

JORDAN COMMERCIAL BANK

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (REVIEWED NOT AUDITED)

30 SEPTEMBER 2021

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

Introduction

We have reviewed the accompanying interim condensed financial statements of Jordan Commercial Bank (a public limited shareholding company) (the “Bank”) as at 30 September 2021, comprising the interim condensed statement of financial position as at 30 September 2021 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. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Basis of Qualified Conclusion

Included within other assets in the interim condensed statement of financial position as at 30 September 2021 properties seized against overdue credit facilities in the amount of approximately JD 67.1 million. These properties have not been reduced to their net realizable value as of the date of the interim condensed financial statements in accordance with IFRS. Had management written down these properties to their net realizable value as of 30 September 2021, other assets would have been reduced by JD 2.5 million. Also, deferred tax assets would have increased by JD 1 million and profit for the period would have decreased by JD 1.5 million, respectively. Our audit report as of 31 December 2020 was qualified in respect to this matter.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the previous paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the Central Bank of Jordan.

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

	Notes	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
ASSETS			
Cash and balances with central banks	4	81,386,811	96,851,544
Balances at banks and financial institutions	5	53,252,580	79,318,273
Direct credit facilities, net	6	746,991,112	713,901,025
Financial assets at fair value through profit or loss	7	1,669,700	1,645,923
Financial assets at fair value through other comprehensive income	8	29,077,904	29,053,113
Financial assets at amortized cost, net	9	325,422,826	282,206,186
Property and equipment, net		21,535,319	21,872,682
Intangible assets, net		2,195,515	2,093,653
Deferred tax assets		10,438,719	11,215,869
Right of use assets		4,905,541	5,119,281
Other assets	10	103,159,482	108,744,016
Total Assets		1,380,035,509	1,352,021,565
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Banks' and financial institutions' deposits		109,761,337	102,670,901
Customers' deposits	11	948,926,520	935,686,966
Cash Margins		41,702,755	41,822,602
Borrowed Funds	12	105,924,125	103,564,728
Provision for income tax	13/A	697,379	174,758
Sundry provisions	14	1,087,992	822,511
Lease liabilities		4,863,640	4,830,299
Deferred tax liabilities		83,378	-
Other liabilities	15	24,190,083	22,982,013
Total Liabilities		1,237,237,209	1,212,554,778
SHAREHOLDERS' EQUITY			
Authorized and paid in capital	1	120,000,000	120,000,000
Statutory reserve	16	15,953,618	15,953,618
Fair value reserve, net	17	(1,842,317)	(2,020,984)
Retained earnings	18	5,186,432	5,534,153
Profit for the period		3,500,567	-
Total Shareholders' Equity		142,798,300	139,466,787
Total Liabilities and Shareholders' Equity		1,380,035,509	1,352,021,565

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

JORDAN COMMERCIAL BANK
INTERIM CONDENSED INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (REVIEWED NOT AUDITED)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2021	2020	2021	2020
		JD	JD	JD	JD
Interest income		17,705,779	17,448,953	52,584,392	53,050,814
Interest expense		(8,764,870)	(9,164,020)	(25,923,094)	(28,517,509)
Net interest income		8,940,909	8,284,933	26,661,298	24,533,305
Net commission income		1,020,095	1,121,665	2,968,103	3,154,971
Net interest and commission income		9,961,004	9,406,598	29,629,401	27,688,276
Gain from foreign currencies		250,474	213,896	719,330	710,288
Gain (loss) from financial assets at fair value through profit or loss		65,080	(37,040)	172,527	(265,497)
Dividends from financial assets at fair value through other comprehensive income	8	-	2,667	196,417	90,167
Other income		824,696	956,491	2,916,551	3,365,081
Gross income		11,101,254	10,542,612	33,634,226	31,588,315
Employees' expenses		3,313,373	3,144,596	10,368,971	9,547,844
Depreciation and amortization		872,957	894,512	2,639,515	2,641,800
Other expenses		1,905,855	2,775,128	6,719,925	7,778,727
Provision for expected credit losses, net	19	4,167,786	2,507,883	6,881,610	7,180,870
Impairment on assets seized by the Bank	10	(1,157,476)	394,145	588,613	1,298,819
Sundry provisions	14	148,696	-	278,146	15,450
Total expenses		9,251,191	9,716,264	27,476,780	28,463,510
Profit for the period from continued operations before tax		1,850,063	826,348	6,157,446	3,124,805
Income tax expense	13/B	(1,084,554)	(864,933)	(2,656,879)	(1,521,820)
Profit (Loss) for the period from continued operations		765,509	(38,585)	3,500,567	1,602,985
(Loss) for the period from discontinued operations	26	-	-	-	(2,390,676)
Profit (Loss) for the period		765,509	(38,585)	3,500,567	(787,691)
Earnings (loss) per share for the period attributable to the Bank's shareholders				Fils/JD	Fils/JD
Basic and diluted				0/029	(0.007)
Earnings per share for the period from continuing operations attributable to the Bank's shareholders				Fils/JD	Fils/JD
Basic and diluted				0/029	0.013
Loss per share for the period from discontinued attributable to the Bank's shareholders				Fils/JD	Fils/JD
Basic and diluted				-	(0.020)

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

JORDAN COMMERCIAL BANK
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (REVIEWED NOT AUDITED)

