on lease commitment		(701,013)	(86,862)
Income tax paid	14	(635,499)	(117,942)
<b>Net cash flows from operating activities</b>		<b>7,848,528</b>	<b>5,046,955</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Increase in financial assets at fair value through other comprehensive income		(2,945,479)	(597,780)
(Increase) Decrease in financial assets at amortized cost		(3,546,378)	39,815,305
Changes in property and equipment, and intangible assets		(1,454,640)	(2,398,414)
<b>Net cash flows (used in) from investing activities</b>		<b>(7,946,497)</b>	<b>36,819,111</b>
<b><u>FINANCING ACTIVITIES</u></b>			
Increase in loans and borrowings		37,196,099	11,609,304
<b>Net cash flows from financing activities</b>		<b>37,196,099</b>	<b>11,609,304</b>
Effect of exchange rate changes on cash and cash equivalents		305,709	206,593
<b>Net increase in cash and cash equivalents</b>		<b>37,403,839</b>	<b>53,681,963</b>
Cash and cash equivalents, beginning of the period		80,519,927	103,062,924
<b>Cash and cash equivalents, end of the period</b>	21	<b>117,923,766</b>	<b>156,744,887</b>

The accompanying notes from 1 to 27 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**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

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**(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-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, 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 (33) inside Jordan.

The fiscal year of the Bank ends on December 31 of each year. However, the accompanying interim condensed financial statements have been prepared for the use of management, and Jordan Securities Commission only.

The interim condensed financial statements were approved by the Bank's Board of Directors at its meeting No. 10/2020 held on 31 October 2020.

**(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).

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**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

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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 and should be read in conjunction with the Bank annual report as at 31 December 2019. In addition, results for the nine months period ended 30 September 2020 do not necessarily indicate the expected results for the financial year ending 31 December 2020. Also, no appropriation of the profit has been made for the nine months ended 30 September 2020 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 2019, except for the followings adoption of new standards that were effective as at 1 January 2020:

**Amendments to IFRS 3: Definition of "business"**

The International Accounting Standards Board has issued amendments to the definition of "business" in International Financial Reporting Standard No. (3) "business combinations", to help enterprises determine whether the set of activities and assets acquired has the definition of "business" applied or not.

These amendments clarify the minimum business requirements, nullify the assessment of whether market participants are able to replace any business elements that do not exist, and add directions to assist enterprises in assessing whether the acquired operation is material, and to narrow business definitions and outputs, and enter the optional fair value concentration test.

The amendments have been applied to transactions that are either business combination or acquisition of assets whose acquisition date is on or after the start of the first annual reporting period that started on or after 1 January 2020. Consequently, the bank did not have to review these transactions that occurred in previous periods. Early application of these amendments is permitted and should be disclosed.

There was no effect of applying these amendments on the financial statements.

**Adjusting interest rates on IFRS 9 and IFRS 7**

Interest rate adjustments to IFRS 9 and IFRS 7 include a number of exemptions that apply to all hedging relationships that are directly affected by the adjustment to the interest rate standards. The hedge relationship is affected if the adjustment leads to uncertainty about the timing and / or volume of cash flows based on the standard, for the hedged item or hedging instrument. As a result of this amendment, there may be uncertainty about the timing and / or volume of cash flows based on the standard, for the hedged item or hedging instrument, during the period preceding the replacement of the current interest rate standard with a risk-free interest rate (RFR). This may lead to uncertainty as to whether the expected transaction is highly likely and whether the hedging relationship is expected to be very effective.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

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The amendments provide temporary exemptions that enable hedge accounting to continue during the period of uncertainty before replacing the current interest rate standard with a risk-free rate ("RFR").

The amendments have been applied to the financial periods beginning on or after January 1, 2020 with early application permitted. It is applied retroactively. However, any pre-canceled hedge relationships cannot be reinstated when the order is applied, and no hedge relationships can be assigned based on past experience.

After completing the first stage, the IASB shifts its focus to issues that may affect financial reporting when replacing the current interest rate standard with a risk-free interest rate ("RFR"). This is referred to as the second phase of the International Accounting Standards Board project.

There was no effect of applying these amendments on the financial statements.

**Amendments to IAS 1 and IAS 8: Definition of "Material"**

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The amendments to the definition of material are not expected to have a significant impact on the Bank's interim condensed financial statements.

**(3) USE OF ESTIMATES**

Preparation of the interim condensed 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 interim condensed 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.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

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

The statutory cash reserve held at central banks amounted to JD 47,346,490 as at 30 September 2020 (31 December 2019: JD 44,459,712).

Other than the cash reserve, there are no restricted cash balances as at 30 September 2020 and 31 December 2019.

There are no balances matured in more than three months as at 30 September 2020 and 31 December 2019.

