



<p>TO: Jordan Securities Commission Amman Stock Exchange Date : ١٧/٨/٢٠٢٠ <b>Subject: Semi - Annual Report as of 30/6/2020</b></p>	<p>السادة هيئة الاوراق المالية المحترمين السادة بورصة عمان المحترمين التاريخ:- ٢٠٢٠/٨/١٧ <b>الموضوع: التقرير نصف السنوي باللغة الانجليزية كما هي في ٢٠٢٠/٦/٣٠</b></p>
<p>Attached the English Semi - Annual Report of Jordan Commercial Bank as of 30/6/2020</p>	<p>مرفق طيه نسخة من البيانات المالية نصف السنوية باللغة الانجليزية لشركة (البنك التجاري الاردني) كما هي بتاريخ ٢٠٢٠/٦/٣٠ م</p>
<p>Kindly accept our high appreciation and respect</p>	<p>وتفضلوا بقبول فائق الاحترام...</p>
<p>Jordan Commercial Bank  عبدالله محفوظ كشك Abdallah Mahfouz Kishkek P 53</p>	<p>البنك التجاري الاردني  عبدالله محفوظ كشك Abdallah Mahfouz Kishkek P 53</p>

بورصة عمان  
الدائرة الإدارية والمالية  
الديوان  
١٧ آب ٢٠٢٠  
الرقم التسلسلي  
رقم الملف  
الجهة المختصة بالادارة

**JORDAN COMMERCIAL BANK**

**PUBLIC SHAREHOLDING COMPANY**

**INTERIM CONDENSED FINANCIAL STATEMENTS (REVIEWED NOT AUDITED)**

**30 JUNE 2020**



Building a better  
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**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 June 2020, comprising the interim condensed statement of financial position as at 30 June 2020 and the related interim condensed statements of income, comprehensive income, changes in equity, and cash flows for the six 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 June 2020 are properties seized against overdue credit facilities in the amount of approximately JD 66.6 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 June 2020, other assets would have been reduced by approximately JD 5.6 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 0.7 million and shareholder's equity would have decreased by approximately JD 3.6 million, respectively. Our audit report as of 31 December 2019 was qualified related to this matter.

**Qualified Conclusion**

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

Amman – Jordan  
6 August 2020

*Ernst + Young*

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

	Notes	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<b><u>ASSETS</u></b>			
Cash and balances with central banks	4	78,475,799	71,264,135
Balances at banks and financial institutions	5	37,307,216	36,642,539
Direct credit facilities, net	6	725,217,767	669,000,375
Financial assets at fair value through statement of income	7	1,647,925	1,876,382
Financial assets at fair value through other comprehensive income	8	10,093,877	11,105,937
Financial assets at amortized cost, net	9	280,251,917	276,734,126
Property and equipment, net		22,031,067	22,430,397
Intangible assets, net		1,885,598	1,855,317
Right-of-use assets		4,599,285	5,141,936
Deferred tax assets	14	12,672,506	12,313,532
Other assets	10	125,641,335	134,455,262
Assets held for sale, net	36	127,543,489	143,773,084
<b>Total Assets</b>		<b>1,427,367,781</b>	<b>1,386,593,022</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
<b>LIABILITIES</b>			
Banks and financial institutions' deposits	11	77,154,765	87,386,747
Customers' deposits	12	869,901,738	836,698,393
Cash margins		48,756,336	56,572,215
Borrowed funds	13	147,796,191	96,083,582
Provision for income tax	14	688,044	-
Sundry provisions	15	370,624	1,370,624
Deferred tax liabilities	14	-	50,388
Lease liabilities		4,244,207	4,538,267
Other liabilities	16	31,342,562	39,170,608
Liabilities associated with assets held for sale	36	109,293,829	125,523,424
<b>Total Liabilities</b>		<b>1,289,548,296</b>	<b>1,247,394,248</b>
<b>SHAREHOLDERS' EQUITY</b>			
Authorized and paid in capital	17	120,000,000	120,000,000
Statutory reserve	18	15,460,318	15,460,318
General banking risk reserve		536,188	548,693
Cyclical fluctuations reserve		4,347,308	3,538,675
Fair value reserve, net	19	(2,976,367)	(2,211,406)
Retained earnings	20	1,201,144	1,862,494
(Loss) for the period		(749,106)	-
<b>Total Shareholders' Equity</b>		<b>137,819,485</b>	<b>139,198,774</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,427,367,781</b>	<b>1,386,593,022</b>

The accompanying notes from 1 to 37 form part of these interim condensed financial statements and should be read with them and the accompanying review report

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED INCOME STATEMENT**  
**FOR THE THREE AND SIX-MONTHS PERIODS ENDED 30 JUNE 2020 (REVIEWED NOT AUDITED)**

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020	2019	2020	2019
		JD	JD	JD	JD
<b><u>Continuing Operations</u></b>					
Interest income	21	17,609,830	18,934,812	35,601,861	37,186,324
Interest expense	22	(9,108,606)	(11,214,925)	(19,353,489)	(22,046,143)
<b>Net interest income</b>		<b>8,501,224</b>	<b>7,719,887</b>	<b>16,248,372</b>	<b>15,140,181</b>
Net commission income		794,723	1,384,225	2,033,306	2,777,327
<b>Net interest and commission income</b>		<b>9,295,947</b>	<b>9,104,112</b>	<b>18,281,678</b>	<b>17,917,508</b>
Foreign exchange income		166,759	295,804	496,392	572,229
Loss from financial assets at fair value through profit or loss	24	(30,973)	110,371	(228,457)	(73,022)
Dividends from financial assets at fair value through other comprehensive income	8	87,500	144,687	87,500	232,187
Other income	25	671,761	1,012,984	2,408,590	1,974,635
<b>Gross income</b>		<b>10,190,994</b>	<b>10,667,958</b>	<b>21,045,703</b>	<b>20,623,537</b>
Employees' expenses		3,207,195	3,462,249	6,403,248	6,763,883
Depreciation and amortization		883,537	538,302	1,747,288	1,386,078
Provision for expected credit losses, net	23	234	(1,100,735)	4,672,988	729,246
Provision (Surplus) for assets seized by the Bank against due debts		59,356	44,261	(49,085)	226,350
Other provisions	15	1,715	82,835	15,450	383,858
Other expenses	26	2,747,323	2,882,513	5,957,357	5,250,147
<b>Total expenses</b>		<b>6,899,360</b>	<b>5,909,425</b>	<b>18,747,246</b>	<b>14,739,562</b>
<b>Profit for the period before income tax</b>		<b>3,291,634</b>	<b>4,758,533</b>	<b>2,298,457</b>	<b>5,883,975</b>
Income tax for the period	14	(937,389)	(1,596,232)	(656,887)	(1,878,961)
<b>Profit for the period from continuing operations</b>		<b>2,354,245</b>	<b>3,162,301</b>	<b>1,641,570</b>	<b>4,005,014</b>
<b>(Loss) for the period from discontinued operations</b>	36	<b>(2,131,948)</b>	<b>(1,116,046)</b>	<b>(2,390,676)</b>	<b>(1,728,720)</b>
<b>Profit (Loss) for the period</b>		<b>222,297</b>	<b>2,046,255</b>	<b>(749,106)</b>	<b>2,276,294</b>
<b>(Loss) Earnings per share for the period attributable to the Bank's shareholders</b>	27			JD / Fils	JD / Fils
Basic and diluted				(0.006)	0.019
<b>Earnings per share for the period from continuing operations attributable to the Bank's shareholders</b>				JD / Fils	JD / Fils
Basic and diluted				0.014	0.033
<b>(Loss) per share for the year from discontinued operations attributable to the Bank's shareholders</b>				JD / Fils	JD / Fils
Basic and diluted				(0.020)	(0.014)

The accompanying notes from 1 to 37 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 THREE AND SIX-MONTHS PERIODS ENDED 30 JUNE 2020 (REVIEWED NOT AUDITED)**

	For the three months ended		For the six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	JD	JD	JD	JD
<b>Profit for the period from continuing operations</b>	2,354,245	3,162,301	1,641,570	4,005,014
<u>Other comprehensive income items:</u>				
<b>Items that are not transferable subsequently to statement of income</b>				
Change in fair value reserve of financial assets through other comprehensive income, net	(137,137)	(237,248)	(405,326)	99,566
<b>Total comprehensive income for the period from continuing operations</b>	<u>2,217,108</u>	<u>2,925,053</u>	<u>1,236,244</u>	<u>4,104,580</u>
<b>(Loss) for the period from discontinued operations</b>	(2,131,948)	(1,116,046)	(2,390,676)	(1,728,720)
<u>Other comprehensive income items:</u>				
<b>Items that are not transferable subsequently to statement of income</b>				
Change in fair value reserve of financial assets through other comprehensive income, net	(177,015)	(90,770)	(224,857)	(62,196)
<b>Total comprehensive income for the period from discontinued operations</b>	<u>(2,308,963)</u>	<u>(1,206,816)</u>	<u>(2,615,533)</u>	<u>(1,790,916)</u>
<b>Total comprehensive income for the period</b>	<u>(91,855)</u>	<u>1,718,237</u>	<u>(1,379,289)</u>	<u>2,313,664</u>

**The accompanying notes from 1 to 37 form part of these interim condensed financial statements and should be read with them and the accompanying review report**

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (REVIEWED NOT AUDITED)**

	Reserves																
	Authorized and paid in capital		Statutory		Cyclical fluctuations		General banking risks		Fair value reserve, net		Retained Earnings		(Loss) Profit or the period		Total shareholders' equity		
	JD		JD		JD		JD		JD		JD		JD		JD		
<b>For the six months ended 30 June 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	-		-		-		-		-		-		(749,106)		(749,106)		
Net change in the fair value reserve for financial assets at fair value through the statement of comprehensive income	-		-		-		-		(630,183)		-		-		(630,183)		
Gain from sale of financial assets at fair value through other comprehensive income	-		-		-		-		(134,778)		134,778		-		-		
Total comprehensive income	-		-		-		-		(764,961)		134,778		(749,106)		(1,379,289)		
Transferred from reserves	-		-		808,633		(12,505)		-		(796,128)		-		-		
Balance as at 30 June 2020	120,000,000		15,460,318		4,347,308		536,188		(2,976,367)		1,201,144		(749,106)		137,819,485		
<b>For the six months ended 30 June 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	-		-		-		-		-		-		2,276,294		2,276,294		
Net change in the fair value reserve	-		-		-		-		37,370		-		-		37,370		
Total comprehensive income	-		-		-		-		37,370		-		2,276,294		2,313,664		
Transferred to reserves	-		-		-		293,514		-		(293,514)		-		-		
Balance as at 30 June 2019	120,000,000		14,714,563		2,597,047		293,514		(2,015,813)		(1,508,010)		2,276,294		136,357,595		

- The Central Bank of Jordan had issued a Circular No.10/1/7702 on the 6th of June 2018 requesting the offsetting of the General Banking Risk Reserve against the retained earnings' opening balance as of the 1st of January 2018 in accordance with IFRS 9.
- The retained earnings balance includes JD 12,672,506 restricted against deferred tax assets as of 30 June 2020 according to the Central Bank of Jordan's instructions.
- The use of cyclical fluctuations reserve and general banking risks reserve is restricted unless approved by the Central Bank of Jordan and the Palestinian Monetary Authority.
- Use of retained earnings for an amount equal to the negative cumulative change in the fair value of financial assets and before any tax effect of as of 30 June 2020 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 37 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 SIX MONTHS PERIOD ENDED 30 JUNE 2020 (REVIEWED NOT AUDITED)**