	For the three months ended		For the nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	JD	JD	JD	JD
Profit (loss) for the period	765,509	(38,585)	3,500,567	(787,691)
Other comprehensive income items not to be reclassified to profit or loss in subsequent periods				
Net change in fair value reserve –after tax	(222,310)	(175,761)	(169,054)	(356,230)
Total comprehensive income for the period	<u>543,199</u>	<u>(214,346)</u>	<u>3,331,513</u>	<u>(1,143,921)</u>

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JORDAN COMMERCIAL BANK
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (REVIEWED NOT AUDITED)

		Reserves						
	Authorized and paid in capital	Statutory	Cyclical fluctuations	General banking risk	Fair value reserve, net	Retained earnings	Profit (loss) for the period	Total shareholders' equity
	JD	JD	JD	JD	JD	JD	JD	JD
<u>For the period ended 30 September 2021</u>								
Balance as at 1 January 2021	120,000,000	15,953,618	-	-	(2,020,984)	5,534,153	-	139,466,787
Profit for the period	-	-	-	-	-	-	3,500,567	3,500,567
Net change in the fair value reserve for financial assets at fair value through the statement of comprehensive income	-	-	-	-	(169,054)	-	-	(169,054)
Released as a result of sale of financial assets at fair value through other comprehensive income	-	-	-	-	347,721	(347,721)	-	-
Total comprehensive income for the period	-	-	-	-	178,667	(347,721)	3,500,567	3,331,513
Balance as 30 September 2021	120,000,000	15,953,618	-	-	(1,842,317)	5,186,432	3,500,567	142,798,300
<u>For the period ended 30 September 2020</u>								
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)
Net change in the fair value reserve for financial assets at fair value through the statement of comprehensive income	-	-	-	-	(356,230)	-	-	(356,230)
Released as a result of 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	-	-	(3,538,675)	(548,693)	694,761	3,392,607	-	-
Balance as 30 September 2020	120,000,000	15,460,318	-	-	(2,007,653)	5,389,879	(787,691)	138,054,853

- The Central Bank of Jordan had issued a Circular No.10/1/7702 on the 6th of June 2018 requesting the offsetting of the General Banking Risk Reserve against the retained earnings' opening balance as of the 1st of January 2018 in accordance with IFRS 9.
- The retained earnings balance includes JD 10,438,719 restricted against deferred tax assets as of 30 September 2021 according to the Central Bank of Jordan's instructions.
- Use of retained earnings for an amount equal to the negative cumulative change in the fair value of financial assets and before any tax effect is JD 1,842,317 of as of 30 September 2021 is restricted (including JD 311,112 against the implementation of International Financial Reporting Standard No (9)) according to the instructions of the Jordan Securities Commission and Central Bank of Jordan.

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

JORDAN COMMERCIAL BANK
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (REVIEWED NOT AUDITED)

		For the Nine months ended 30 September	
	Notes	2021	2020
Cash flows from operating activities:		JD	JD
Profit for the period before tax		6,157,446	3,124,805
(Loss) for the period from discontinued operations before tax		-	(2,390,676)
Non-cash Adjustments:			
Depreciation and amortization		1,922,578	1,859,318
Provision for expected credit losses, net	19	6,881,610	7,180,870
(Gain) loss from valuation of financial assets at fair value through profit and loss		(219,417)	265,497
Realized loss from sale of financial assets at fair value through profit and loss		53,641	-
Sundry provisions	14	278,146	(984,550)
Provision for impairment of assets seized by the Bank against due debts	10	588,613	1,298,819
Amortization of right-of-use assets		716,937	782,482
Finance costs paid for lease obligations		287,143	264,213
Dividends income on financial assets at fair value through OCI		(196,417)	(90,167)
Dividends income on financial assets at fair value through profit or loss		(6,751)	-
(Gain) from sale property and equipment		(1,288)	-
Effect of exchange rate fluctuations on cash and cash equivalents		378,159	(305,709)
Profit for the period before changes in assets and liabilities		16,840,400	11,004,902
 (Decrease) in banks' and financial institutions' deposits maturing within a period of more than three months		 (1,000,000)	 (15,000,000)
(Increase) in balances in banks and financial institutions maturing within a period of more than three months		(177,874)	(159,651)
Decrease in Financial assets at fair value through profit and loss		195,640	-
(Increase) in direct credit facilities		(40,650,029)	(60,605,200)
Decrease in other assets		5,099,454	13,323,017
Increase in customers' deposits		13,239,554	81,189,110
(Decrease) in cash margins		(119,847)	(8,440,580)
Increase (Decrease) in other liabilities		1,262,551	(12,199,578)
Net cash flows (used in) from operating activities before income tax, provisions, and paid lease obligations		(5,310,151)	9,112,020
Various provisions paid	14	(12,665)	(17,147)
Lease contracts paid		(754,973)	(701,013)
Income tax paid	13	(1,383,233)	(635,499)
Net cash flows (used in) from operating activities		(7,461,022)	7,758,361
Cash flows from investing activities:			
(Increase) in financial assets at fair value through other comprehensive income		(137,090)	(2,945,479)
(Increase) in financial assets at amortized cost		(43,221,366)	(3,546,378)
Dividends income on financial assets at fair value through OCI		196,417	90,167
Dividends income on financial assets at fair value through profit or loss		6,751	-
Purchases of property and equipment and intangible assets		(1,687,076)	(1,454,640)
Proceeds from sale of property and equipment		3,355	-
Net cash flows used in investing activities		(44,839,009)	(7,856,330)
Cash flows from financing activities:			
Increase in borrowed funds		2,359,397	37,196,099
Net cash flows from financing activities:		2,359,397	37,196,099
Effect of exchange rate fluctuations on cash and cash equivalents		(378,159)	305,709
Net (decrease) increase in cash and cash equivalents		(50,318,793)	37,403,839
Cash and cash equivalents at the beginning of the period		119,020,119	80,519,927
Cash and cash equivalents at the end of the period	20	68,701,326	117,923,766