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

Item	Banks and financial institutions				Total	
	Local		Foreign			
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Current and call accounts	29,671	29,671	9,973,143	7,292,860	10,002,814	7,322,531
Deposits matures in 3 months or less	31,270,000	29,143,000	3,825,336	255,680	35,095,336	29,398,680
	31,299,671	29,172,671	13,798,479	7,548,540	45,098,150	36,721,211
Less: ECL	(18,779)	(77,995)	(4,406)	(677)	(23,185)	(78,672)
	31,280,892	29,094,676	13,794,073	7,547,863	45,074,965	36,642,539

- Non-interest-bearing balances held at banks and financial institutions amounted to JD 10,022,814 as at 30 September 2020 (31 December 2019: JD 7,273,788).
- There are no restricted balances as at 30 September 2020 and 31 December 2019.

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

	30 September 2020 (Unaudited)				31 December 2019
	Stage 1	Stage 2	Stage 3	Total	(Audited)
	JD	JD	JD	JD	
Balance at 1 January 2020	78,672	-	-	78,672	170,105
Impairment on new balances and deposits	-	-	-	-	31,339
Reversed from ECL during the period / year	(55,487)	-	-	(55,487)	(93,252)
Changes resulting from adjustments	-	-	-	-	4,236
Transferred to assets held for sale	-	-	-	-	(33,756)
At the end of the period / year	23,185	-	-	23,185	78,672

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

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

The details of this item are as follows:

	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<b>Individuals (Retail):</b>		
Overdrafts	624,293	364,664
Loans and bills *	190,993,223	180,269,792
Credit cards	4,276,227	4,274,929
Real estate loans	117,055,800	121,834,039
<b>Corporate customers:</b>		
<b>A- Large corporations:</b>		
Overdrafts	72,116,832	76,344,157
Loans and bills *	301,453,746	276,490,443
<b>B-Small and medium enterprises "SMEs":</b>		
Overdrafts	12,769,415	16,162,824
Loans and bills *	48,059,887	34,570,961
<b>Governmental and public sectors</b>	48,162,776	20,742,691
<b>Total</b>	<b>795,512,199</b>	<b>731,054,500</b>
Less: Provision for expected credit losses	(55,510,715)	(47,974,854)
Less: Suspended interest	(17,932,837)	(14,079,271)
<b>Direct Credit Facilities, net</b>	<b>722,068,647</b>	<b>669,000,375</b>

- Net of interest and commission received in advance amounted to JD 1,805,839 as at 30 September 2020 (31 December 2019: JD 2,930,594).
- Non-performing credit facilities amounted to JD 87,949,122 as at 30 September 2020 (31 December 2019: JD 84,627,496), representing 11.1 % as at 30 September 2020 (31 December 2019: 11.58%) of total direct credit facilities.
- Non-performing credit facilities, net of suspended interests and commissions, amounted to JD 70,387,463 as at 30 September 2020 (31 December 2019: JD 70,617,431), representing 9.1% as at 30 September 2020 (31 December 2019: 9.85%) of total direct credit facilities excluding the suspended interests and commissions as at 31 December 2019.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

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- Non-performing credit facilities transferred to off interim condensed financial position items, amounted to JD 123,650,612 as at 30 September 2020 (31 December 2019: JD 120,937,156). Knowing that, these credit facilities are fully covered with the suspended interests and provisions.
- Direct credit facilities include facilities guaranteed by the Government of Jordan in an amount of JD 30,000,000 as at 30 September 2020 (JD 2,500,000 as at 31 December 2019).
- Work is underway with the company supplying the system to complete the update of the current model used in the calculation of the expected credit loss provision, which depends on updating the expected macroeconomic factors resulting from the impact of the COVID-19 pandemic and the sensitivity of the model used to macroeconomic factors.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

The movement on the expected credit losses for the nine months ended 30 September 2020 is as follows:

Item	30 September 2020 (Unaudited)					Governmental and public sector	Total
	Individuals	Real estate	Corporate	SMEs			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	10,763,744	1,777,426	31,252,880	4,086,186	94,618		47,974,854
Provision for expected credit losses on new facilities during the period	614,856	23,999	37,172	98,498	6		774,531
Reversal of provision for expected credit losses on settled facilities during the period	(202,087)	(210,186)	(80,639)	(265,362)	(2)		(758,276)
Effect on provision-resulting from reclassification among three stages for the period	659,312	14,152	4,185,874	715,656	-		5,574,994
Transfer to stage 1	(75,105)	(13,370)	140,318	(16,504)	-		35,339
Transfer to stage 2	30,886	65,426	(122,135)	23,025	-		(2,798)
Transfer to stage 3	44,219	(52,056)	(18,183)	(6,521)	-		(32,541)
Transferred to off statement of financial position (Reversal) of provision for expected credit losses on the old facilities	171,493	197,593	1,659,636	(192,142)	109,099		1,945,679
Written-off facilities	(1,067)	-	-	-	-		(1,067)
Balance at the end of the period	12,006,251	1,802,984	37,054,923	4,442,836	203,721		55,510,715
Re- allocation:							
Individual provision	12,006,251	1,802,984	37,054,923	4,442,836	203,721		55,510,715