	Notes	For the six months ended 30 June	
		2020 JD	2019 JD
<b>Cash flows from operating activities:</b>			
Profit for the period before tax		2,298,457	5,883,975
(Loss) from discontinued operations before tax		(2,390,676)	(1,728,961)
<b>Non-cash Adjustments:</b>			
Depreciation and amortisation		1,508,878	1,553,151
Provision for expected credit losses, net	23, 36	5,892,991	1,584,768
Provision for impairment of assets seized by the bank against due debts	10	204,814	(314,995)
Loss (Gain) from valuation of financial assets at fair value through statement of income	24	228,457	(85,853)
Other provisions	15,36	(1,061,805)	521,116
Provision for real estate seized by the bank	10	699,859	1,210,048
Amortization of right-of-use assets		506,029	75,665
Finance costs paid for lease obligations		176,147	17,690
Effect of exchange rate fluctuations on cash and cash equivalents		(197,187)	(141,234)
<b>Profit for the period before changes in assets and liabilities</b>		<b>7,865,964</b>	<b>8,575,370</b>
<b>Changes in assets and liabilities</b>			
(Decrease) Increase in banks' and financial institutions' deposits maturing within a period of more than three months		(12,495,467)	5,855,245
Decrease in financial assets at fair value through statement of income		-	159,166
(Increase) in direct credit facilities		(62,857,637)	(11,349,905)
Decrease (Increase) in other assets		7,587,282	(14,813,603)
Increase in customers' deposits		33,203,345	33,684,912
(Decrease) in cash margins		(7,815,879)	(13,244,722)
(Decrease) Increase in other liabilities		(6,781,039)	2,839,306
<b>Net change in assets and liabilities</b>		<b>(49,159,395)</b>	<b>3,130,399</b>
<b>Net cash flows (used in) from operating activities before income tax and provisions</b>			
		(41,293,431)	11,705,769
Sundry provisions paid	15,36	(85,018)	(245,008)
Lease contracts paid		(470,207)	-
Income tax paid	14/a	(47,172)	(90,019)
<b>Net cash flows (used in) from operating activities</b>		<b>(41,895,828)</b>	<b>11,370,742</b>
<b>Cash flows from investing activities:</b>			
(Increase) decrease in financial assets at fair value through other comprehensive income		247,100	-
Decrease in financial assets at amortized cost		(3,508,383)	8,975,269
Changes in property and equipment and intangible assets		(1,139,829)	(1,361,302)
<b>Net cash flows (used in) from investing activities</b>		<b>(4,401,112)</b>	<b>7,613,967</b>
<b>Cash flows from financing activities:</b>			
Increase in borrowed funds		51,712,609	11,842,049
<b>Net cash flows from financing activities</b>		<b>51,712,609</b>	<b>11,842,049</b>
Effect of exchange rate fluctuations on cash and cash equivalents		197,187	141,234
Net increase in cash and cash equivalents		5,612,856	30,967,992
Cash and cash equivalents at the beginning of the period		80,519,927	103,062,924
<b>Cash and cash equivalents at the end of the period</b>	28	<b>86,132,783</b>	<b>134,030,916</b>

**The accompanying notes from 1 to 37 form part of these interim condensed financial statements and should be read with them and the accompanying review report**



**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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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-up capital of JD 5 million divided into 5 million shares at par value of one Jordanian Dinar per share. The Bank's Head Office address is Amman, Tel. +962 (6) 5203000, P.O. Box 9989, Amman The Hashemite Kingdom of Jordan.

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

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

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

The Bank is engaged in banking and related financial operations through its branches (34) inside Jordan, and (6) branches in Palestine.

The interim condensed financial statements were approved by the Bank's Board of Directors at its meeting No. 7/2020 on 5 August 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) as adopted by the Central Bank of Jordan.

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

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

The interim condensed financial statements do not contain all information and disclosures required for financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Bank's annual report as at 31 December 2019. In addition, results for the six-month period ended 30 June 2020 do not necessarily indicate the expected results for the financial year ending 31 December 2020. No appropriation of the profit has been made for the six months ended 30 June 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.

**(3) USE OF ESTIMATES**

**Provision for impairment of direct credit facilities:**

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

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

**The Methodology of implementing international financial Reporting standard No (9): Inputs, and methods used in calculating expected credit loss:**

**Risk management system**

The risk management of the Bank is directed to the Board of Directors based on the Corporate Governance Instructions issued by the Central Bank of Jordan. The Board of Directors is responsible for adopting the Bank's risk management strategy, policies and procedures which reflect the overall risk management framework and review annually. On all risk management activities to the Risk Management Committee of the Board of Directors.

The Bank's risk management approach emerges from the experience, knowledge and risk culture in which each employee is responsible for potential risks within the scope of his work. Risk Management provides independent oversight and support aimed at establishing and disseminating the concept of risk management as a whole and at all levels of management, proactively assisting in the realization of potential losses and developing a plan of appropriate responses and actions to address these risks if they occur, thereby reducing potential costs and losses.

The risk management business is a general risk management policy that enables the Bank to identify and set appropriate limits for risks and to form the overall risk management framework for the Bank as well as a number of separate policies for each type of risk,

- Credit risk management policies, market risk management and operational risk management.
- Liquidity risk policy and interest rate policy for the bank portfolio.
- Internal Capital Adequacy Assessment Policy.
- Stress Test Policy.
- Credit policy and investment policy are an integral part of risk management policy for other risk management and control purposes

The Bank's management is particularly interested in the requirements of Basel and the best international risk management practices as a framework to consolidate and enhance the Bank's ability to improve the regulatory environment and confront various types of risks (operational, market and credit). Identify, measure, manage, control and control the types of risks and the Bank's compliance with the laws, regulations, standards and requirements issued by various local or international entities in accordance with best practices Fit with the size of the bank and its operations and the types of risks.

The Risk Management department has the following main functions:

- Prepare the Bank's Risk Management Framework.
- Develop and implement a risk management strategy as well as develop policies and work procedures that define the roles and responsibilities of each party and at all administrative levels.
- Prepare and review risk policies periodically to ensure their effectiveness and adjust them to what is required.
- Prepare the Bank's Internal Capital Adequacy Assessment methodology, which is comprehensive and effective and able to identify the risks that the Bank may face, taking into account the Bank's strategic plan and capital plan.
- Prepare a risk document for the Bank.
- Monitor the compliance of the Bank's executive departments with specific levels of acceptable risk.
- Ensure that the business continuity plan is in place and periodically checked.
- Report on the risks of any expansion of the Bank's activities to the Risk Management Committee of the Board of Directors.
- Conducting stress tests on a regular basis to measure the Bank's ability to withstand shocks and meet high risks and to be approved by the Board of Directors.
- Issuing periodic reports to the Risk Management Committee that includes information on the actual risk profile of all the Bank's activities compared to Risk Appetite and following up the treatment of negative deviations.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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- Conducting stress tests on a regular basis to measure the Bank's ability to withstand shocks and meet high risks and to be approved by the Board of Directors.
- Issuing periodic reports to the Risk Management Committee that includes information on the actual risk profile of all the Bank's activities compared to Risk Appetite and following up the treatment of negative deviations.
- Verify the integrity of risk measurement mechanisms with the MIS used.
- Raising awareness about the risk management of the Bank's units to strengthen the regulatory environment, spreading a culture of risk awareness and achieving a deep understanding of all the management levels of the Bank's risks.
- Review strategic decisions with the possibility of making recommendations to avoid risks and ensure optimal employment of capital.
- Coordinating with the various supervisory bank departments to check the existence of controls to control risks or transfer the management of these risks to third parties or insure on them

**Acceptable risk levels**

- Determining the acceptable risk levels of the Bank in accordance with quantitative measurement methods and based on the nature and specificity of the various risks, and clarifies the nature of the risks accepted by the Bank in order to achieve its strategic objectives. These limits are reflected in the acceptable risk document adopted by the Bank. Deviations and excesses if any.
- The overall framework for acceptable risk levels is determined in line with the Bank's strategic plan, regulatory directives, sound management of credit risk, liquidity and capital management to support the growth and development of the Bank's business.

**Stress tests**

- Bank-wide stress tests are an integral part of the risk review and evaluation process. These tests provide information on the Bank's financial safety and risk profile, as well as early warning indicators of potential threats to the Bank's capital
- Stress tests are carried out at the level of sensitivity scenarios and analytical scenarios and reflect their impact on the capital adequacy ratio and profit and loss through a range of levels that fall within (moderate, medium and severe).
- The results of stress tests are analyzed and evaluated and their impact on the quality of the Bank's assets and financial position, both through the expected loss size and / or by influencing the Bank's reputation, capital adequacy and the use of stress testing results in the capital planning process and its potential impact In building additional capital, according to ICAAP.
- Scenarios are assumed that are commensurate with the size and nature of the risks facing the Bank and should fall from the least influential to the most influential, including scenarios that may determine the size of losses that the Bank may face in order to identify the risks not covered, the scope of the scenarios accurately and reviewed periodically and adjusted to developments at the level of the bank in particular and at the level of the banking sector and the economy in general.
- Stress tests are conducted semi-annually to meet the requirements of the regulatory authorities. These tests can be conducted further on the recommendation of the Risk Management Committee according to the data and conditions.

**Internal assessment of capital adequacy**

The Internal Capital Adequacy Assessment process aims to:

- Use better risk management methods to ensure capital adequacy.
- Defining the responsibilities of the Board of Directors and the Executive Management in developing the internal capital assessment process and establishing capital targets that are commensurate with the Bank's risk structure and regulatory environment.
- Comprehensive assessment of the risk elements (quantitative and qualitative) that the Bank may be exposed to under current conditions and stressful situations.
- Treatment of risks not covered under Pillar I (Liquidity Risk, Interest, Concentration, Reputation, Strategy, Business Cycle).
- Understand the nature and levels of risk the Bank may face, and how these risks and capital levels are linked.
- Ensuring that the Bank's management continues to be responsible for ensuring that adequate capital is available to meet the risks and in excess of the prescribed minimum requirements.

**The implementation of default and its recording methods:**

In order to classify accounts as non-performing loans (NPL), the Central Bank of Jordan (CBJ) or the regulatory authorities in the host countries of the bank's branches or its subsidiaries, whichever is more stringent, are strictly complied with. The non-performing facilities are defined as credit facilities that includes one or more of the following:

- The maturity of one installment or irregular payment of principal and/or interest of account for 90 days or more.
- The overdraft exceeding the Limit granted by (10%) or more for a period of (90) days or more
- Credit facilities that have expired on the expiry date of (90) days or more and have not been renewed.
- Credit facilities granted to any client declared bankrupt or to any company declared under liquidation.
- Credit facilities structured three times in a year.
- Current accounts that had been overdrawn for 90 days or more.
- Paid Guarantees on behalf of customers not credited to their accounts and their payments matured for (90) days or more.

### **Bad Debt Management**

#### 1. Debt Treatment:

This should be done by approval of the Bank and taking into consideration the satisfaction of the client and the guarantors. This type of treatment should ensure that the bank has the maximum possible rights according to the status of the account, its guarantees, and sources of payment, An acceptable period and the strengthening of guarantees and sources of payment if possible and the settlements are approved in accordance with internal levels of Authority.