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

(1) GENERAL

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

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

At the beginning of the year 2004, the Bank was restructured after taking the necessary measures specified by the concerned legal authorities 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 in several instances the last of which took place during the year 2017 whereby the capital became JD 120 million paid in full on 7 June 2017.

The Bank is engaged in banking and related financial operations through its branches (34) inside Jordan.

The financial statements have been approved by the Bank's Board of Directors in its meeting held on 27 October 2021.

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

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

The interim condensed financial statements are prepared on a historical cost basis, except for financial assets and liabilities at fair value 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 of 31 December 2020. In addition, results for the nine months ended 30 September 2021 do not necessarily indicate the expected results for the financial year ending 31 December 2021. No appropriation of the profit has been made for the nine months ended 30 September 2021 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 2020, except for the adoption of the following of new standards effective as of 1 January 2021:

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

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

The amendments include the following practical expedients:

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

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

(3) USE OF ESTIMATES

Preparation of the condensed interim financial statements and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the condensed interim statement of comprehensive income and within shareholders' equity. In particular, the Bank's management 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.

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

Extension and termination options in lease contracts

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

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

Discounting of lease payment

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

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2021 (REVIEWED NOT AUDITED)

(4) CASH AND BALANCES WITH CENTRAL BANKS

- The statutory cash reserve held at central banks amounted to JD 32,496,438 as at 30 September 2021 (31 December 2020: JD 31,569,484).
- Except for cash reserves with central banks, there are no restricted cash balances as at 30 September 2021 and 31 December 2020.
- There are no balances maturing within a period of more than three months as at 30 September 2021 and 31 December 2020.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

Item	Banks and financial institutions					
	Local		Foreign		Total	
	30 September	31 December	30 September	31 December	30 September	31 December
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Current and call accounts	29,671	29,671	7,333,553	10,344,882	7,363,224	10,374,553
Deposits maturing within a period of three months or less	15,457,000	35,659,000	260,439	3,827,953	15,717,439	39,486,953
Deposits maturing within a period of more than one year	-	-	30,177,874	30,000,000	30,177,874	30,000,000
	15,486,671	35,688,671	37,771,866	44,172,835	53,258,537	79,861,506
Less: Provision for expected credit losses	(3,134)	(17,786)	(2,823)	(525,447)	(5,957)	(543,233)
	15,483,537	35,670,885	37,769,043	43,647,388	53,252,580	79,318,273

- The non-interest-bearing balances held at banks and financial institutions amounted to JD 7,363,224 as at 30 September 2021 (JD 9,831,321 as at 31 December 2020).
- There are no restricted balances as at 30 September 2021 and 31 December 2020.

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2021 (REVIEWED NOT AUDITED)

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

	30 September 2021 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	543,233	-	-	543,233
Recoveries from ECL related to settled balances	(11,651)	-	-	(11,651)
Changes resulting from adjustments	(525,625)	-	-	(525,625)
Balance at the end of the period	5,957	-	-	5,957

(6) DIRECT CREDIT FACILITIES , NET

The details of this item are as follows:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Individuals (Retail)		
Overdrafts	615,419	625,721
Loans and bills *	203,273,926	194,412,145
Credit cards	6,058,600	4,520,314
Real Estate Loans	122,102,781	118,674,013
Corporate Customers		
Overdrafts	75,552,118	62,750,734
Loans and bills *	323,004,759	302,268,633
Small and Medium Enterprises “SMEs”		
Overdrafts	12,133,555	13,063,156
Loans and bills *	49,233,192	47,171,682
Governmental and Public Sector	44,047,259	47,995,838
Total	836,021,609	791,482,236
Less: Provision for expected credit losses**	(66,287,133)	(58,732,454)
Suspended interests**	(22,743,364)	(18,848,757)
Direct credit facilities, net	746,991,112	713,901,025

JORDAN COMMERCIAL BANK
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- * Net after deducting interest and commissions received in advance amounting to JD 925,176 as of 30 September 2021 (31 December 2020: JD 1,539,428).
- ** During the first nine months of 2021, direct credit facilities amounting to JD 236,968 were written-off with interest in suspense amounting to JD 231,705 and a provision of JD 5,263.
- Non-performing credit facilities amounted to JD 109,545,537 as at 30 September 2021 (31 December 2020: JD 89,052,218), representing 13.1% of total credit facilities (31 December 2020: 11.25%).
- Non-performing credit facilities net of interest and commissions amounted to JD 86,819,349 as at 30 September 2021 (31 December 2020: JD 70,601,202), representing 10.68% of total credit facilities after deducting interest and commissions (31 December 2020: 9.1%).
- Non-performing credit facilities transferred to off interim condensed financial position items amounted to JD 127,466,001 as at 30 September 2021 (31 December 2020: JD 124,790,590). These credit facilities are fully covered with the suspended interests and provisions.
- Direct credit facilities include facilities granted that are guaranteed by the Government of Jordan in the amount of JD 26,250,000 as of 30 September 2021 and (31 December 2020: JD 30,000,000).