**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

The movement on the expected credit losses for the year ended 31 December 2019 is as follows:

Item	31 December 2019 (Audited)					Governmental and public sector	Total
	Individuals	Real estate	Corporate	SMEs			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	14,177,909	1,754,880	39,451,016	3,552,067	207,566		59,143,438
Provision for expected credit losses on new facilities during the year	796,606	115,646	266,316	90,046	80,395		1,349,009
Reversal of provision for expected credit losses on settled facilities during the year	(741,000)	(200,742)	(413,813)	(261,876)	-		(1,617,431)
Transfer to stage 1	(17,659)	(64,584)	(2,027,635)	(31,314)	-		(2,141,192)
Transfer to stage 2	(35,780)	56,440	2,584,353	(35,238)	-		2,569,775
Transfer to stage 3	53,438	8,144	(556,718)	66,552	-		(428,584)
Effect on provision-resulting from reclassification among three stages for the period	256,672	213,266	2,506,895	2,684,611	-		5,661,444
Changes resulting from adjustments	344,430	43,649	(3,072,419)	(138,519)	(99,330)		(2,922,189)
Written-off facilities	(43,559)	-	-	-	-		(43,559)
Provision for expected credit losses on the old facilities	(2,539,265)	(566)	(5,746,750)	(719,966)	-		(9,006,547)
Transferred to assets held for sale	(1,488,048)	(148,707)	(1,738,365)	(1,120,177)	(94,013)		(4,589,310)
Balance at the end of the year	10,763,744	1,777,426	31,252,880	4,086,186	94,618		47,974,854
Re-allocation:							
Individual provision	10,763,744	1,777,426	31,252,880	4,086,186	94,618		47,974,854

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

**Suspended Interests**

The movement on suspended interests is as follows:

	Individuals JD	Real Estate JD	Corporate JD	SMEs JD	Total JD
<b>For the nine months ended 30 September 2020 (Unaudited)</b>					
Balance at the beginning of the period	1,312,553	1,255,739	9,746,437	1,764,542	14,079,271
<u>Add:</u> Interest in suspense for the period	701,492	557,643	2,463,968	855,533	4,578,636
<u>Less:</u> Interest transferred to revenues	(149,513)	(68,799)	(391,271)	(103,005)	(712,588)
Interest in suspense written-off	(2,987)	(9,465)	-	(30)	(12,482)
<b>Balance at the end of the period</b>	<u>1,861,545</u>	<u>1,735,118</u>	<u>11,819,134</u>	<u>2,517,040</u>	<u>17,932,837</u>
	Individuals JD	Real Estate JD	Corporate JD	SMEs JD	Total JD
<b>For the year ended 31 December 2019 (Audited)</b>					
Balance at the beginning of the year	1,893,506	1,136,321	12,462,962	2,192,005	17,684,794
<u>Add:</u> Interest in suspense for the year	987,411	450,378	3,927,138	1,421,527	6,786,454
<u>Less:</u> Interest transferred to revenues	(394,966)	(218,994)	(136,513)	(120,203)	(870,676)
Interest in suspense written-off	(18,958)	(44,901)	-	(158,618)	(222,477)
Transferred to off- statement of financial position items	(824,996)	(67,065)	(6,507,150)	(597,320)	(7,996,531)
Transferred to assets held for sale	(329,444)	-	-	(972,849)	(1,302,293)
<b>Balance at the end of the year</b>	<u>1,312,553</u>	<u>1,255,739</u>	<u>9,746,437</u>	<u>1,764,542</u>	<u>14,079,271</u>

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

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

The details of this item are as follows:

	30 September 2020 (Unaudited) JD	31 December 2019 (Audited) JD
Quoted shares	1,610,885	1,876,382

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

The details of this item are as follows:

	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Quoted shares	23,842,065	6,090,959
Unquoted shares*	5,122,621	5,014,978
Total of quoted and unquoted shares	28,964,686	11,105,937
Bonds and treasury bills	3,540,143	-
Total of bonds	3,540,143	-
Total	32,504,829	11,105,937

\* Cash dividend distributions for the above-mentioned financial assets amounted to JD 90,167 for the nine months ended 30 September 2020 (JD 232,187 for the nine months ended 30 September 2019).