#### 2. Grace Period

The bank may be forced to a grace period for certain clients after which the client is settled by payment or re-scheduling. However, this method is not considered an effective treatment as it keeps the client within the scope of non-performing loans. Therefore, the bank should not give the client grace period after any payment default, only in exceptional circumstances which the concerned department may determine. In this case, the grace period shall be for a short and specific period in accordance with internal levels of Authority.

#### 3. Legal Action, including enforcement of guarantees

The bank resorted to it when exhausted all the peaceable ways of collection and form a conviction that the collection of debt in this manner became the only way to ensure the bank to restore his rights.

### **Risk Rating System**

Moody's Risk Analyst (MRA) platform is a robust, enterprise-wide credit risk management system that collects, analyzes and stores financial and non-financial information providing a comprehensive solution for managing and analyzing counter-party credit risk. It is a Browser-based internal rating system that supports centralized management of credit risk assessment objectives. The ultimate objective of the rating exercise is to categorize customers based on their risk profile. The MRA standard model has been customized to the needs of the Bank.

Risk rating system consists of 3 basic models that are used by business division to analyze and categorize customers by relying on financial and non-financial data of their customers. The system allows the possibility of choosing one of three available models. The model is based on the availability, accuracy and clarity of the financial statements submitted. In addition to a set of questions specific to the customer's activity, the three models as per the following:

#### Fundamental Analysis- Financial Only

This model used in case of clear, sufficient and detailed financial statements (audited or unaudited) that can be relied upon to reflect the accurate financial position of the customer. Quantitative information will formulate the largest weight in classification process.

- SME Rating Model- (Financial Statements Provided)

This model used in the case of the availability of Non-detailed financial data and has a less relative importance in the classification process and more importance is given to the qualitative aspects of the classification.

- SME Rating Model- (No Financial Statements Provided):

This model is used in the absence of financial data and classification will depend entirely on qualitative Data.

- Scope of Application

Rating Model is used for Corporates & SMEs Portfolios in Jordan, Palestine and Cyprus.

- The credit rating system consists of 10 credit degree, with the risk of default rising to each degree of higher risk. Each credit degree has a credit rating and is internally approved by the bank.

### **System Workflow**

- The early identification of customers with potential problem loans is essential to the successful management of credit risk in the Bank's portfolio. The earlier a problem customer is identified; the more likely corrective action will be successful in preventing losses.
- Credit operation department is responsible to start, fill out all kinds of related data to the concerned customers to identify and point out the credit risk and weaknesses associated with individual customers that falling under their supervision.
- Credit department review the accuracy and credibility of the inputs and rating class entered by credit operation department and compare the inputs with the credit studies
- Risk department is responsible to manage the system including the Internal Models and related approved parameters, generating reports on regular basis for tracking and reporting purposes

### **Application and initial recognition**

#### **Existing credit exposures**

In order to classify credit exposures through the internal rating system, it is necessary to compare the current classification of credit exposures with the degree of classification at initial recognition through a study prepared within the Bank to document the historical risk information of each debt to determine the degree of risk at the first recognition. Which are classified at the date of the financial statements are included in the second phase until their classification as assets.

#### New credit exposures:

The new accounts must be subject to the internal rating system and their classification will be treated as an initial recognition of the rating date.

#### The Mechanism Adopted to Calculate (ECL)

- Based on the requirement of the new standard, ECL calculation model for Exposures/debt instruments has been applied on JAB Branches, Subsidiaries and foreign branches in accordance with the instructions of the Central Bank and the best international practices in this regard.
- Credit risk and expected credit loss calculation was calculated for each individual (credit exposure/ debt instrument), not on collective basis approach.
- The mathematical model was used to calculate expected credit losses as follows:

**Expected credit loss ECL = Probability of Default (PD%) X Exposure at default (EAD) X Loss Given Default (LGD%)**

#### Probability of Default (PD)

- Transition Matrixes were built for each segment in Bank by using the historical data on exposure, rating grade to build the PiT Matrixes (Moody's Model was the base to generate PiT matrixes and similar risk level rating buckets were merged to obtain more stable observed default rate), for Retail Segment the DPD historical Data was the base to generate PiT Matrixes.
- Based on the nature of segment Economic Shocks were applied on the GDP & Unemployment rates changes compared to the last 10 years through statistical model to construct the future PiT, therefore TTC matrixes were constructed by blending the effect of Economic shocks and distance from the long term default rate (LTDR) which reflects the last five years average default rate.
- Same methodology was used to build Matrixes for Banks & Sovereigns over different regions in the world.

#### Exposure at Default

EAD is the credit Limit or outstanding Balance whichever is higher & incase of unutilized limit applying CCF of 100%. Present value (PV) of cash flows over the life time of exposure (t) has been taken into consideration by using the effective interest rate (EIR).



### **Loss Given Default (LGD)**

- LGD methodology, recovery rate approach preceded by a deep assessment of many aspects related to the bank internal process, Default management and workout. Bank applied average recovery rate period approach (Average 3 years) for unsecured portfolio on banking segments (CORPs, SMEs & Retail) to construct the actual LGD for each type of segment, taking into consideration all recoveries were discounted based on contracts interest rate to the value at default date.
- However Managerial LGD for secured portfolio / portion were applied based on type of collateral and applying of Hair Cut per each type of collaterals as per the CBJ instructions.
- Regulatory Rates (FIRB) of 45% were applied for some segment due to the small size volatile portfolios.

### **Financial Assets in Scope**

Under the methodology used, the following credit exposures and financial instruments have been subject to the expected credit loss in line with CBJ instructions and IFRS9 requirements:

### **Loans and Credit Facilities (Direct and Indirect)**

The expected credit losses were calculated by considering the credit Limits or the outstanding Balance whichever is higher to determine the Exposure at Default (EAD). Present value (PV) of cash flows over the life of the exposure has been taken into consideration by using the effective interest rate (EIR) and discounted at time .

To Consider the Probability of Default (PD), Transition Matrixes were built for each segment in Bank by using the historical data on exposure, rating grade to build the PiT Matrixes ( Moody's Model was the base to generate PiT matrixes and similar risk level rating buckets were merged to obtain more stable observed default rate), for Retail Segment the DPD historical Data was the base to generate PiT Matrixes.

Based on the nature of segment Economic Shocks were applied on the GDP & Unemployment rates changes compared to the last 10 years through statistical model to construct the future PiT, therefore TTC matrixes were constructed by blending the effect of Economic shocks and distance from the long term default rate (LTDR) which reflects the last five years average default rate.

For LGD, Bank applied average recovery rate period approach for unsecured portfolio on banking segments (CORPs, SMEs and Retail) to construct the actual LGD for each type of segment, taking into consideration all recoveries were discounted based on contracts interest rate to the value at default date.

However Managerial LGD for secured portfolio / portion were applied based on type of collateral after applying of Hair Cut.

**Debt Instruments Carried at Amortized cost or Carried at Fair Value Through other Comprehensive Income (OCI)**

The expected credit losses were calculated using the Outstanding Balance & Accrued interest on the Instrument of each reporting date to determine the Exposure at Default ( EAD ). Probability of default was calculated using Transition Matrixes that was built for each type of debt instrument. Regulatory LGD ratio of 45% was used for these kind of instruments ( FIRB Ratio) .

Present value (PV) of cash flows over the life of the debt instrument has been taken into consideration using the effective interest rate (EIR) and discounted at time .

Note: Based on the CBJ Regulations, 0% Expected Credit Loss (ECL) is applied for local and foreign currency financial assets of Jordan Governmental & CBJ.

**Credit Exposures on Banks and Financial Institutions**

The expected credit losses were calculated using the Outstanding Balance of each reporting date to determine the Exposure at Default (EAD, Probability of default was calculated using Transition Matrices that was built for banks and financial institutions based on Geographical distribution (Locally, Regionally & International).

Regulatory LGD ratio of 45% was used for these kind of placements (FIRB Ratio).

**Staging Criteria**

All Credit Exposures / Debt Instruments that are subject to expected credit loss are subject to certain determinants as an indication that they have a significant effect to increase credit risk, Therefore, Shifting to stages has been adopted by using the following methodology :

<b>Variable</b>	<b>Staging Criteria / Shift to Stage 2</b>	<b>Staging Criteria / Shift to Stage 3</b>
Change in Credit Rating for Exposure / Debt Instrument	Customers, which are having 2 grades deterioration in their final rating compared to their initial rating/ On Internal Rating Model  The significant or expected decline in the external Credit Rating	Non-performing loans  Bankruptcies or for companies under liquidation
Un Rated Exposures	Lack of credit rating for credit exposure / debt instrument subject to internal credit rating	
Past due days	Past dues above 60 Days	
Account Status	Watch List Accounts	

### **Governing the application of the international standard**

Adopting corporate governance is a key to success, Therefore JAB has adopted the directives of the Corporate Governance in line with the directives of the Central Bank of Jordan and the best international practices recommended by the Basel Committee in this regard.

Also corporate governance one of the means to provide the proper and appropriate tools and means for the Board of Directors and senior executive management to reach the achievement of strategic objectives and ensure an effective working environment.

The Bank to make sure its financial reports were consistent with the IFRS9 requirements. To that end, an agreement was concluded with Prometeia for implementing software across Jordan Branches, Forging Branches and its subsidiaries.

To ensure that the application of the International Financial Reporting Standard in effect, the following is the responsibilities of the Board of Directors and the Senior Executive Management In this regard:

#### **Board of Directors**

- Define the strategic objectives of the bank, and guide & monitor the executive management to prepare strategies & plans of action that are consistent with these strategies.
- Evaluate existing infrastructure and make decisions regarding the changes or improvements required to ensure that the calculation of expected credit losses in line with relevant regulations.
- Ensuring through the committees emanating from the Board to supervise the senior executive management and make sure the availability of internal control and control systems that provide the Bank's policies, plans and procedures, and verify compliance with the Bank's internal policies, international standards and related legislation covering the activity of applying the international standard.
- Take measures to ensure effective control over the proper application of the standard and the protection of the systems used in the application.
- Adoption of appropriate policies and procedures for the application of the new standard.

### **Executive Management**

- Provide the appropriate infrastructure and recommendations on the changes or improvements that help to apply the standard accurately and comprehensively, make sure to include a qualified staff, adequate database in terms of accuracy, comprehensiveness and appropriate management information system.
- Distribution of tasks and responsibilities to the concerned parties in the process of applying the International Accounting Standard.
- To assess the impact of applying the International Accounting Standard on the financial position of the Bank from the quantitative and qualitative framework.
- suitability for the application of the standard.
- Prepare a detailed work plan to implement the standard and study the quantitative impact on the bank and adhere to the time frame specified by the regulator.
- Make sure to reflect the impact of the new standard on Bank strategy and pricing Methodology.
- Ensuring the participation of the Bank's various concerned departments with the proper compliance with the following:

### **Risk department**

- Validation of the methodology and system used in the application of IFRS 9.
- Periodically update the PD default matrices at bank level and for all different sectors and reverse matrix adjustments to the system used to calculate expected credit losses.
- Periodic update of the loss matrix assuming LGD at bank level and for all different sectors and reversing outputs on the system used to calculate expected credit losses.
- Review the ICAAP methodology and stress testing to meet the requirements of the standard Preparation of qualitative and quantitative periodic disclosures for the purposes of complying with the requirements of IFRS 9.
- Ensuring that provisions are properly accounted for.