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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The movement on the provision for expected credit losses is as follows:

Item	30 September 2021 (Unaudited)					
	Individuals	Real estate	Corporate	SMEs	Governmental and public sectors	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	10,511,271	3,292,945	39,763,877	5,127,101	37,260	58,732,454
Provision for expected credit loss on new facilities during the period	481,947	35,824	96,522	27,259	46	641,598
Recoveries from ECL related to settled facilities	(181,814)	(410,063)	(270,816)	(71,895)	(86)	(934,674)
Transferred to stage 1	(34,646)	(6,064)	(422,927)	(19,845)	-	(483,482)
Transferred to stage 2	(80,561)	(363,868)	(2,089,831)	12,668	-	(2,521,592)
Transferred to stage 3	115,207	369,932	2,512,758	7,177	-	3,005,074
Effect on provision resulting from reclassification among the three stages	930,978	160,418	6,391,522	80,937	-	7,563,855
Changes resulting from adjustments	245,747	(3,989)	(16,383)	31,083	32,705	289,163
Written-off credit facilities	(5,263)	-	-	-	-	(5,263)
Balance at the end of the period	<u>11,982,866</u>	<u>3,075,135</u>	<u>45,964,722</u>	<u>5,194,485</u>	<u>69,925</u>	<u>66,287,133</u>
Re- allocation:						
Provisions on an individual basis	<u>11,982,866</u>	<u>3,075,135</u>	<u>45,964,722</u>	<u>5,194,485</u>	<u>69,925</u>	<u>66,287,133</u>

JORDAN COMMERCIAL BANK
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2021 (REVIEWED NOT AUDITED)

Item	31 December 2020 (Audited)					
	Individuals	Real estate	Corporate	SMEs	Governmental and public sectors	Total
	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 loss on new facilities during the period	484,255	22,623	23,362	118,820	86	649,146
Recoveries from ECL related to settled facilities	(275,026)	(67,794)	(227,276)	(171,952)	(2)	(742,050)
Transferred to stage 1	(229,399)	61,317	726,145	17,664	(7)	575,720
Transferred to stage 2	163,988	(77,071)	(766,442)	(8,382)	-	(687,907)
Transferred to stage 3	65,411	15,754	40,297	(9,282)	7	112,187
Effect on provision resulting from reclassification among the three stages	1,363,957	241,151	2,334,635	386,418	(7)	4,326,154
Changes resulting from adjustments	(1,812,538)	1,323,786	6,380,276	707,629	(57,435)	6,541,718
Written-off credit facilities	(13,121)	(4,247)	-	-	-	(17,368)
Balance at the end of the period	<u>10,511,271</u>	<u>3,292,945</u>	<u>39,763,877</u>	<u>5,127,101</u>	<u>37,260</u>	<u>58,732,454</u>
Re- allocation:						
Provisions on an individual basis	<u>10,511,271</u>	<u>3,292,945</u>	<u>39,763,877</u>	<u>5,127,101</u>	<u>37,260</u>	<u>58,732,454</u>

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Suspended Interests

The movement on suspended interests is as follows:

	Companies				Governmental	
		Real estate			and public	
	Individuals	loans	Corporate	SMEs	sectors	Total
	JD	JD	JD	JD	JD	JD
For the nine months ended in 30 September						
2021 (Unaudited)						
Balance at the beginning of the period	1,953,475	1,535,102	12,789,066	2,571,114	-	18,848,757
Add: Interests in suspense for the period	815,840	399,536	3,284,912	782,072	-	5,282,360
Less: Interests transferred to revenues	(231,670)	(416,129)	(330,658)	(177,591)	-	(1,156,048)
Interests in suspense written-off	(70,551)	(120,703)	(3,379)	(37,072)	-	(231,705)
Balance at the end of the period	2,467,094	1,397,806	15,739,941	3,138,523	-	22,743,364
	Companies				Governmental	
		Real estate			and public	
	Individuals	loans	Corporate	SMEs	sectors	Total
	JD	JD	JD	JD	JD	JD
For the year ended in 31 December 2020 (Audited)						
Balance at the beginning of the year	1,312,553	1,255,739	9,746,437	1,764,542	-	14,079,271
Add: Interests in suspense for the year	905,140	617,880	3,446,289	1,058,048	-	6,027,357
Less: Interests transferred to revenues	(256,558)	(329,052)	(403,660)	(243,918)	-	(1,233,188)
Interests in suspense written-off	(7,660)	(9,465)	-	(7,558)	-	(24,683)
Balance at the end of the year	1,953,475	1,535,102	12,789,066	2,571,114	-	18,848,757

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

The details of this item are as follows:

	30 September 2021 (Unaudited) JD	31 December 2020 (Audited) JD
Quoted shares in active markets	1,669,700	1,645,923
	1,669,700	1,645,923

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

The details of this item are as follows:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Quoted shares in active markets	23,862,856	23,954,878
Unquoted shares in active markets	5,215,048	5,098,235
	<u>29,077,904</u>	<u>29,053,113</u>

- Cash dividends distributions for the above-mentioned financial assets amounted to JD 196,417 for the period ended 30 September 2021 (JD 90,167 for the period ended 30 September 2020).