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

The details of this item are as follows:

	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Treasury bonds and bills	276,351,566	272,205,188
Corporate bonds and debentures	4,436,000	5,036,000
	280,787,566	277,241,188
Provision for expected credit losses	(497,654)	(507,062)
Total financial assets at amortized costs - net	280,289,912	276,734,126

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

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

	30 September 2020 (Unaudited)				31 Dec 2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Balance at 1 January 2020	53,874	-	453,188	507,062	83,456
Recoveries from ECL related to matured investment	(9,408)	-	-	(9,408)	-
Effect on provision resulting from reclassification among the three stages	-	-	-	-	425,145
Changes due to adjustments	-	-	-	-	24,383
Transferred to assets held for sale	-	-	-	-	(25,922)
Balance at 30 September 2020	<u>44,466</u>	<u>-</u>	<u>453,188</u>	<u>497,654</u>	<u>507,062</u>

**(10) OTHER ASSETS**

The details of this item are as follows:

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Real estate seized by the bank against debt - net**	62,172,166	83,253,775
Receivables from assets sold on installments	10,513,038	-
Accrued interest and commissions	11,242,857	7,884,644
Clearance checks	1,750,352	30,216
Receivables – Sale of seized assets - net	3,860,517	3,860,517
Prepaid expenses	1,590,355	1,079,518
Refundable deposits - net	1,178,099	1,120,991
Purchase of time withdrawals and letters of credit- net*	23,556,368	34,858,358
Others	<u>3,055,343</u>	<u>2,367,243</u>
Total	<u>118,919,095</u>	<u>134,455,262</u>

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

\* Movement on the impairment provision for time withdrawals and letters of credit:

	30 September 2020 (Unaudited)				31 December 2019 (Audited)
	Stage (1) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	245,569	-	-	245,569	13,495
ECL on new exposures during the period / year	489,780	-	-	489,780	245,569
ECL on matured exposures during the period / year	(245,569)	-	-	(245,569)	(13,495)
Balance at the end of the period / year	<u>489,780</u>	<u>-</u>	<u>-</u>	<u>489,780</u>	<u>245,569</u>

\*\* Movement on assets seized by the bank against debt is as follows:

	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Balance at the beginning of the period / year	83,253,775	84,736,553
Additions for the period / year	3,687,280	3,571,616
Disposals for the period / year	(22,639,078)	(524,143)
Impairment loss for the period / year	(1,269,408)	(952,820)
Impairment on breached assets seized by the bank ***	(29,411)	(272,038)
Transfers for the period / year	(830,992)	(3,305,393)
Balance at the end of the period / year	<u>62,172,166</u>	<u>83,253,775</u>

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

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

	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Balance at the beginning of the period / year	3,268,794	2,996,756
Provided for the period / year	-	272,038
Surplus during the period / year	(29,411)	-
Balance at the end of the period / year	<u>3,239,383</u>	<u>3,268,794</u>

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

**(11) CUSTOMERS' DEPOSITS**

The details of this item are as follows:

30 September 2020 (Unaudited)					
	Corporate			Government and public sector	Total
	Individuals	Large	SMEs		
	JD	JD	JD	JD	JD
Current and call accounts	47,760,790	29,419,020	33,020,681	6,348,048	116,548,539
Saving deposits	193,991,647	101,227	2,278,817	40,092	196,411,783
Certificates of deposits	30,185,554	-	46,794	-	30,232,348
Time deposits subject to notice	335,202,203	73,379,182	77,261,018	88,852,430	574,694,833
	<u>607,140,194</u>	<u>102,899,429</u>	<u>112,607,310</u>	<u>95,240,570</u>	<u>917,887,503</u>
31 December 2019 (Audited)					
	Corporate			Government and public sector	Total
	Individuals	Large	SMEs		
	JD	JD	JD	JD	JD
Current and call accounts	35,804,556	25,077,496	34,349,564	6,261,469	101,493,085
Saving deposits	163,566,847	90,636	3,093,229	180,138	166,930,850
Certificates of deposits	33,911,016	-	12,000	-	33,923,016
Time deposits subject to notice	318,358,531	79,943,535	75,322,721	60,726,655	534,351,442
	<u>551,640,950</u>	<u>105,111,667</u>	<u>112,777,514</u>	<u>67,168,262</u>	<u>836,698,393</u>

- Total deposits of Jordanian Government and public sector inside the Kingdom amounted to JD 95,240,570 which is equivalent to 10.4% of total deposits as at 30 September 2020 (JD 67,168,262, equivalent to 8.03% of total deposits as at 31 December 2019)
- Non-interest-bearing deposits amounted to JD 114,244,872 which is equivalent to 12.4% of total deposits as at 30 September 2020 (JD 98,042,179 equivalent to 11.7 % of total deposits as at 31 December 2019).
- Restricted deposits (restricted to withdrawals) amounted to JD 3,622,362 which is equivalent to 4% of total deposits as at 30 September 2020 (JD 8,642,400 which is equivalent to 1.03% of total deposits as at 31 December 2019).
- Dormant deposits amounted to JD 7,860,115 as at 30 September 2020 (JD 6,134,468 as at 31 December 2019).