### **Audit Department**

- Validate the integrity of the methodologies and systems used in the application of IFRS 9 and the samples that confirm the integrity of the results extracted
- Verify that all credit instruments / credit exposures have been measured for their expected credit loss and to verify the expected credit loss (loss) attributable to each financial statement.
- Verification of the periodic disclosures required for the purpose of complying with the International Financial Reporting Standard as per the Central Bank's instructions.

**Compliance Department**

- Ensure compliance with the applicable laws, regulations and instructions relating to the preparation of financial statements and the application of IFRS 9 and the disclosures required by IFRS 7.

**Credit Group**

- Identify indicators to assess the increase in credit risk related to the classification of all credit exposures and in accordance with the instructions of the Central Bank of Jordan and the accounting standard in this regard.
- Ensure the existence of a credit rating and the correctness of the degree of risk classification of the customer, reflecting the credit status of the customer, the definition of credit grades and the economic situation in which the client exercises his activity, in addition to giving the required checks on the inputs to the system of MOODY'S and ensure their updating and archiving periodically.
- Studying and documenting the historical risk of each religion to determine the degree of classification at initial recognition.
- Ensure that the system outputs reflect Staging stages that reflect the customer's credit status and review and verify changes in the provision.
- Ensure that the transition between phases is correct.
- Preparation of quantitative periodic disclosures for compliance with IFRS requirements

**Finance department**

- Determine the financial instruments that are subject to the provision for credit losses as referred to in IFRS 9.
- Distribution of portfolios and ratings within banking sectors and their adoption within the expected credit loss model.
- Reconciling the accounting balances of the financial instruments subject to accounting with the Bank's accounting professor and comparing the results of the calculation of Standard 9 with the provisions required in accordance with the Central Bank's instructions 47/2009 and applying whichever is higher.
- Participate in the preparation and review of periodic disclosures required for compliance with IFRS.

**Key economic indicators used to calculate expected credit loss**

When estimating the probability of default for different sectors, the historical information, current conditions and expected future events are taken into account in accordance with reliable information or material judgment by the Bank.

Where a statistical model with a single economic variable is used and based on the macro-economic variables which are the growth rates of GDP and the annual differences in the unemployment rate for the previous 10 years and linked to the future projections of the economic variable for the next 5 years to reflect the effect of the changes On the expected future ratios of the annual stumbling potential. The GDP growth rate was calculated for each of the following geographical sectors:

- Jordan: for exposures / debt instruments on the sector of large companies and medium and small companies.
- Palestine: for exposures / debt instruments sector of large companies and medium and small companies.
- Cyprus: for exposures / debt instruments sector of large companies and SMEs.
- North America: for exposures / debt instruments to sovereigns and banks.
- Europe & Central Asia: for exposures / debt instruments to sovereigns and banks
- East Asia & Pacific: for exposures / debt instruments to sovereigns and banks
- Arab World: for exposures / Debt

The annual rates of change in the unemployment rates for each of the following geographical sectors / regions were also adopted:

- Jordan: for individual / retail exposures.
- Affiliates within Jordan Subsidiaries: for exposures granted through subsidiaries.
- Palestine: for individual / retail exposures.
- Cyprus: for individual/ retail sector exposures.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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

The details of this item are as follows:

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Cash in Vaults	17,725,374	17,438,433
Balances at central banks		
Current and call accounts	10,555,518	15,691,908
Time and notice deposits	21,000,000	-
Statutory cash reserve	29,194,907	38,133,794
Total balances at central banks	60,750,425	53,825,702
Total cash and balances at central banks	78,475,799	71,264,135

- Except for cash reserves with central banks, there are no restricted cash balances as at 30 June 2020 and at 31 December 2019.
- There are no balances maturing within a period of more than three months as at 30 June 2020 and 31 December 2019.

The movement on cash and balances with central banks is as follows:

	30 June 2020 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	(Individual)	(Individual)	(Individual)	(Individual)
	JD	JD	JD	JD
Balance at 1 January 2020	53,825,702	-	-	53,825,702
New balances during the period	21,000,000	-	-	21,000,000
Settled balances	(14,075,277)	-	-	(14,075,277)
Balance at the end of the period	60,750,425	-	-	60,750,425

**JORDAN COMMERCIAL BANK  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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

Item	Banks and financial institutions						Total
	Local		Foreign				
	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)	
Current and call accounts	29,671	29,671	7,262,895	7,292,860	7,292,566	7,322,531	
Deposits maturing within a period of 3 months or less	29,766,400	29,143,000	271,137	255,680	30,037,537	29,398,680	
Total	29,796,071	29,172,671	7,534,032	7,548,540	37,330,103	36,721,211	
Less: Provision for expected credit losses	(20,657)	(77,995)	(2,230)	(677)	(22,887)	(78,672)	
	29,775,414	29,094,676	7,531,802	7,547,863	37,307,216	36,642,539	

- The non-interest-bearing balances held at banks and financial institutions amounted to JD 7,292,566 as at 30 June 2020 and (JD 7,243,788 as at 31 December 2019).

- There are no restricted balances as at 30 June 2020 and 31 December 2019.

The movement on balances at banks and financial institutions is as follows:

	30 June 2020 (Unaudited)						Total
	Stage 1 (Individual)		Stage 2 (Individual)		Stage 3 (Individual)		
	JD	JD	JD	JD	JD	JD	
Balance at the beginning of the period/year	36,721,211	-	-	-	36,721,211	62,165,718	
New deposits and balances during the period/year	22,355,479	-	-	-	22,355,479	21,550,449	
Settled balances	(23,605,434)	-	-	-	(23,605,434)	(49,287,791)	
Changes resulting from adjustments	1,858,847	-	-	-	1,858,847	24,010,227	
Transferred to assets held for sale	-	-	-	-	-	(21,717,392)	
Balance at the end of the period/year	37,330,103	-	-	-	37,330,103	36,721,211	



**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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

	30 June 2020 (Unaudited)			Total JD
	Stage 1 (Individual) JD	Stage 2 (Individual) JD	Stage 3 (Individual) JD	
Balance at the beginning of the period	78,672	-	-	78,672
ECL for new balances during the period	-	-	-	-
Recoveries from ECL related to settled balances	-	-	-	-
Changes resulting from adjustments	(55,785)	-	-	(55,785)
Total balance at the end the period	22,887	-	-	22,887

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

The details of this item are as follows:

	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<b>Individuals (Retail)</b>		
Overdrafts	636,913	364,664
Loans and bills *	185,241,556	180,269,792
<b>Credit cards</b>	4,266,498	4,274,929
<b>Real Estate Loans</b>	119,726,181	121,834,039
<b>Corporate Customers</b>		
<b>A- Large corporations</b>		
Overdrafts	71,007,602	76,344,157
Loans and bills *	305,065,018	276,490,443
<b>B- Small and medium enterprises "SMEs"</b>		
Overdrafts	14,745,155	16,162,824
Loans and bills *	46,344,738	34,570,961
<b>Governmental and Public Sector</b>		
<b>Total</b>	795,196,348	731,054,500
Less: Provision for expected credit losses	(53,369,156)	(47,974,854)
Suspended interests	(16,609,425)	(14,079,271)
Direct credit facilities, net	725,217,767	669,000,375

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

- \* Net after deducting interest and commissions received in advance amounting to JD 2,291,377 as of 30 June 2020 (31 December 2019: JD 2,930,594).
- Non-performing credit facilities amounted to JD 91,876,314 representing 11.55% of total direct credit facilities as at 30 June 2020 (31 December 2019: JD 84,627,496 representing 11.58% of total direct credit facilities).
- Non-performing credit facilities, net of suspended interests and commissions, amounted to JD 75,266,889 representing 9.67% of total direct credit facilities excluding the suspended interests and commissions as at 30 June 2020 (31 December 2019: JD 70,617,431 representing 9.85% of total direct credit facilities excluding the suspended interests and commissions).
- Non-performing credit facilities transferred to off interim condensed financial position items, amounted to JD 122,563,024 as at 30 June 2020 (31 December 2019: JD 120,937,156). These credit facilities are fully covered with the suspended interests and provisions.
- Direct Credit Facilities include facilities granted that are guaranteed by the Government of Jordan amounting to JD 30,000,000 as of 30 June 2020 (31 December 2019: JD 2,500,000).

The movement on direct credit facilities is as follows:

Item	Stage 1 (Individual)		Stage 2 (Individual)		Stage 3		30 June 2020		31 December 2019	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total exposures at the beginning of the period/year							(Unaudited)		(Audited)	
New exposures during the period/year	479,886,104	166,540,900	84,627,496				731,054,500		804,702,050	
Settled exposures during the period/year	54,399,794	3,625,431	224,113				58,249,338		102,966,810	
Transferred to stage 1	(27,235,306)	(2,952,979)	(312,543)				(30,500,828)		(47,956,843)	
Transferred to stage 2	42,586,438	(41,631,312)	(955,126)				-		-	
Transferred to stage 3	(61,875,020)	72,936,335	(11,061,315)				-		-	
Changes resulting from adjustments	(5,367,655)	(14,325,146)	19,692,801				-		-	
Written-off credit facilities	10,187,093	26,545,357	(326,208)				36,406,242		(38,929,088)	
Expected credit losses provision transferred to off statement of financial position regulatory accounts	-	-	(12,904)				(12,904)		(266,036)	
Transferred to assets held for sale	-	-	-				-		(16,945,960)	
Total exposures at the end of period/year	492,581,448	210,738,586	91,876,314				795,196,348		(72,516,433)	
										731,054,500

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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

30 June 2020 (Unaudited)	Individual		Real estate		Corporate		SMEs		Governmental and public sectors		Total	
	JD	JD	JD	JD	JD	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												
Recoveries from ECL related to settled facilities	444,292		11,324		25,070		29,540		1			510,227
Transferred to stage 1	(219,700)		(31,522)		(23,746)		(167,458)		(2)			(442,428)
Transferred to stage 2	(134,316)		(21,492)		(17,136)		(12,662)		-			(185,606)
Transferred to stage 3	52,076		79,748		85,233		24,206		-			241,263
	82,240		(58,256)		(68,097)		(11,544)		-			(55,657)
Effect on provision resulting from reclassification among three stages	1,998,580		844,123		(187,520)		714,509		-			3,369,692
Changes resulting from adjustments	128,694		(61,910)		1,711,875		80,212		99,004			1,957,875
Written-off facilities	(1,064)		-		-		-		-			(1,064)
Balance at the end of the period	<u>13,114,546</u>		<u>2,539,441</u>		<u>32,778,559</u>		<u>4,742,989</u>		<u>193,621</u>			<u>53,369,156</u>
Re-allocation:												
Provisions on an individual basis	13,114,546		2,539,441		32,778,559		4,742,989		193,621			53,369,156
Total	<u>13,114,546</u>		<u>2,539,441</u>		<u>32,778,559</u>		<u>4,742,989</u>		<u>193,621</u>			<u>53,369,156</u>

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

31 December 2019 (Audited)	Individuals		Real estate		Corporate		SMEs		Governmental and public sectors		Total	
	JD	JD	JD	JD	JD	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 loss on new facilities during the year	796,606	115,646	266,316	90,046	80,395	1,349,009						
Recoveries from ECL related to settled facilities	(741,000)	(200,742)	(413,813)	(261,876)	-	(1,617,431)						
Transferred to stage 1	(17,659)	(64,584)	(2,027,635)	(31,314)	-	(2,141,192)						
Transferred to stage 2	(35,780)	56,440	2,584,353	(35,238)	-	2,569,775						
Transferred to stage 3	53,438	8,144	(556,718)	66,552	-	(428,584)						
Effect on provision resulting from reclassification among the three stages	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 credit facilities	(43,559)	-	-	-	-	(43,559)						
Expected credit losses provision transferred to off statement of financial position regulatory accounts	(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:												
Provisions on an individual basis	10,763,744	1,777,426	31,252,880	4,086,186	94,618	47,974,854						
Total	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 JUNE 2020 (REVIEWED NOT AUDITED)**