(9) FINANCIAL ASSETS AT AMORTIZED COST, NET

The details of this item are as follows:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Treasury bonds and bills	321,625,097	278,403,731
Companies' bonds and debentures	4,652,647	4,573,055
	<u>326,277,744</u>	<u>282,976,786</u>
Less: Provision for expected credit losses	(638,271)	(633,545)
Interest is suspense	(216,647)	(137,055)
	<u>325,422,826</u>	<u>282,206,186</u>

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

	30 September 2021 (Unaudited)		
	Stage 1	Stage 2	Stage 3
	JD	JD	JD
Balance at the beginning of the period	48,563	-	584,982
Changes resulting from adjustments	4,513	-	213
Balance at the end of the period	<u>53,076</u>	<u>-</u>	<u>585,195</u>

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(10) OTHER ASSETS

The details of this item are as follows:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Assets seized by the Bank against debts, net*	67,076,601	66,042,144
Accrued interest and commissions	12,442,533	11,034,406
Receivables from assets sold on installments	8,572,559	10,513,038
Payments at the capital contributions	1,501,774	-
Checks and transfers under collection	194,854	46,840
Prepaid expenses	1,424,695	1,062,039
Refundable deposits	2,153,989	1,286,457
Purchase of time withdrawals, policies and letters of credit, net ***	4,826,391	15,029,810
Others	4,966,086	3,729,282
Total	103,159,482	108,744,016

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

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	66,042,144	87,114,292
Additions	2,401,864	4,445,479
Disposals	(778,794)	(23,949,572)
Impairment loss for the period / year	(1,683,341)	(1,614,362)
Impairment on breached assets seized by the bank **	1,094,728	46,307
Balance at the end of the period / year	67,076,601	66,042,144

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

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

	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Balance at the beginning of the period/year	3,352,554	3,398,861
Provided for the period / year	-	17,375
Reversed during the period / year	(1,094,728)	(63,682)
Balance at the end of the period/year	2,257,826	3,352,554

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

	30 September 2021 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	183,555	-	-	183,555
ECL on matured exposures	(111,065)	-	-	(111,065)
Changes resulting from adjustments	-	19,764	-	19,764
Balance at the end of the period	72,490	19,764	-	92,254

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(11) CUSTOMERS' DEPOSITS

The details of this item are as follows:

	30 September 2021 (Unaudited)				
	Individuals	Corporate	SMEs	Government and public sectors	Total
	JD	JD	JD	JD	JD
Current and call accounts	38,236,066	25,077,417	34,982,997	6,322,615	104,619,095
Saving deposits	215,590,402	148,830	2,199,040	1,208,433	219,146,705
Certificates of deposits	28,459,694	-	30,000	-	28,489,694
Time and notice deposits	365,242,872	64,426,093	98,824,403	68,177,658	596,671,026
	<u>647,529,034</u>	<u>89,652,340</u>	<u>136,036,440</u>	<u>75,708,706</u>	<u>948,926,520</u>
	31 December 2020 (Audited)				
	Individuals	Corporate	SMEs	Government and public sectors	Total
	JD	JD	JD	JD	JD
Current and on call accounts	38,221,871	22,125,925	36,708,572	6,556,691	103,613,059
Saving deposits	205,907,755	1,233,347	1,894,300	59,878	209,095,280
Certificates of deposits	28,921,346	-	46,794	-	28,968,140
Time and notice deposits	349,092,248	75,207,641	83,861,396	85,849,202	594,010,487
	<u>622,143,220</u>	<u>98,566,913</u>	<u>122,511,062</u>	<u>92,465,771</u>	<u>935,686,966</u>

- The Government of Jordan's and the public sector's deposits inside the Kingdom amounted to JD 75,708,706 representing 8% of total customers' deposits as at 30 September 2021 (JD 92,465,771 representing 9.9% of total customers' deposits as at 31 December 2020).
- Non-interest-bearing deposits amounted to JD 101,164,846 representing 10.7% of total customers' deposits as at 30 September 2021 (JD 99,992,527 representing 10.7% of total customers' deposits as at 31 December 2020).
- Reserved deposits (restricted withdrawals) amounted to JD 2,548,503 representing 0.27% of total customers' deposits as at 30 September 2021 (JD 2,685,719 representing 0.29% of total customers' deposits as at 31 December 2020).
- Dormant deposits amounted to JD 11,062,216 as at 30 September 2021 (JD 3,882,102 as at 31 December 2020).

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(12) BORROWED FUNDS

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

This item includes the following:

30 September 2021 (Unaudited)	Total loans	Utilized	Settlement method	Guarantees	Loan Interest price
	JD	JD			%
Loan from World Bank through Central Bank of Jordan	2,000,000	1,200,000	20 years including 5 years grace period settled in semi-annual instalments	-	2.5
Loan from Arab Monetary Funds through Central Bank of Jordan	2,100,000	935,582	10 years including 3 years grace period settled in semi-annual instalments	-	2.5
Advances from Central Bank of Jordan	32,687,613	32,687,613	2 years settled in semi-annual instalments	-	2.25-0
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	One payment on 16 August 2028	Transfer of Mortgage Funds	5.1
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	One payment on 26 September 2024	Transfer of Mortgage Funds	4.55
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	One payment on 5 February 2024	Transfer of Mortgage Funds	4.8
International Fund for Agricultural Development through the Central Bank of Jordan	750,000	750,000	18 years including 3 years grace period settled in semi-annual instalments	-	2.35
Central Bank of Jordan for Mortgage bonds	40,350,930	40,350,930	One Payment on 31 March 2021	Mortgage bonds	2
		<u>105,924,125</u>			