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

**(12) BORROWED FUNDS**

This item includes the following:

	Gross loans	Utilized	Settlement method	Guarantees	Loan interest price
<b>30 September 2020 (Unaudited)</b>					
Loan from World Bank through Central Bank of Jordan	2,000,000	1,400,000	20 years including 5 years grace period repayment through semi-annual instalments	-	2.5%
Loan from Arab Monetary Funds through Central Bank of Jordan	2,100,000	1,233,267	10 years including 3 grace period repayment on semi-annual instalments	-	2.5%
Advances from Central Bank of Jordan	29,192,402	29,192,402	2 years payable on 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 include 3 grace period repayment on semi-annual	-	2.35%
Central Bank of Jordan for Mortgage bonds /repurchase agreement	-	70,704,012	One payment on 31 March 2021	Mortgage bonds	2%
		<u>133,279,681</u>			
<b>31 December 2019 (Audited)</b>					
	Gross loans	Utilized	Settlement method	Guarantees	Loan interest price
			20 years including 5 years grace period settled in semi-annual instalments	-	2.5%
Loan from World Bank through Central Bank of Jordan	2,000,000	1,600,000	10 years including 3 years grace period settled in semi-annual instalments	-	2.5%
Loan from Arab Monetary Funds through Central Bank of Jordan	2,100,000	1,365,000	2 years settled in semi-annual instalments	-	2.25%
Advances from Central Bank of Jordan	12,363,959	12,363,959	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%
Jordanian Mortgage Refinance Company	750,000	754,623	18 years including 3 years grace period settled in semi-annual instalments	-	2.35%
International Fund for Agricultural Development through the Central Bank	-	50,000,000	One Payment on 6 February 2020	Mortgage bonds	4.75%
		<u>96,083,582</u>			

- The re-borrowed loans amounted to JD 29,963,835 as at 30 September 2020 (JD 15,402,088 as of 31 December 2019) with an interest rate ranging from 2% up to 10% as at 30 September 2020 (3% up to 10% as of 31 December 2019).

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

**(13) SUNDRY PROVISIONS**

The movement for this item during the period / year is as follows:

<b>For the nine-months ended 30 September 2020 (Unaudited)</b>				
	Beginning balance of the period	Expense for the period	Paid/released during the period	Ending balance of the period
Provision for lawsuits against the Bank	368,568	15,450	(15,450)	368,568
Provision for end of services indemnity	2,056	-	(1,697)	359
Others	1,000,000	-	(1,000,000)	-
<b>Total</b>	<b>1,370,624</b>	<b>15,450</b>	<b>(1,017,147)</b>	<b>368,927</b>

	For the year ended 31 December 2019 (Audited)				
	Beginning balance of the year	Expense for the year	Paid during the year	Transferred to liabilities associated with assets held for sale	Ending balance of the year
Provision for lawsuits against the Bank	146,472	401,848	(176,906)	(2,846)	368,568
Provision for end of services indemnity	777,794	255,115	(173,193)	(857,660)	2,056
Others	1,000,000	-	-	-	1,000,000
Total	1,924,266	656,963	(350,099)	(860,506)	1,370,624

**(14) INCOME TAX**

**A. Income tax provision**

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

	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<b>Beginning balance for the period/ year</b>	-	745,548
Income tax payable on profit for the period/ year	1,376,836	518,012
Income tax paid – Jordan branches	(635,499)	(518,012)
Surplus in provision reversed to income-Palestine branches	-	(745,548)
<b>Ending balance for the period/ year</b>	<b>741,337</b>	<b>-</b>



**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

**B. Income tax expense**

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

	30 September 2020	30 September 2019
	JD	JD
	(Unaudited)	(Unaudited)
Income tax payable on profit for the period		
– Jordan branches	1,376,836	27,923
Deferred tax assets	94,596	1,999,029
Deferred Tax Liability	50,388	(14,107)
	<u>1,521,820</u>	<u>2,012,845</u>

**C. Tax status**

- The Bank has reached a final settlement with Income and Sales Tax Department for Jordan branches up to the year 2016.
- For the year 2017: it was audited by the Income and Sales Tax Department, where an additional amount of about JD 1.9 million was imposed on the bank. The bank appealed the decision. In the opinion of the bank and the tax advisor, there is no need to calculate an additional provision.
- For the years 2018 and 2019: The Bank has submitted the income tax returns for the years 2018 and 2019, however, they have not been reviewed yet.
- Tax rates were amended starting from January 1, 2019 to become 35% income tax + 3% national contribution, i.e. a total of 38% according to the Jordanian Income Tax Law No. (34) of 2014 amended by Law No. (38) of 2018.
- In the opinion of the Management and the Bank's Tax advisors in Jordan and Palestine, no liability would exceed the booked provision by the Bank and its related branches, and the booked income tax provision is sufficient to settle the potential tax obligations as of the date of the interim condensed financial statements.