**Suspended Interests**

The movement on suspended interests is as follows:

	Companies									
	Individuals		Real estate loans		Corporate		SMEs		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	
<b>For the six months ended 30 June 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	
Add: Interests in suspense for the period	457,851	426,556	1,627,305	577,385					3,089,097	
Less: Interests transferred to revenues during the period	(146,986)	(46,628)	(298,203)	(55,286)					(547,103)	
Interests in suspense written-off	(2,345)	(9,465)	-	(30)					(11,840)	
<b>Balance at the end of the period</b>	<b>1,621,073</b>	<b>1,626,202</b>	<b>11,075,539</b>	<b>2,286,611</b>					<b>16,609,425</b>	

	Companies									
	Individuals		Real estate loans		Corporate		SMEs		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	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					
Add: Interests in suspense for the year	987,411	450,378	3,927,138	1,421,527	6,786,454					
Less: Interests transferred to revenues during the year	(394,966)	(218,994)	(136,513)	(120,203)	(870,676)					
Interests in suspense written-off	(18,958)	(44,901)	-	(158,618)	(222,477)					
Transferred to off statement of financial position regulatory accounts	(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>	<b>1,312,553</b>	<b>1,255,739</b>	<b>9,746,437</b>	<b>1,764,542</b>	<b>14,079,271</b>					

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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

The details of this item are as follows:

	<u>30 June 2020</u>	<u>31 December 2019</u>
	JD (Unaudited)	JD (Audited)
Quoted shares in active markets	1,647,925	1,876,382
Total	<u>1,647,925</u>	<u>1,876,382</u>

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

The details of this item are as follows:

	<u>30 June 2020</u>	<u>31 December 2019</u>
	JD (Unaudited)	JD (Audited)
Quoted shares in active markets	5,157,940	6,090,959
Unquoted shares in active markets	<u>4,935,937</u>	<u>5,014,978</u>
Total	<u>10,093,877</u>	<u>11,105,937</u>

Cash dividends distributions for the above-mentioned financial assets amounted to JD 87,500 for the period ended 30 June 2020 (JD 232,187 for the period ended 30 June 2019).

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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

The details of this item are as follows:

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Treasury bonds and bills	276,313,571	272,205,188
Companies' bonds and debentures	4,436,000	5,036,000
Total	<u>280,749,571</u>	<u>277,241,188</u>
Provision for expected credit losses	<u>(497,654)</u>	<u>(507,062)</u>
Net financial assets at amortized cost	<u>280,251,917</u>	<u>276,734,126</u>
Fixed rate	<u>280,251,917</u>	<u>276,734,126</u>
Total	<u>280,251,917</u>	<u>276,734,126</u>

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

	30 June 2020 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	53,874	-	453,188	507,062
Recoveries from ECL related to matured investments	<u>(9,408)</u>	<u>-</u>	<u>-</u>	<u>(9,408)</u>
Balance at the end of the period	<u>44,466</u>	<u>-</u>	<u>453,188</u>	<u>497,654</u>

The movement on the financial assets at amortized cost is as follows:

	30 June 2020 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	275,641,188	-	1,600,000	277,241,188
New investments during the period	105,898,329	-	-	105,898,329
Matured investments	<u>(102,396,337)</u>	<u>-</u>	<u>-</u>	<u>(102,396,337)</u>
Changes resulting from adjustments	6,391	-	-	6,391
Balance at the end of period	<u>279,149,571</u>	<u>-</u>	<u>1,600,000</u>	<u>280,749,571</u>

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(10) OTHER ASSETS**

The details of this item are as follows:

	<u>30 June 2020</u>	<u>31 December 2019</u>
	JD (Unaudited)	JD (Audited)
Accrued interest and commissions	10,926,721	7,884,644
Receivables from assets sold on installments	10,513,038	-
Prepaid expenses	2,240,360	1,079,518
Assets seized by the Bank against debts, net **	61,860,185	83,253,775
Assets seized by the Bank sold on instalments, net	4,691,509	3,860,517
Refundable deposits	1,286,307	1,120,991
Checks and transfers under collection	349,124	30,216
Purchase of time withdrawals, policies and letters of credit, net *	30,234,200	34,858,358
Others	3,539,891	2,367,243
Total	<u>125,641,335</u>	<u>134,455,262</u>

\* Movement on the balances of time withdrawals, policies and letters of credit:

	<u>30 June 2020</u>			<u>31 December 2019</u>
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual	Individual	
	JD	JD	JD	JD
			(Unaudited)	(Audited)
Balance at the beginning of the period/ year	35,103,927	-	35,103,927	9,303,197
New balances	14,208,467	-	14,208,467	35,103,927
Settled balances	(18,456,271)	-	(18,456,271)	(9,303,197)
Balance at the end of the period/year	<u>30,856,123</u>	-	<u>30,856,123</u>	<u>35,103,927</u>



**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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

	30 June 2020			31 December 2019	
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual	Individual		
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	245,569	-	-	245,569	13,495
New balances	82,146	-	-	82,146	245,569
Settled balances	(201,648)	-	-	(201,648)	(13,495)
Changes resulting from adjustments	495,856	-	-	495,856	-
Balance at the end of the period/year	621,923	-	-	621,923	245,569

\*\* Movements on assets seized by the Bank against debts is as follows:

	30 June 2020			31 December 2019	
	Seized Properties	Seized Stocks	Total	Total	
	JD	JD	(Unaudited) JD	(Audited) JD	
Balance at the beginning of the period/year, net	82,400,124	853,651	83,253,775	84,736,553	
Additions during the period/year	2,981,152	-	2,981,152	3,571,616	
Disposals during the period/year	(22,639,077)	-	(22,639,077)	(524,143)	
Transfers to assets sold on installments	(830,992)	-	(830,992)	(3,305,393)	
Impairment effect for the period/year	(748,944)	(155,729)	(904,673)	(1,224,858)	
Balance at the end of the period/year	61,162,263	697,922	61,860,185	83,253,775	

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 seizure date. For exceptional cases, the Central Bank of Jordan may extend this period for two additional years.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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

	<u>30 June 2020</u>	<u>31 December 2019</u>
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	3,268,794	2,996,756
Provision for the period/year	-	272,038
Surplus during the period/year	<u>(49,085)</u>	<u>-</u>
Balance at the end of the period / year	<u>3,219,709</u>	<u>3,268,794</u>

**(11) BANKS AND FINANCIAL INSTITUTIONS' DEPOSITS**

The details of this item are as follows:

	<u>30 June 2020 (Unaudited)</u>			<u>31 December 2019 (Audited)</u>		
	<u>Inside the Kingdom</u>	<u>Outside the Kingdom</u>	<u>Total</u>	<u>Inside the Kingdom</u>	<u>Outside the Kingdom</u>	<u>Total</u>
	JD	JD	JD	JD	JD	JD
Current and call accounts	-	5,837,232	5,837,232	-	5,002,997	5,002,997
Time deposits	<u>58,059,000</u>	<u>13,258,533</u>	<u>71,317,533</u>	<u>71,129,750</u>	<u>11,254,000</u>	<u>82,383,750</u>
Total	<u>58,059,000</u>	<u>19,095,765</u>	<u>77,154,765</u>	<u>71,129,750</u>	<u>16,256,997</u>	<u>87,386,747</u>

- Bank deposits maturing within a period of more than three months amounted to JD 47,504,533 as of 30 June 2020 (31 December 2019: JD 60,000,000).

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(12) CUSTOMERS' DEPOSITS**

The details of this item are as follows:

	30 June 2020 (Unaudited)				
	Individuals	Companies		Governmental and Public	Total
		Corporate	SMEs	Sectors	
	JD	JD	JD	JD	JD
Current and call accounts	39,656,066	20,167,803	41,351,262	12,441,307	113,616,438
Saving deposits	175,373,469	145,884	2,510,774	124,889	178,155,016
Certificates of deposit	29,128,365	-	12,000	-	29,140,365
Time and notice deposits	329,884,883	51,701,816	83,628,347	83,774,873	548,989,919
<b>Total</b>	<b>574,042,783</b>	<b>72,015,503</b>	<b>127,502,383</b>	<b>96,341,069</b>	<b>869,901,738</b>

	31 December 2019 (Audited)				
	Individuals	Companies		Governmental and Public	Total
		Corporate	SMEs	Sectors	
	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 deposit	33,911,016	-	12,000	-	33,923,016
Time and notice deposits	318,358,531	79,943,535	75,322,721	60,726,655	534,351,442
<b>Total</b>	<b>551,640,950</b>	<b>105,111,667</b>	<b>112,777,514</b>	<b>67,168,262</b>	<b>836,698,393</b>

- The Government of Jordan's and the public sector's deposits inside the Kingdom amounted to JD 96,341,069, representing 11.07% of total customers' deposits as of 30 June 2020 (JD 67,168,262 representing 8.03% of total customers' deposits as of 31 December 2019).
- Non-interest-bearing deposits amounted to JD 103,341,364, representing 11.9% of total customers' deposits as of 30 June 2020 (JD 98,042,179, equivalent to 11.7% of total customers' deposits as of 31 December 2019).
- Reserved deposits (restricted withdrawals) amounted to JD 3,198,222 representing 0.37% of total customers' deposits as of 30 June 2020 (JD 8,642,400 representing 1.03% of total deposits as of 31 December 2019).
- Dormant deposits amounted to JD 7,644,673 as of 30 June 2020 (JD 6,134,468 as of 31 December 2019).

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(13) BORROWED FUNDS**

The details of this item are as follows:

30 June 2020 (Unaudited)	Total loans	Utilized	Settlement method	Guarantees	Loan Interest price
	JD	JD			
Loan from World Bank through Central Bank of Jordan	2,000,000	1,500,000	20 years including a 5-year grace period settled in semi-annual instalments	-	2.5%
Loan from Arab Monetary Funds through Central Bank of Jordan	2,100,000	1,218,000	10 years including a 3-year grace period settled in semi-annual instalments	-	2.5%
Advances from Central Bank of Jordan	23,696,527	22,196,527	2 years settled in semi-annual instalments	-	2.25%
Jordan Mortgage Refinance Company	10,000,000	10,000,000	One payment on 21 September 2021	Transfer of Mortgage Funds	6.6%
Jordan Mortgage Refinance Company	10,000,000	10,000,000	One payment on 16 August 2021	Transfer of Mortgage Funds	6.35%
Jordan 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 via the Central Bank	750,000	750,000	18 years including a 3-year grace period settled in semi-annual instalments	-	2.35%
Central Bank of Jordan for Mortgage bonds/ Repurchase agreement	-	92,131,664	Various maturities, the latest of which is on 30 March 2021	Mortgage bonds	2%
		<u>147,796,191</u>			

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

31 December 2019 (Audited)	Total loans	Utilized	Settlement method	Guarantees	Loan Interest price
	JD	JD			
Loan from World Bank through Central Bank of Jordan	2,000,000	1,600,000	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	1,365,000	10 years including 3 years grace period settled in semi-annual instalments	-	2.5%
Advances from Central Bank of Jordan	12,363,959	12,363,959	2 years settled in semi-annual instalments	-	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	754,623	18 years including 3 years grace period settled in semi-annual instalments	-	2.35%
Central Bank of Jordan for Mortgage bonds	-	50,000,000	One payment on 6 February 2020	Mortgage bonds	4.75%
		96,083,582			

Borrowed funds amounted to JD 26,135,407 as at 30 June 2020 (JD 15,402,088 as at 31 December 2019) with an interest rate ranging between 2% and 10% as at 30 June 2020 (31 December 2019: between 3% and 10%).