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31 December 2020 (Audited)	Total loans	Utilized	Settlement method	Guarantees	Loan Interest price
	JD	JD			%
Loan from World Bank through Central Bank of Jordan	2,000,000	1,400,000	20 years including 5 years grace period settled in semi-annual instalments	-	2.5
Loan from Arab Monetary Funds through Central Bank of Jordan	2,100,000	1,071,000	10 years including 3 years grace period settled in semi-annual instalments	-	2.5
Advances from Central Bank of Jordan	29,927,920	29,927,920	2 years settled in semi-annual instalments	-	0- 2.25
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	One payment on 21 September 2021	Transfer of Mortgage Funds	6.6
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	One payment on 16 August 2021	Transfer of Mortgage Funds	6.35
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	One payment on 5 February 2024	-	6.8
International Fund for Agricultural Development through the Central Bank of Jordan	750,000	750,000	18 years including 3 years grace period settled in semi-annual instalments	-	2.35
Central Bank of Jordan for Mortgage bonds	40,415,808	40,415,808	Various maturities, between Jan 11 and 30 Mar 2021	Mortgage bonds	2
		<u>103,564,728</u>			

Borrowed funds amounted to JD 35,616,010 as at 30 September 2021 (JD 30,266,815 as at 31 December 2020) with an interest rate ranging between 2% and 10%.

(13) INCOME TAX

A. INCOME TAX PROVISION

The movements on the provision for income tax during the period/ year were as follows:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	174,758	-
Income tax payable on profit for the period/ year	1,352,098	810,257
Income tax paid	(829,477)	(635,499)
Balance at the end of the period/year	<u>697,379</u>	<u>174,758</u>

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B. INCOME TAX EXPENSE

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

	30 September 2021	30 September 2020
	JD	JD
	(Unaudited)	(Audited)
Income tax incurred on current period profit	1,352,098	1,376,836
Income tax for previous years	553,756	-
Deferred tax assets	667,647	94,596
Deferred tax liabilities	83,378	50,388
	<u>2,656,879</u>	<u>1,521,820</u>

C. TAX STATUS:

- The Bank has reached a final settlement with the Income and Sales Tax Department for the years 2016 and 2018.

- Regarding the year 2017, the income tax return was submitted within the legal period and it was reviewed by the Income and Sales Tax Department. A decision was made that required the Bank to pay a tax difference for the year 2017 by an amount of JD 1.9 million and the Bank has appealed the decision.

- Financial years 2019 and 2020: the income tax return was submitted within the legal period, but it has not been reviewed yet.

- In the opinion of the Bank's management and legal and tax advisors, no liabilities in excess of the provisions booked will arise as of the date of the financial statements

	30 September 2021	31 December 2020
Income Tax rate	38%	38%

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(14) SUNDRY PROVISIONS

The details of this item are as follows:

	For the Nine months ended 30 September 2021 (Unaudited)			
	Balance at the beginning of the period	Expense for the period	Paid during the period	Balance at the end of the period
	JD	JD	JD	JD
Provision for lawsuits against the Bank	207,152	278,146	(12,665)	472,633
Provision for end of services indemnity	359	-	-	359
Others	615,000	-	-	615,000
Total	822,511	278,146	(12,665)	1,087,992

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

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(15) OTHER LIABILITIES

The details of this item are as follows:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Accepted checks	2,758,255	4,977,123
Unpaid accrued interest	3,935,467	4,818,358
Refundable and various deposits	7,479,345	4,979,932
Safe deposits boxes	99,195	94,219
Shareholders' deposits	11,641	14,608
Income tax and social security deposits	354,311	328,804
Unpaid accrued expenses	929,603	638,115
Transactions in transit between branches	-	1,032,341
Board of Directors' remuneration	-	55,000
Received amounts on the of sale seized real estate	2,074,933	1,973,227
Inward transfers	458,569	18
Provision for expected credit losses for off-condensed interim statement of financial position items *	1,332,483	1,386,964
Others	4,756,281	2,683,304
	<u>24,190,083</u>	<u>22,982,013</u>

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

	30 September 2021 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	503,751	255,305	627,908	1,386,964
ECL on new exposures during the period	19,068	1,002	580	20,650
Reversal of ECL on matured exposures	(137,268)	(17,014)	(15,295)	(169,577)
Transferred to stage 1	17,713	(17,701)	(12)	-
Transferred to stage 2	(36,364)	36,370	(6)	-
Transferred to stage 3	(34)	(460)	494	-
Effect on provision due to reclassification between the three stages	-	(38,452)	37,914	(538)
Changes resulting from adjustments	6,935	(26,622)	114,671	94,984
Balance at the end of the period	<u>373,801</u>	<u>192,428</u>	<u>766,254</u>	<u>1,332,483</u>

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(16) RESERVES

The bank did not deduct the statutory reserves in accordance to the Jordanian Companies Law, as these financial statements are interim and condensed, and this is typically done at the end of the financial year.