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
<u>Income tax rate</u>		
Jordan Branches	38%	38%
Palestine Branches	-	15%

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

**(15) OTHER LIABILITIES**

The details of this item are as follows:

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Accepted checks	6,048,306	7,162,304
Accrued interest not paid	4,191,171	8,479,402
Commissions received in advance	302,328	-
Refundable and various deposits	6,254,880	2,781,827
Safe deposit boxes	93,819	88,429
Shareholders' deposits	14,608	15,759
Income tax and social security deposits	341,078	394,461
Accrued expenses not paid	1,410,475	574,678
Transactions in-transit between branches	-	1,124,725
Board of Directors' remuneration	-	56,250
Received amounts on the sale of land and real estate	1,970,503	13,049,944
Incoming transfers	483,087	203,704
Provision for expected credit losses for off items	4,107,857	4,643,231
Others	1,217,540	595,894
	<u>26,435,652</u>	<u>39,170,608</u>

\* The expected credit losses movement on off statement of financial position items is as follows:

	30 September 2020 (Unaudited)				30 September 2019
	Stage 1	Stage 2	Stage 3	Total	(Unaudited)
	JD	JD	JD	JD	JD
Beginning balance of the period	791,494	1,033,413	2,818,324	4,643,231	6,570,764
New balances	56,308	32,042	-	88,350	218,549
Settled balances	(232,931)	(36,698)	(44,488)	(314,117)	(422,620)
Transferred to stage 1	169,430	(169,189)	(241)	-	-
Transferred to stage 2	(122,042)	149,623	(27,581)	-	-
Transferred to stage 3	(1,529)	(154)	1,683	-	-
Effect of provision –resulting from reclassification among three stages	-	(120,764)	(759,638)	(880,402)	760,303
Adjustments due to changes	375,513	(102,150)	297,432	570,795	(2,385,870)
Liabilities associated with assets held for sale	-	-	-	-	(97,895)
Ending balance for the period	<u>1,036,243</u>	<u>786,123</u>	<u>2,285,491</u>	<u>4,107,857</u>	<u>4,643,231</u>

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

**(16) RESERVES**

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

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

The movement on this item is as follows:

	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Beginning balance of the period / year	(2,211,406)	(2,053,183)
Net unrealized losses	(356,230)	(158,223)
Released from selling financial assets at fair value through other comprehensive income at the end of period / year	(134,778)	-
Transferred from reserve due to sale of Palestine branches	694,761	-
Ending Balance of the period / year	<u>(2,007,653)</u>	<u>(2,211,406)</u>

The fair value reserve includes JD 311,112 as at 30 September 2020 and 31 December 2019 as an impact related to the implementation of the International Financial Reporting Standard No. 9.

**(18) RETAINED EARNINGS**

	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Beginning balance of the period / year	1,862,494	(1,214,496)
Profit for the period / year	-	5,313,066
Transferred from (to) reserves	3,392,607	(2,236,076)
Earnings from the sale of financial assets at fair value through other comprehensive income	134,778	-
Balance end of the period / year	<u>5,389,879</u>	<u>1,862,494</u>

As at 30 September 2020, an amount of JD 12,318,786 from retained earnings is restricted against deferred tax assets in accordance with the instructions of the Central Bank of Jordan.

Use of retained earnings balance equal to the negative cumulative change in fair value of financial assets is restricted. (including JD 311,112 against implementing International Financial Reporting Standard No. 9, according to Jordan Securities Commission and Central Bank of Jordan.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

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

The details of this item are as follows:

	30 September 2020	30 September 2019
	JD	JD
	(Unaudited)	(Unaudited)
Balances and deposits at financial institutions	(55,487)	(114,982)
Direct credit facilities	7,536,928	3,004,681
Financial assets at amortized cost	(9,408)	446,351
Indirect credit facilities and unutilized facilities	(535,374)	(950,542)
Purchased credits and withdrawals	244,211	166,902
	<u>7,180,870</u>	<u>2,552,410</u>