**(14) INCOME TAX PROVISION**

A. The movement on the income tax provision is as follows:

	30 June	31 December 2019
	2020	JD
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/ year	-	745,548
Income tax paid payable on profit for the period/ year	735,216	518,012
Income tax paid – Jordan branches	(47,172)	(518,012)
Surplus in provision reversed to income – Palestine	-	(745,548)
Ending balance for the period/ year	688,044	-

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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B. Income tax expense in the interim income statement is as follows:

	30 June 2020	30 June 2019
	JD	JD
	(Unaudited)	(Unaudited)
Income tax incurred on current period profit - Jordan branches	735,216	19,302
Deferred tax assets	(27,941)	1,873,766
Deferred tax liabilities	(50,388)	(14,107)
	<u>656,887</u>	<u>1,878,961</u>

C. Tax Status:

- A final settlement has been made with the Department of Income and Sales Tax until the end of 2016 for the branches of Jordan.
- 2017: The Department of Income and Sales Tax had performed an audit for the year 2017 and had imposed on the Bank an additional amount of approximately JD 1.9 million. The Bank objected to the decision as they, alongside their tax advisor, believe that there is no need for an additional provision.
- 2018 and 2019: The Bank had submitted the tax declaration report for the years 2018 and 2019 within the legal timeframe, yet the Department had not performed an audit to this day.
- The tax rate had been modified effective 1 January 2019 to become 35% + 3% national contribution, totalling 38% according to the income tax law of Jordan No. (34) for the year 2014 that had been amended by Law No. (38) for the year 2018.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(15) SUNDRY PROVISIONS**

The details of this item are as follows:

	Balance at the beginning of the period	Expense for the period	Paid/recovered during the period	Balance at the end of the period
<u>30 June 2020 (Unaudited)</u>	JD	JD	JD	JD
Provision for lawsuits against the Bank	368,568	15,450	(15,450)	368,568
Provision for end of services indemnity	2,056	-	-	2,056
Others	1,000,000	-	(1,000,000)	-
<b>Total</b>	<b>1,370,624</b>	<b>15,450</b>	<b>(1,015,450)</b>	<b>370,624</b>

	Balance at the beginning of the year	Expense for the year	Paid during the year	Transferred to liabilities associated with assets held for sale	Balance at the end of the year
<u>31 December 2019 (Audited)</u>	JD	JD	JD	JD	JD
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
<b>Total</b>	<b>1,924,266</b>	<b>656,963</b>	<b>(350,099)</b>	<b>(860,506)</b>	<b>1,370,624</b>

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(16) OTHER LIABILITIES**

The details of this item are as follows:

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Accepted checks	9,034,073	7,162,304
Unpaid accrued interests	4,479,540	8,479,402
Refundable and various deposits	7,054,647	2,781,827
Safe deposits boxes	92,779	88,429
Shareholders' deposits	14,672	15,759
Income tax and social security deposits	337,447	394,461
Accrued expenses	220,203	574,678
Transactions in transit among branches	685,655	1,124,725
Board of Directors' remunerations	55,000	56,250
Received amounts on the sale seized real estate	2,058,991	13,049,944
Inward transfers	883,851	203,704
Expected credit loss on indirect facilities and un-utilized limits*	3,609,690	4,643,231
Others	2,816,014	595,894
<b>Total</b>	<b>31,342,562</b>	<b>39,170,608</b>

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

	30 June 2020 (Unaudited)				31 December 2019
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	
Balance at the beginning of the period/year	791,494	1,033,413	2,818,324	4,643,231	6,570,764
New facilities	17,511	34,195	-	51,706	218,549
Matured facilities	(220,530)	(61,564)	-	(282,094)	(422,620)
Transferred to stage 1	70,894	(70,893)	(1)	-	-
Transferred to stage 2	(134,652)	138,554	(3,902)	-	-
Transferred to stage 3	(1,400)	(300)	1,700	-	-
Changes resulting from adjustments	39,499	(460,223)	94,829	(325,895)	(2,385,870)
Effect on provision due to reclassification between the three stages	-	(238,352)	(238,906)	(477,258)	760,303
Liabilities associated with assets held for sale	-	-	-	-	(97,895)
<b>Balance at the end of the period/year</b>	<b>562,816</b>	<b>374,830</b>	<b>2,672,044</b>	<b>3,609,690</b>	<b>4,643,231</b>



**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

- The movement on indirect facilities is as follows:

Item	30 June 2020 (Unaudited)				31 December 2019 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	(Individual) JD	(Individual) JD	JD	JD	JD
Balance at the beginning of the period/year	229,155,824	108,527,057	9,355,176	347,038,057	333,075,009
New facilities during the period/year	8,879,979	2,754,623	-	11,634,602	67,244,420
Settled facilities during the period/year	(59,761,288)	(1,049,243)	(80,888)	(60,891,419)	(27,935,354)
Transferred to stage 1	30,643,424	(30,642,924)	(500)	-	-
Transferred to stage 2	(31,647,952)	32,885,213	(1,237,261)	-	-
Transferred to stage 3	(614,745)	(110,020)	724,765	-	-
Changes resulting from adjustments	(4,368,120)	(26,067,797)	(1,405,028)	(31,840,945)	(14,995,574)
Liabilities associated with assets held for sale	-	-	-	-	(10,350,444)
Total exposures at the end of period/year	<u>172,287,122</u>	<u>86,296,909</u>	<u>7,356,264</u>	<u>265,940,295</u>	<u>347,038,057</u>

**(17) AUTHORIZED AND PAID IN CAPITAL**

The Bank's authorized and paid in capital amounts to JD 120 million across 120 million shares (1JD/share) as at 30 June 2020 (31 December 2019: JD 120 million).

**(18) RESERVES**

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

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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

The movement on this item is as follows:

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	(2,211,406)	(2,053,183)
Unrealized (losses), net	(630,183)	(158,223)
Released from selling financial assets at fair value through other comprehensive income	(134,778)	-
Balance at the end of the period/ year	<u>(2,976,367)</u>	<u>(2,211,406)</u>

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

**(20) RETAINED EARNINGS**

The details of this item are as follows:

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period / year	1,862,494	(1,214,496)
Profit for the period/year	-	5,313,066
Transferred to reserves	(796,128)	(2,236,076)
Realized profit from selling financial assets at fair value through other comprehensive income	134,778	-
Balance at the end of the period/ year	<u>1,201,144</u>	<u>1,862,494</u>

- \* The Central Bank of Jordan issued circular No. 10/1/7702 dated 6 June 2018, requesting the 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 of 1 January 2018. The circular also instructed that the balance of the general banking risk reserve should be restricted and may not be distributed as dividends to the shareholders or used for any other purposes without prior approval from the Central Bank of Jordan.
- As at 30 June 2020, an amount of JD 12,672,506 from retained earnings is restricted against deferred tax assets in accordance with the instructions of the Central Bank of Jordan (31 December 2019: JD 12,313,532).
- Use of retained earnings balance equal to the negative cumulative change in fair value of financial assets amounting to JD 2,976,367 is restricted.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(21) INTEREST INCOME**

The details of this item are as follows:

	30 June 2020	30 June 2019
	JD	JD
	(Unaudited)	(Unaudited)
<u>Direct Credit Facilities</u>		
<u>Individuals (Retail)</u>		
Overdraft	9,073	65,314
Loans and bills	6,139,462	7,084,393
Credit cards	400,646	339,561
Real estate loans	5,673,314	5,335,430
<u>Corporations</u>		
<u>Corporate</u>		
Overdrafts	2,507,521	3,818,973
Loans and bills	9,881,228	10,212,785
<u>Small and medium enterprises "SMEs"</u>		
Overdrafts	1,159,646	833,535
Loans and bills	2,365,380	1,580,790
Governmental and Public Sector	697,177	705,926
Balances at Central Banks	279,899	663,969
Balances and deposits at banks and financial institutions	117,878	508,048
Financial assets at amortized cost	6,370,637	6,037,600
	35,601,861	37,186,324

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(22) INTEREST EXPENSE**

The details of this item are as follows:

	<u>30 June 2020</u>	<u>30 June 2019</u>
	JD	JD
	(Unaudited)	(Unaudited)
Banks and financial institutions' deposits	1,779,315	2,304,573
Customers' deposits:		
Current and call accounts	119,070	325,556
Saving accounts	342,818	855,896
Time and notice deposits	12,929,956	13,728,638
Certificates of deposit	871,626	867,418
Cash margins	755,393	1,209,715
Deposit insurance fees	613,211	593,288
Lease contract obligations	176,147	17,690
Borrowed funds	1,765,953	2,143,369
	<u>19,353,489</u>	<u>22,046,143</u>

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

The details of this item are as follows:

	<u>30 June 2020</u>	<u>30 June 2019</u>
	JD	JD
	(Unaudited)	(Unaudited)
Expected credit losses:		
Balances and deposits at banks and financial institutions	(55,785)	(98,509)
Direct credit facilities	5,395,366	569,167
Debt instruments within a portfolio of financial assets at amortized cost	(9,408)	559,648
Indirect credit facilities	(1,033,539)	(469,465)
Purchased guarantees and withdrawals	376,354	168,405
	<u>4,672,988</u>	<u>729,246</u>

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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

The details of this item are as follows:

<u>30 June 2020 (Unaudited)</u>	<u>Realized</u> <u>Gain</u> <u>JD</u>	<u>Unrealized</u> <u>Losses</u> <u>JD</u>	<u>Dividends</u> <u>JD</u>	<u>Total</u> <u>JD</u>
Companies' quoted shares in active markets	-	(228,457)	-	(228,457)
<u>30 June 2019 (Unaudited)</u>	<u>Realized</u> <u>Gain</u> <u>JD</u>	<u>Unrealized</u> <u>Losses</u> <u>JD</u>	<u>Dividends</u> <u>JD</u>	<u>Total</u> <u>JD</u>
Companies' quoted shares in active markets	-	(73,313)	291	(73,022)

**(25) OTHER INCOME**

The details of this item are as follows:

	<u>30 June 2020</u> <u>JD</u> <u>(Unaudited)</u>	<u>31 December 2019</u> <u>JD</u> <u>(Audited)</u>
Credit cards income, net	-	108,784
Rental income of safe deposit boxes	26,191	27,994
Transfers income	192,979	177,940
Checks income	92,725	296,989
Telecommunication income	15,432	38,227
Recovery of debts previously written-off	340,131	573,709
Gain from sale of seized real estate	183,853	-
Gain from sale of property and equipment	101,997	-
Seized real state recoveries	6,754	14,108
Income from account services	367,816	457,050
Income from reversal of miscellaneous provisions	1,000,000	-
Insurance income	2,018	37,616
Others	78,694	242,218
Total	<u>2,408,590</u>	<u>1,974,635</u>

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(26) OTHER EXPENSES**

The details of this item are as follows:

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Rent	81,676	533,339
Stationery and publications	172,268	249,072
Water, electricity, swift, and telecommunication expenses	677,760	682,251
Legal and lawyer fees	177,655	224,397
Maintenance, repair, and car expenses	242,226	274,699
Insurance expenses	258,894	202,635
Programs and computers maintenance	595,052	602,822
Board of Directors' transportation and attendance of meeting allowance	197,597	192,767
Fees, licenses, and taxes	206,296	347,015
Advertisement	792,500	161,538
Subscriptions	313,889	371,238
Professional and consultancy fees	144,972	184,646
Collection incentives	2,674	18,498
Donations and gratuity	532,600	89,359
Cleaning and security services	272,264	306,729
Hospitality	41,796	41,776
Impairment loss on assets seized against debts	953,759	668,703
Loss from sale of real estate	-	2,000
Cash management fees	27,578	30,190
Others	265,901	66,473
<b>Total</b>	<b>5,957,357</b>	<b>5,250,147</b>

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(27) EARNINGS PER SHARE FOR THE BANK'S SHAREHOLDERS (UNAUDITED)**

The details of this item are as follows:

**From continuing operations for the period attributable to the Banks' shareholders**

	<u>30 June 2020</u>	<u>30 June 2019</u>
	JD	JD
Profit for the period	1,641,570	4,005,014
Weighted average number of shares	120,000,000	120,000,000
Earnings per share attributable to the Banks' shareholders:	JD / Share	JD / Share
Basic and diluted	0.014	0.033

**From discontinued operations for the period attributable to the Banks' shareholders**

(Loss) for the period	(2,390,676)	(1,728,720)
Weighted average number of shares	120,000,000	120,000,000
(Loss) per share attributable to the Banks' shareholders:	JD / Share	JD / Share
Basic and diluted	(0.020)	(0.014)

**From profit for the period attributable to the Banks' shareholders**

(Loss) profit for the period	(749,106)	2,276,294
Weighted average number of shares	120,000,000	120,000,000
(Loss) Earnings per share attributable to the Banks' shareholders:	JD / Share	JD / Share
Basic and diluted	0.006	0.019

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(28) CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	<u>30 June 2020</u>	<u>30 June 2019</u>
	JD	JD
	(Unaudited)	(Unaudited)
Cash and balances with central banks maturing within three months	78,475,799	104,366,115
<u>Add:</u> Balances at banks and financial institutions maturing within three months	37,307,216	67,545,020
<u>Less:</u> Banks and financial institutions' deposits maturing within three months	<u>(29,650,232)</u>	<u>(37,880,219)</u>
	<u>86,132,783</u>	<u>134,030,916</u>

**(29) CAPITAL MANAGEMENT**

Through the management of its paid-up capital, the Bank seeks to achieve the below goals:

- Compliance with the Central Bank capital related requirements
- Maintaining the Bank's ability to continue as a going concern
- Ensuring a strong capital base for supporting the Bank's expansion and development.

Capital adequacy is continuously monitored by the Bank's management and reported quarterly to the Central Bank of Jordan.

According to the Central Bank Instructions, the minimum requirement for capital adequacy is 12%. Banks are classified into 5 categories, the best of which is having an average capital adequacy equal to or more than 14%.



**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

The Bank manages its capital in a way that ensures the continuation of its operating activities and achieving the highest possible return on equity, and capital is defined according to BASIL III as shown in the below table:

	30 June 2020	31 December 2019
	JD	JD
<b>Core capital items:</b>		
Authorized and Paid-up capital	120,000,000	120,000,000
Retained earnings	1,201,144	1,862,494
(Loss) for the period	(749,106)	-
<b>Other comprehensive income items</b>		
Fair value reserve, net	(2,976,367)	(2,211,406)
Statutory reserve	15,460,318	15,460,318
Cyclicity reserve	4,347,308	3,538,675
<b>Total core capital before regulatory amendments</b>	<b>137,283,297</b>	<b>138,650,081</b>
<b>Less:</b>		
Intangible assets, net	(1,885,598)	(1,855,317)
Deferred tax assets	(12,672,506)	(12,313,532)
Deferred provisions with the approval of the Central Bank	(6,152,021)	(6,372,212)
<b>Total regulatory amendments</b>	<b>(20,710,125)</b>	<b>(20,541,061)</b>
<b>Net core capital</b>	<b>116,573,172</b>	<b>118,109,020</b>
<b>Supplementary capital items:</b>		
Provision required against credit exposures in stage 1	6,362,148	6,017,826
General banking risks reserve	536,188	548,693
<b>Total supplementary capital</b>	<b>123,471,508</b>	<b>124,675,539</b>
<b>Assets weighted by risks - continuing operations</b>		
Credit risk	916,523,831	917,922,978
Market risk	9,212,456	6,490,446
Operational risk	76,524,519	76,524,519
<b>Total assets weighted by risks - continuing operations</b>	<b>1,002,260,806</b>	<b>1,000,937,943</b>
<b>Assets weighted by risks - discontinued operations</b>		
Credit risk	92,765,846	105,419,438
Market risk	760,105	300,567
Operational risk	10,071,329	10,071,329
<b>Total assets weighted by risks- discontinued operations</b>	<b>103,597,280</b>	<b>115,791,334</b>
<b>Net assets weighted by risks</b>	<b>1,105,858,086</b>	<b>1,116,729,277</b>
Ratio of regulatory capital	11.17%	11.16%
Core capital ratio	10.55%	10.58%

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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**(30) SEGMENT INFORMATION**

**A. Information on Main Operating Segments**

The Bank is organized for managerial purposes whereby sectors are measured according to reports used by the General Manager and key decision makers at the Bank, through the following major operating segments:

- Individual accounts: includes following up on individual customers deposits, and granting them credit, credit cards and
- Corporate accounts: includes following up on deposits, credit facilities, and banking services related to corporate
- Treasury: This segment includes providing dealing services and managing the Banks' funds.
- Others: This segment includes the activities which do not meet the definition of the Banks' business segments.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

	Individuals		Corporations		Treasury		Others		30 June 2020		30 June 2019	
	JD		JD		JD		JD		JD		JD	
Gross income	6,318,042		13,227,931		339,860		1,159,870		(Unaudited)		(Unaudited)	
Less: Provision for expected credit losses	<u>(2,533,399)</u>		<u>(2,210,749)</u>		<u>71,160</u>		<u>-</u>		<u>21,045,703</u>		<u>20,623,537</u>	
Segment results	3,784,643		11,017,182		411,020		1,159,870		(4,672,988)		(729,246)	
Distributed segment expenses	<u>(4,284,673)</u>		<u>(8,822,913)</u>		<u>(177,598)</u>		<u>(789,074)</u>		<u>16,372,715</u>		<u>19,894,291</u>	
Profit before income tax for the period	(500,030)		2,194,269		233,422		370,796		(14,074,258)		(14,010,316)	
Income tax for the period	-		-		-		(656,887)		2,298,457		5,883,975	
Profit for the period from continuing operations	(500,030)		2,194,269		233,422		(286,091)		(656,887)		(1,878,961)	
(Loss) for the period from discontinued operations	-		-		-		(2,390,676)		1,641,570		4,005,014	
Profit (Loss) for the period	<u>(500,030)</u>		<u>2,194,269</u>		<u>233,422</u>		<u>(2,676,767)</u>		<u>(2,390,676)</u>		<u>(1,728,720)</u>	
<b>Other information:</b>												
Capital expenditures									631,801		1,103,514	
Depreciation and amortization									<u>1,747,288</u>		<u>1,386,078</u>	
									30 June 2020		31 December 2019	
									JD		JD	
									(Unaudited)		(Audited)	
Total segment assets	236,121,873		518,374,153		420,706,440		252,165,315		1,427,367,781		1,386,593,022	
Total segment liabilities	<u>585,241,374</u>		<u>250,890,284</u>		<u>324,046,184</u>		<u>129,370,454</u>		<u>1,289,548,296</u>		<u>1,247,394,248</u>	

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

1- Geographical distribution information

This sector represents the geographical distribution of the Bank's operation. The Bank operates mainly in Jordan, which represents the local business. The Bank also carries out international activities through its branches in Palestine.

	Inside Jordan		Outside Jordan		Total	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Bank's Assets	1,250,565,197	1,213,052,825	176,802,584	173,540,197	1,427,367,781	1,386,593,022

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

	Inside Jordan		Outside Jordan		Total	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross income	21,102,904	21,119,987	(57,201)	(496,450)	21,045,703	20,623,537
Capital expenditures	631,801	1,103,514	-	-	631,801	1,103,514

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(31) Risk Management:**

**1. Distribution of credit exposures according economic sectors:**  
**A- Distribution of credit exposures by financial instruments as at 30 June 2020 (unaudited):**

	Financial		Industrial		Trading		Construction		Real estate		Agricultural		Shares		Individual		Governmental and public sector		Others		Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	60,750,425	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60,750,425
Balances at banks and financial institutions	37,307,216	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,307,216
Direct credit facilities	54,648,020	79,489,152	144,808,047	27,532,875	115,560,538	5,336,417	3,266,229	174,854,994	47,969,066	71,752,429	280,251,917	30,234,200	-	-	-	-	-	-	-	-	-	-	725,217,767
Financial assets at amortized cost	3,938,346	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,938,346
Other assets	28,301,562	1,932,638	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,234,200
Total current year	184,945,569	81,421,790	144,808,047	27,532,875	115,560,538	5,336,417	3,266,229	174,854,994	324,282,637	71,752,429	16,245,858	120,794,092	-	-	-	-	-	-	-	-	-	-	1,396,092,130
Letters of guarantee	7,468,601	3,768,809	43,417,362	45,443,149	368,979	96,316	3,985,018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,794,092
Letters of credit	-	181,956	21,096,838	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,400,462
Other obligations	10,238,010	9,728,022	48,769,952	26,434,263	1,523,251	27,207	568,143	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118,136,051
Total	202,652,180	95,100,577	258,092,199	99,410,287	117,452,768	5,459,940	7,839,390	174,854,994	324,282,637	110,947,158	16,245,858	120,794,092	-	-	-	-	-	-	-	-	-	-	1,396,092,130

**B- Distribution of credit exposures according to IFRS 9 stages and economic sector as at 30 June 2020 (unaudited):**

	Stage 1		Stage 2		Stage 3		Total	
	JD	JD	JD	JD	JD	JD	JD	JD
Financial	185,387,947	15,022,683	2,241,550	202,652,180	-	-	-	-
Industrial	43,814,832	43,342,036	7,943,709	95,100,577	-	-	-	-
Trading	128,919,744	124,784,314	4,388,141	258,092,199	-	-	-	-
Real estate	90,819,648	18,432,282	8,200,838	117,452,768	-	-	-	-
Construction	56,360,160	38,421,111	4,629,016	99,410,287	-	-	-	-
Agricultural	265,271	4,993,445	201,224	5,459,940	-	-	-	-
Shares	5,594,674	1,960,922	283,794	7,839,390	-	-	-	-
Individuals	166,389,544	5,318,355	3,147,095	174,854,994	-	-	-	-
Governmental and public sector	324,282,637	-	-	324,282,637	-	-	-	-
Others	64,758,188	41,585,183	4,603,787	110,947,158	-	-	-	-
Total	1,066,592,645	293,860,331	35,639,154	1,396,092,130	-	-	-	-

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**2- Adjusted Credit Exposures:**

The following schedules are prepared in two stages (first: the gross credit exposure and second for the balance of expected credit losses) as at 30 June 2020:

**A- Gross Adjusted Credit Exposures:**

Item	Stage 2		Stage 3		Total Modifications	Percentage of exposure modified
	Gross Exposure	Modifications	Gross Exposure	Modifications		
	JD	JD	JD	JD		
Balances with central bank	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Direct credit facilities	210,738,586	72,936,335	91,876,314	19,692,801	92,629,136	11.65%
Financial assets at amortized cost	-	-	1,600,000	-	-	-
Other assets	-	-	-	-	-	-
Total exposure for items within statement of financial position	210,738,586	72,936,335	93,476,314	19,692,801	92,629,136	-
Total exposure for items off statement of financial position	86,296,909	32,885,213	7,356,264	724,765	33,609,978	12.64%
Total	297,035,495	105,821,548	100,832,578	20,417,566	126,239,114	-

**B- Expected credit losses on exposures with modified classification as at 30 June 2020 (unaudited):**

Item	Gross exposure with modified classification		Expected credit losses on exposure with modified classification			Percentage of exposure modified
	Gross exposure reclassified from stage 2	Gross exposure reclassified from stage 3	Gross exposure for modified classifications	Stage 2 (Individual)	Stage 3 (Individual)	
	JD	JD	JD	JD	JD	
Balances at central banks	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Direct credit facilities	72,936,335	19,692,801	92,629,136	656,839	176,614	1.61%
Financial assets at amortized cost	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total exposure for items within statement of financial position	72,936,335	19,692,801	92,629,136	656,839	176,614	833,453
Total exposure for items off statement of financial position	32,885,213	724,765	33,609,978	138,554	1,700	140,254
Total	105,821,548	20,417,566	126,239,114	795,393	178,314	973,707

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**3- Distribution of credit exposures according geographic sectors:**

A. The table shows geographical distribution of credit risk exposure as at 30 June 2020 (unaudited):

	Inside Jordan		Middle east		Europe		Asia		Africa		America		Australia		Total	
	JD		JD		JD		JD		JD		JD		JD		JD	
Balances with central bank	60,750,425		-		-		-		-		-		-		60,750,425	
Balances at banks and financial institutions	29,775,414		1,468,644		3,362,792		24,331		268,907		2,031,239		375,889		37,307,216	
Direct credit facilities	715,689,757		-		9,528,010		-		-		-		-		725,217,767	
Financial assets at amortized cost	280,251,917		-		-		-		-		-		-		280,251,917	
Other assets	30,234,200		-		-		-		-		-		-		30,234,200	
Gross/current period	1,116,701,713		1,468,644		12,890,802		24,331		268,907		2,031,239		375,889		1,133,761,525	
Letters of guarantee	120,794,092		-		-		-		-		-		-		120,794,092	
Letters of credit	-		695,619		5,026,374		14,492,965		-		1,225,011		1,960,493		23,400,462	
Other obligations	118,136,051		-		-		-		-		-		-		118,136,051	
Total	1,355,631,856		2,164,263		17,917,176		14,517,296		268,907		3,256,250		2,336,382		1,396,092,130	

B- Distribution of credit exposures according to IFRS 9 stages and geographic sector as at 30 June 2020 (unaudited):

Item	Stage 1		Stage 2		Stage 3		Total	
	JD		JD		JD		JD	
Inside Jordan	1,033,933,854		286,058,848		35,639,154		1,355,631,856	
Middle east	1,982,307		181,956		-		2,164,263	
Europe	13,168,908		4,748,268		-		17,917,176	
Asia	13,618,228		899,068		-		14,517,296	
Africa	268,907		-		-		268,907	
North America	3,244,551		11,699		-		3,256,250	
Australia	375,890		1,960,492		-		2,336,382	
Total	1,066,592,645		293,860,331		35,639,154		1,396,092,130	

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(32) RELATED PARTIES TRANSACTIONS AND BALANCES**

The Bank entered into transactions with major shareholders, Board of Directors and executive management. Within the normal banking practices according to the commercial interest and commission rates. All credit facilities granted to related parties are classified under Stage 1 whereby a provision for expected credit losses was calculated in accordance with IFRS 9 requirements.

The following related party transactions took place during the period:

	BOD Members	Companies			Total	
		represented by the BOD	Executive Management	Others *	30 June 2020	31 December 2019
	JD	JD	JD	JD	JD	
					(Unaudited)	(Audited)
<u>Statement of Financial Position Items:</u>						
Deposits	40,166,596	3,540,962	470,817	59,553	44,237,928	39,873,104
Direct credit facilities	923,273	15,333,474	1,362,841	3,190,016	20,809,604	21,670,176
Cash margins	1,341,860	31,798	-	5,035	1,378,693	1,189,199
<u>Off- Statement of Financial Position</u>						
<u>Items:</u>						
Letters of guarantee	10,000	539,749	-	374,850	924,599	1,325,318
					Total	
					30 June 2020	30 June 2019
					(Unaudited)	(Unaudited)
<u>Income statement items:</u>						
Interest and commission income **	23,856	275,587	53,940	49,565	402,948	494,345
Interest and commission expense ***	1,314,379	32,742	5,770	-	1,352,891	1,609,265

\* This item includes companies partially owned by members of the Bank's Board of Directors, Board of Directors' relatives, and the bank's employees.

\*\* Credit interest rate ranges from 4% to 11.75%.

\*\*\* Debit interest rate ranges from 1% to 4.5%.

**Salaries and compensation of executive management of the Bank and incentives paid**

The salaries and bonuses of the bank's executive management amounted to JD 1,129,165 for the six months ended 30 June 2020. (JD 1,488,589 for the six months ended 30 June 2019.)



**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(33) COMMITMENTS AND CONTINGENT LIABILITIES**

The details of this item are as follows:

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Letter of credit	8,040,224	40,484,523
Acceptances	15,693,341	32,395,959
Letter of guarantee:		
-Payment	28,173,628	28,608,707
-Performance bonds	42,096,203	64,340,267
-Others	53,497,547	55,358,222
Unutilized direct credit facilities ceilings	56,390,002	63,583,115
<b>Total</b>	<b>203,890,945</b>	<b>284,770,793</b>

**(34) LITIGATION**

Lawsuits raised against the Bank amounted to JD 20,817,391 as at 30 June 2020 (31 December 2019: JD 20,897,947). In the opinion of the Bank's management and the legal advisor, there are no further liabilities that exceed the provision of JD 368,568 as at 30 June 2020 (31 December 2019: JD 368,568).

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(35) 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 June 2020	31 December 2019				
<b>Financial Assets</b>	JD	JD				
	(Unaudited)	(Audited)				
Financial assets at fair value through profit or loss:						
Quoted shares	1,647,925	1,876,382	Stage 1	Quoted shares	Not applicable	Not applicable
Total	1,647,925	1,876,382				
Financial assets at fair value through other comprehensive income:						
Quoted shares	5,157,940	6,090,959	Stage 1	Quoted shares	Not applicable	Not applicable
				Through comparison to the market price of a similar financial instrument		
Unquoted shares	4,935,937	5,014,978	Stage 2		Not applicable	Not applicable
	10,093,877	11,105,937				

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

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**B. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS:**

	30 June 2020		31 December 2019		Fair value hierarchy
	(Unaudited)		(Audited)		
	Book value	Fair value	Book value	Fair value	
<b>Financial assets not calculated at fair value</b>	JD	JD	JD	JD	
Deposits at central banks	60,750,425	60,751,576	53,825,702	53,825,702	Stage 2
Balances and deposits at banks and financial institutions	37,307,216	37,316,275	36,642,539	36,659,857	Stage 2
Loans and bills and others	725,217,767	733,440,445	669,000,375	673,443,153	Stage 2
Financial assets at amortized cost	280,251,917	282,848,935	276,734,126	279,857,387	Stage 1
<b>Total financial assets not calculated at fair value</b>	<b>1,103,527,325</b>	<b>1,114,357,231</b>	<b>1,036,202,742</b>	<b>1,043,786,099</b>	
<b>Financial liabilities not calculated at fair value</b>					
Banks and financial institutions' deposits	77,154,765	78,262,696	87,386,747	90,951,231	Stage 2
Customers' deposits	869,901,738	872,991,075	836,698,393	841,176,294	Stage 2
Cash margins	48,756,336	49,019,742	56,572,215	56,980,987	Stage 2
Borrowed funds	147,796,191	147,815,334	96,083,582	96,111,737	Stage 2
<b>Total financial liabilities not calculated at fair value</b>	<b>1,143,609,030</b>	<b>1,148,088,847</b>	<b>1,076,740,937</b>	<b>1,085,220,249</b>	

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.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

**(36) ASSETS HELD FOR SALE AND DISCOUNTED OPERATIONS**

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

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

	2020	2019
	JD	JD
Interest Income	2,254,481	2,628,025
Less: Interest expense	(1,696,155)	(1,846,034)
<b>Net interest income</b>	<b>558,326</b>	<b>781,991</b>
Net commission income	69,885	74,731
<b>Net interest and commission income</b>	<b>628,211</b>	<b>856,722</b>
Foreign currency income	60,704	87,596
Dividends from financial assets at fair value through statement of comprehensive income	191,368	191,368
Other income	155,402	228,563
<b>Gross income</b>	<b>1,035,685</b>	<b>1,364,249</b>
Employees' expenses	921,885	1,015,501
Depreciation and amortization	267,619	242,738
Provision for expected credit losses, net	1,220,003	855,522
Other provisions	77,255	137,258
Other expenses	939,599	841,950
<b>Total expenses</b>	<b>3,426,361</b>	<b>3,092,969</b>
<b>(Loss) for the period before tax</b>	<b>(2,390,676)</b>	<b>(1,728,720)</b>
Income tax for the period	-	-
<b>(Loss) for the period from discontinued operations</b>	<b>(2,390,676)</b>	<b>(1,728,720)</b>

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 2020 (REVIEWED NOT AUDITED)**

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 June 2020	Loss from sale	Net balance as of 30 June 2020	Net balance as of 31 December 2019
	JD	JD	JD	JD
<b>Assets</b>				
Cash and balances with central banks	44,762,303	-	44,762,303	45,640,351
Balances at banks and financial institutions	13,384,988	-	13,384,988	23,838,000
Direct credit facilities, net	62,659,240	-	62,659,240	66,624,830
Financial assets at fair value through other comprehensive income	1,784,507	-	1,784,507	2,009,364
Financial assets at amortized cost, net	1,392,078	-	1,392,078	1,392,078
Property and equipment, net	5,438,746	(3,266,470)	2,172,276	2,353,113
Intangible assets, net	448,446	(442,017)	6,429	-
Other assets	1,381,668	-	1,381,668	1,915,348
<b>Total assets held for sale</b>	<b>131,251,976</b>	<b>(3,708,487)</b>	<b>127,543,489</b>	<b>143,773,084</b>
<b>Liabilities</b>				
Banks financial and institutions' deposits	6,576,718	-	6,576,718	18,969,978
Customers' deposits	95,479,621	-	95,479,621	98,748,808
Cash margins	4,302,383	-	4,302,383	4,610,741
Sundry provisions	868,193	-	868,193	860,506
Other liabilities	2,066,914	-	2,066,914	2,333,391
<b>Total liabilities associated with assets held for sale</b>	<b>109,293,829</b>	<b>-</b>	<b>109,293,829</b>	<b>125,523,424</b>

**(37) COMPARATIVE FIGURES**

Some of the comparative figures in the financial statements have been reclassified to be consistent with the year 2020 presentation, with no effect on profit and equity for the year 2019.