(17) FAIR VALUE RESERVE, NET

The movements on the fair value reserve for the period / year were as follows:

	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Balance at the beginning of the period/year	(2,020,984)	(2,211,406)
Unrealized (losses) - net	(169,054)	(245,490)
Released from selling financial assets at fair value through other comprehensive income	347,721	(258,850)
Transferred to retained earnings as a result of selling Palestine branches	-	694,762
Balance at the end of the period/ year	<u>(1,842,317)</u>	<u>(2,020,984)</u>

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

(18) RETAINED EARNINGS

	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Balance at the beginning of the period/year	5,534,153	1,862,494
Profit for the year	-	513,503
Transferred to reserves	-	(493,300)
Transferred to reserves as a result of selling Palestine branches	-	3,392,606
Realized (loss) gain from selling financial assets at fair value through other comprehensive income	(347,721)	258,850
Balance at the end of the period/ year	<u>5,186,432</u>	<u>5,534,153</u>

- Retained earnings balance includes JD 10,438,719 as of 30 September 2021 of restricted amounts against deferred tax assets according to the Central Bank of Jordan's instructions.
- A restricted use of earnings in an amount equal to the negative cumulative change in fair value of financial assets amounted to JD 1,842,317 (including JD 311,112 against the implementation of International Financial Reporting Standard NO. (9)) according to the instructions of the Jordan Securities Commission and the Central Bank of Jordan.

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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	
	2021	2020
	JD	JD
Balances and deposits at central banks and financial institutions	(537,276)	(55,487)
Direct credit facilities	7,559,942	7,536,928
Debt instruments within a portfolio of financial assets at amortized cost	4,726	(9,408)
Indirect credit facilities and other commitments	(54,481)	(535,374)
Purchased credits and withdrawals	(91,301)	244,211
	<u>6,881,610</u>	<u>7,180,870</u>

(20) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	For the nine months ended 30	
	September	
	2021	2020
	JD	JD
Cash and balances with central banks maturing within three months	81,386,811	99,063,632
<u>Add:</u> Balances at banks and financial institutions maturing within a period of three months	23,075,852	44,915,314
<u>Less:</u> Banks and financial institutions' deposits maturing within a period of three months	(35,761,337)	(26,055,180)
	<u>68,701,326</u>	<u>117,923,766</u>

(21) SEGMENT INFORMATION

1- Information on Bank Activities

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

- 1- Individual accounts: Principally following up on individual customers accounts real estate loans overdrafts credit cards facilities and transfer facilities.
- 2- SME's: Principally "SME's" transactions on loans credit facilities and deposits and 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.
- 3- Corporate accounts: Principally 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.
- 4- Treasury: Principally providing money market trading and treasury services as well as management of the Bank's funding operations through treasury bills government securities placements and acceptances with other banks and that is through treasury and banking services.
- 5- Other: This sector includes all non-listed accounts in the above sectors, for example equity and property & equipment, and general management.

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					Total for the nine months ended 30 September	
	Individuals	Corporations	Treasury	Others	2021	2020
	JD	JD	JD	JD	JD	JD
					(Unaudited)	(Unaudited)
Gross income for the period	11,496,258	20,057,765	1,849,553	230,650	33,634,226	31,588,315
<u>Less:</u> Provision for expected credit losses	(1,205,413)	(6,211,058)	534,861	-	(6,881,610)	(7,180,870)
Segment results	10,290,845	13,846,707	2,384,414	230,650	26,752,616	24,407,445
<u>Less:</u> Distributed segment expenses	(11,837,047)	(5,918,523)	(2,460,898)	(378,702)	(20,595,170)	(21,282,640)
(Loss) profit before income tax for the period	(1,546,202)	7,928,184	(76,484)	(148,052)	6,157,446	3,124,805
<u>Less:</u> Income tax for the period	-	-	-	(2,656,879)	(2,656,879)	(1,521,820)
(Loss) profit before income tax for the period from continuing operations	(1,546,202)	7,928,184	(76,484)	(2,804,931)	3,500,567	1,602,985
(Loss) before income tax for the period from discontinued operations	-	-	-	-	-	(2,390,676)
Profit (Loss) for the period	(1,546,202)	7,928,184	(76,484)	(2,804,931)	3,500,567	(787,691)
Other information:						
Capital expenditures					1,687,076	1,454,640
Depreciation and amortization					2,639,515	2,641,800
	Individuals	Corporations	Treasury	Others	30 September	31 December
	JD	JD	JD	JD	2021	2020
					JD	JD
					(Unaudited)	(Audited)
Total segment assets	294,462,849	508,977,783	453,572,872	123,022,005	1,380,035,509	1,352,021,565
Total segment liabilities	680,167,188	382,722,744	152,182,467	22,164,810	1,237,237,209	1,212,554,778

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2- Geographical distribution information

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

	Inside Jordan		Outside Jordan		Total	
	For the nine months ended 30 September		For the nine months ended 30 September		For the nine months ended 30 September	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross income	34,891,567	31,807,070	(1,257,341)	(218,755)	33,634,226	31,588,315
Capital Expenditures	1,687,076	1,454,640	-	-	1,687,076	1,454,640
	30 September	31 December	30 September	31 December	30 September	31 December
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Total assets	1,308,507,550	1,277,270,305	71,527,959	74,751,260	1,380,035,509	1,352,021,565

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(22) RELATED PARTIES TRANSACTIONS