**(20) BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS**

	For the nine months ended 30 September	
	2020	2019
	JD	JD
	(Unaudited)	(Unaudited)
<b><u>From continuing operations for the period attributable to the Banks' shareholders</u></b>		
Profit for the period	<u>1,602,985</u>	<u>4,725,750</u>
Weighted average number of shares	<u>120,000,000</u>	<u>120,000,000</u>
Basic and diluted earnings per share	<u>0.013</u>	<u>0.039</u>
<b><u>From discontinued operations for the period attributable to the Banks' shareholders</u></b>		
Loss for the period	<u>(2,390,676)</u>	<u>(3,777,613)</u>
Weighted average number of shares	<u>120,000,000</u>	<u>120,000,000</u>
Basic and diluted loss per share	<u>(0.020)</u>	<u>(0.031)</u>
<b><u>From (loss) profit for the period attributable to the Banks' shareholders</u></b>		
(Loss) profit for the period	<u>(787,691)</u>	<u>948,137</u>
Weighted average number of shares	<u>120,000,000</u>	<u>120,000,000</u>
Basic and diluted (loss) earnings per share	<u>(0.007)</u>	<u>0.008</u>

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

**(21) CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	For the nine months ended 30 September	
	2020	2019
	JD	JD
	(Unaudited)	(Unaudited)
Cash and balances with central banks maturing within three months	99,063,632	146,990,125
<u>Add:</u> Balances at banks and financial institutions maturing within three months	44,915,314	49,009,287
<u>Less:</u> Banks and financial institutions' deposits maturing within three months	(26,055,180)	(39,254,525)
	<u>117,923,766</u>	<u>156,744,887</u>

**(22) SEGMENT INFORMATION**

**1- Information on the Bank Activities**

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

- Individual accounts: This includes monitoring of deposits of individual customers accounts, and granting them credit facilities, credit cards, and other services.
- SME's: Principally "SME's' transactions on loans credit facilities and deposits, which are classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the Bank and commensurate with the instructions of the regulatory authorities.
- Corporate accounts: Principally corporate transactions on loans credit facilities and deposits, which are classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the bank and commensurate with the instructions of the regulatory authorities.
- Treasury: principally providing money market trading and treasury services as well as management of the Bank's funding operations and long-term investment valued at amortized cost which is retained to receive contractual cash flows.
- Investment and foreign currency management: The activity of this sector is related to local and foreign bank investment as well as those restricted at fair value, in addition services for trading in foreign currency.
- Other: This sector includes all non-listed accounts in the above sectors, for example equity and investments in associates, equipment, and general management.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

	For the nine months ended 30 September					
	2020			2019		
	(Unaudited)			(Unaudited)		
	Individuals	Corporate	Treasury	Others	JD	JD
	JD	JD	JD	JD	JD	JD
<b>Gross Profit</b>						
Less: Expected credit losses allowance –						
Direct credit facilities	9,017,294	18,529,832	2,661,301	1,380,888	31,588,315	30,634,915
Segments results	(1,317,511)	(5,931,984)	68,625	-	(7,180,870)	(2,552,410)
Net distributed segment expenses	7,699,783	12,596,848	2,729,926	1,380,888	24,407,445	28,082,505
Profit for the period before tax	(5,557,499)	(11,419,608)	(1,640,202)	(2,665,331)	(21,282,640)	(21,343,910)
	2,142,284	1,177,240	1,089,724	(1,284,443)	3,124,805	6,738,595
Less: Income tax	-	-	-	(1,521,820)	(1,521,820)	(2,012,845)
Profit for the period from continued operations	2,142,284	1,177,240	1,089,724	2,806,263	1,602,985	4,725,750
Loss for the period from discontinued operations	-	-	-	(2,390,676)	(2,390,676)	(3,777,613)
(Loss) profit for the period	2,142,284	1,177,240	1,089,724	(5,196,939)	(787,691)	948,137
<b>Other Matters:</b>						
Capital expenditures	-	-	-	1,411,400	1,411,400	1,983,615
Depreciation	-	-	-	2,641,800	2,641,800	1,917,807

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

**2- Geographical distribution information**

This sector represents the geographical distribution of the Banks operation. The Bank performs its operations mainly in the Hashemite Kingdom of Jordan representing local operations. Moreover, the Bank conducts international operations through its branches in Palestine.

The following is the Bank's revenue, assets and capital expenditures according to geographical location:

	Inside the Kingdom		Outside the Kingdom		Total	
	For the period ended 30 September		For the period ended 30 September		For the period ended 30 September	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross income	31,807,070	30,309,444	(218,755)	325,471	31,588,315	30,634,915
Capital expenditure	1,411,400	1,441,397	-	-	1,411,400	1,441,397
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Total assets	1,294,556,600	1,213,052,825	45,499,635	173,540,197	1,340,056,235	1,386,593,022

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

**(23) 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.

All the credit facilities granted to related parties are considered as performing facilities and no provision has been taken as of the date of the interim condensed financial statement.

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

	BOD members	Companies Representative BOD	Employees	Others	Total	
					30	31
					September	December
					2020	2019
	JD	JD	JD	JD	JD	JD
					(Unaudited)	(Audited)
<u>Interim Condensed Statement of</u>						
<u>Financial Position Items:</u>						
Deposits	34,270,695	2,675,518	757,679	231,643	37,935,535	39,873,104
Direct credit facilities	1,087,638	19,739,428	1,335,952	2,900,891	25,063,909	21,670,176
Cash margins	-	32,994	-	5,035	38,029	1,189,199
					Total	
					For the nine months ended	
					30 September (Unaudited)	
					2020	2019
					JD	JD
<u>Interim Condensed Income Statement</u>						
<u>Items:</u>						
Interest and commission income	35,361	414,663	76,535	73,330	599,889	853,097
Interest and commission expense	1,605,625	70,299	7,956	-	1,683,880	2,157,824

- Credit interest rate ranges between 8% to 8.25%
- Debit interest rate ranges between 1% to 4.5%



**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

**(24) COMMITMENTS AND CONTINGENT LIABILITIES**

The details of this item are as follows:

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Letters of credit	9,497,933	40,484,523
Letters of Acceptances	19,873,498	32,395,959
Letter of guarantees:		
Payments	26,668,074	28,608,707
Performance guarantee	39,846,648	64,340,267
Other	50,638,723	55,358,222
Unutilized direct credit facilities ceilings	70,138,356	63,583,115
Total	216,663,232	284,770,793

**(25) LAWSUITS AGAINST THE BANK**

Lawsuits raised against the Bank amounted to JD 26,346,514 as at 30 September 2020 (31 December 2019: JD 20,897,947). In the opinion of the Bank's management and the legal advisor, no further liabilities exceeding the provision of JD 368,568 will be needed as at 30 September 2020 (31 December 2019: JD 368,568).

**(26) ASSETS HELD FOR SALE AND DISCONTINUED 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 Jordan Commercial Bank's branch in Palestine at their book value as of 31 December 2019 in exchange for a 15% of the National Bank's capital for the Jordan Commercial Bank as a strategic partner. The Bank's management expects to complete this agreement during the second half of 2020. This is in accordance with the requirements of the International Financial Reporting Standard No. (5). The comparative figures have been reclassified in the statement of income to show the results of the Bank's branches in Palestine in the line item (loss) gain from discontinued operations as well as transferring all sold assets to assets held for sale and the sold liabilities to liabilities directly associated with assets held for sale, noting that the final agreement was signed on 29<sup>th</sup> July 2020, and the acquisition process was completed during August 2020.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

The results of performing discounted operations that are included in income for the period ended 30 September as follow:

	2020	2019
	JD	JD
Interest income	2,254,481	3,929,576
Less: interest expense	(1,696,155)	(2,794,093)
<b>Net interest income</b>	<b>558,326</b>	<b>1,135,483</b>
Net commission income	69,885	116,075
<b>Net interest and commission income</b>	<b>628,211</b>	<b>1,251,558</b>
Foreign currency income	60,704	199,345
Dividends from financial assets at fair value through other comprehensive income	191,368	191,368
Other income	155,402	348,980
<b>Gross income</b>	<b>1,035,685</b>	<b>1,991,251</b>
Employee's expenses	921,885	1,499,022
Depreciation and amortization	267,619	379,787
Provision for expected credit losses	1,220,003	2,360,923
Other provisions	77,255	195,040
Other expenses	939,599	1,334,092
<b>Total expenses</b>	<b>3,426,361</b>	<b>5,768,864</b>
<b>Loss for the period before tax</b>	<b>(2,390,676)</b>	<b>(3,777,613)</b>
Income tax	-	-
<b>Loss for the period from discontinued operations</b>	<b>(2,390,676)</b>	<b>(3,777,613)</b>

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

The details of assets held for sale and the liabilities associated with assets held for sale are as follows:

	Balance before loss as of 30 September 2020	Loss on sale	Net balance as of 30 September 2020	Net balance as of 31 December 2019
	JD	JD	JD	JD
<b>Assets</b>				
Cash and balances with central banks	-	-	-	45,640,351
Balances at banks and financial institutions	-	-	-	23,838,000
Direct credit facilities, net	-	-	-	66,624,830
Financial assets at fair value through other comprehensive income	-	-	-	2,009,364
Financial assets at amortized cost, net	-	-	-	1,392,078
Property and equipment, net	-	-	-	2,353,113
Intangible assets, net	-	-	-	-
Other assets	-	-	-	1,915,348
<b>Total assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143,773,084</b>
<b>Liabilities</b>				
Banks financial and institutions deposits	-	-	-	18,969,978
Customer deposits	-	-	-	98,748,808
Cash margins	-	-	-	4,610,741
Sundry provisions	-	-	-	860,506
Other liabilities	-	-	-	2,333,391
<b>Total liabilities associated with assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,523,424</b>

**(27) COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to correspond with those of the current period as of 30 September 2020 without any effect on the prior period/year's profit or equity.