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

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

	BOD members and their related parties	Companies represented by the BOD	Employees	Others	Total	
	JD	JD	JD	JD	30 September 2021 (Unaudited)	31 December 2020 (Audited)
<u>Condensed Interim Statement of Financial Position</u>						
<u>Items:</u>						
Deposits	20,045,271	2,076,017	223,839	36,673,285	59,018,412	80,680,382
Direct credit facilities	434,840	20,139,382	1,245,915	4,285,275	26,105,412	24,336,286
Deposits with other	-	-	-	30,000,000	30,000,000	30,000,000
Cash margins	-	123,144	-	-	123,144	52,635
<u>Items Off the Statement of Condensed Interim</u>						
<u>Financial Position:</u>						
Letter of Guarantee	-	797,756	-	354,500	1,152,256	1,227,858
					For the nine months ended 30	
					September (Unaudited)	
					2021	2020
					JD	JD
<u>Condensed Interim Income Statement Items:</u>						
Interest and commission income*	22,451	954,743	68,012	373,818	1,419,024	599,889
Interest and commission expense**	929,576	31,017	1,535	822,900	1,785,028	1,683,880

* Credit interest rate ranges from 3.5% to 8.75%

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

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(23) CREDIT COMMITMENTS AND CONTINGENCIES:

	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Letters of credit	12,640,225	3,724,919
Acceptances	10,634,535	22,458,051
Letters of guarantee:		
Payment	27,078,376	27,159,613
Performance bonds	37,215,673	39,663,917
Others	43,454,146	49,573,518
Unutilized direct credit facilities ceilings	66,413,284	64,066,189
Total	197,436,239	206,646,207

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

	Fair value		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
	30 September 2021	31 December 2020				
	JD (Unaudited)	JD (Audited)				
Financial Assets						
Financial assets at fair value through profit or loss:						
Quoted shares	1,669,700	1,645,923	Stage 1	Quoted shares	Not applicable	Not applicable
Total	1,669,700	1,645,923				
Financial assets at fair value through other comprehensive income:						
Quoted shares	23,862,856	23,954,878	Stage 1	Quoted shares Through comparison to the market price of a similar financial instrument	Not applicable	Not applicable
Unquoted shares	5,215,048	5,098,235	Stage 2		Not applicable	Not applicable
	29,077,904	29,053,113				

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 2021		31 December 2020		
	(Unaudited)		(Audited)		
	Book value	Fair value	Book value	Fair value	Fair value hierarchy
Financial assets not calculated at fair value	JD	JD	JD	JD	
Deposits at central banks	55,624,138	55,624,138	72,869,348	72,873,458	Stage 2
Balances and deposits at banks and financial institutions	53,252,580	53,499,869	79,318,273	79,365,495	Stage 2
Loans and bills and others	746,991,112	754,753,757	713,901,025	722,054,750	Stage 2
Financial assets at amortized cost	325,422,826	329,855,155	282,206,186	284,914,022	Stage 2
Total financial assets not calculated at fair value	1,181,290,656	1,193,732,919	1,148,294,832	1,159,207,725	
Financial liabilities not calculated at fair value					
Banks and financial institutions' deposits	109,761,337	111,190,931	102,670,901	103,761,922	Stage 2
Customers' deposits	948,926,520	951,030,909	935,686,966	938,504,257	Stage 2
Cash margins	41,702,755	41,955,001	41,822,602	42,088,631	Stage 2
Borrowed funds	105,924,125	106,073,366	103,564,728	104,208,748	Stage 2
Total financial liabilities not calculated at fair value	1,206,314,737	1,210,250,207	1,183,745,197	1,188,563,558	

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 10,634,152 as at 30 September 2021 (31 December 2020: JD 26,399,514). In the opinion of the Bank's Management and the Legal Counsel, there are no further liabilities that exceed the provision booked amounting to JD 472,633 as at 30 September 2021 (31 December 2020: JD 207,152).

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(26) ASSETS HELD FOR SALE AND DISCOUNTED OPERATIONS

On 28 November 2019, an agreement was signed between the Jordan Commercial Bank and the National Bank of Palestine whereby the National Bank of Palestine acquires most of the assets and liabilities of Jordan Commercial Bank's branch in Palestine at their book value in exchange for a 15% of the National Bank's capital. The Bank completed the deal during 2020 and 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 from discontinued operations as well as transferring all sold assets to assets held for sale and the sold liabilities to liabilities directly associated with assets held for sale. Noting that the final agreement was signed on 29 July 2020.

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

The results of performing discounted operations that are included in income for the period ended 30 September 2020 are as follow:

	JD
Interest Income	2,254,481
Less: Interest expense	(1,696,155)
Net interest income	558,326
Net commission income	69,885
Net interest and commission income	628,211
Foreign currency income	60,704
Dividends from financial assets at fair value through other comprehensive income	191,368
Other income	155,402
Gross income	1,035,685
Employees' expenses	921,885
Depreciation and amortization	267,619
Provision for expected credit losses - net	1,220,003
Other provisions	77,255
Other expenses	939,599
Total expenses	3,426,361
(Loss) for the period/year before tax	(2,390,676)
Income tax	-
(Loss) for the period/year from discontinued operations	(2,390,676)

(27) COMPARATIVE FIGURES

Some of the comparative figures in the financial statements have been reclassified to be consistent with the nine months period ended 30 September 2021 presentation with no effect on profit and equity for the year 2020.