

JORDAN COMMERCIAL BANK

(PUBLIC SHAREHOLDING LIMITED COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (REVIEWED NOT AUDITED)

30 JUNE 2023

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

Introduction

We have reviewed the accompanying interim condensed financial statements of Jordan Commercial Bank (Public Shareholding Limited Company) (the “Bank”) as at 30 June 2023, comprising the interim condensed statement of financial position as at 30 June 2023 and the related interim condensed income statement, interim condensed statement of comprehensive income, interim condensed statement of changes in equity, and interim condensed statement of cash flows for the six months then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard (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.

Conclusion

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

Amman – Jordan
31 July 2023

ERNST & YOUNG
Amman - Jordan

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

	Notes	30 June 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
<u>ASSETS</u>			
Cash and balances at central banks	4	63,769,222	71,440,168
Balances at banks and financial institutions, net	5	50,359,570	46,289,112
Direct credit facilities, net	6	696,853,551	701,854,386
Financial assets at fair value through statement of income	7	1,373,119	1,551,339
Financial assets at fair value through statement of other comprehensive income	8	49,873,488	49,490,315
Financial assets at amortized cost, net	9	337,136,295	366,316,269
Property and equipment, net		22,513,628	22,006,151
Intangible assets, net		2,464,157	2,228,329
Right-of-use assets		6,084,631	5,835,715
Deferred tax assets		9,970,963	9,505,024
Other assets	10	68,689,757	87,586,431
Total Assets		1,309,088,381	1,364,103,239
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
LIABILITIES			
Banks' and financial institutions' deposits	11	48,732,747	82,143,414
Customers' deposits	12	911,341,256	896,800,727
Cash margins		38,626,276	37,774,075
Borrowed funds	13	89,135,848	145,321,349
Income tax provision	14/a	2,899,941	5,417,035
Sundry provisions	15	1,057,955	881,359
Deferred tax liabilities		591,961	1,720,245
Lease liabilities		5,835,618	5,624,770
Other liabilities	16	47,915,442	26,304,149
Total Liabilities		1,146,137,044	1,201,987,123
SHAREHOLDERS' EQUITY			
Authorized and paid in capital	17	120,000,000	120,000,000
Statutory reserve	18	19,011,405	19,011,405
Fair value reserve, net	19	4,064,325	2,621,695
Retained earnings	20	14,483,016	20,483,016
Profit for the period		5,392,591	-
Total Shareholders' Equity		162,951,337	162,116,116
Total Liabilities and Shareholders' Equity		1,309,088,381	1,364,103,239

The accompanying notes from 1 to 35 form part of these interim condensed financial statements
and should be read with them

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

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2023	2022	2023	2022
		JD	JD	JD	JD
Interest income	21	22,833,558	18,247,622	45,319,930	35,894,875
Less: interest expense	22	(10,292,190)	(8,415,367)	(20,284,080)	(16,976,658)
Net interest income		<u>12,541,368</u>	<u>9,832,255</u>	<u>25,035,850</u>	<u>18,918,217</u>
Net commission income		<u>770,145</u>	<u>1,015,359</u>	<u>1,590,390</u>	<u>2,031,434</u>
Net interest and commission income		<u>13,311,513</u>	<u>10,847,614</u>	<u>26,626,240</u>	<u>20,949,651</u>
Foreign exchange income		339,404	288,045	649,530	545,789
Loss from financial assets at fair value through statement of income	24	(85,792)	(75,713)	(178,220)	(8,494)
Dividends from financial assets at fair value through statement of other comprehensive income	8	4,800	77,243	98,550	152,243
Other income	25	1,473,503	893,844	2,576,471	2,806,042
Gross income		<u>15,043,428</u>	<u>12,031,033</u>	<u>29,772,571</u>	<u>24,445,231</u>
Employees' expenses		4,049,081	3,753,041	7,874,003	7,198,770
Depreciation and amortization		932,712	723,486	1,836,511	1,614,795
Provision for expected credit losses, net	23	1,912,216	1,739,355	6,177,350	3,602,029
Provision for assets seized by the bank against due debts		(106,681)	(698,304)	(78,040)	226,897
Sundry provisions	15	131,944	4,238	323,184	14,836
Other expenses	26	2,480,551	2,336,284	5,691,751	4,781,979
Total expenses		<u>9,399,823</u>	<u>7,858,100</u>	<u>21,824,759</u>	<u>17,439,306</u>
Profit for the period before tax		5,643,605	4,172,933	7,947,812	7,005,925
Income tax for the period	14/b	(2,077,001)	(1,365,549)	(2,555,221)	(2,445,368)
Profit for the period		<u>3,566,604</u>	<u>2,807,384</u>	<u>5,392,591</u>	<u>4,560,557</u>
Earnings per share for the period attributable to the bank's shareholders	27			JD / Fils	JD / Fils
Basic and diluted				<u>0/045</u>	<u>0/038</u>

The accompanying notes from 1 to 35 form part of these interim condensed financial statements and should be read with them

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
	JD	JD	JD	JD
Profit for the period	3,566,604	2,807,384	5,392,591	4,560,557
<u>Other comprehensive income items:</u>				
Items that are not transferable subsequently to the income statement				
Change in fair value reserve of financial assets through statement of other comprehensive income, net	(58,483)	1,381,945	1,442,630	1,459,292
Total comprehensive income for the period	<u>3,508,121</u>	<u>4,189,329</u>	<u>6,835,221</u>	<u>6,019,849</u>

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and should be read with them

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

	Authorized and paid in capital	Reserves		Retained earnings	Profit for the period	Total shareholders' equity
		Statutory	Fair value, net			
	JD	JD	JD	JD	JD	JD
For the six months ended 30 June 2023						
Balance at the beginning of the period	120,000,000	19,011,405	2,621,695	20,483,016	-	162,116,116
Profit for the period	-	-	-	-	5,392,591	5,392,591
Other comprehensive income items	-	-	1,442,630	-	-	1,442,630
Total comprehensive income for the period	-	-	1,442,630	-	5,392,591	6,835,221
Dividends distributed to shareholders *	-	-	-	(6,000,000)	-	(6,000,000)
Balance as at 30 June 2023	120,000,000	19,011,405	4,064,325	14,483,016	5,392,591	162,951,337
For the six months ended 30 June 2022						
Balance at the beginning of the period	120,000,000	17,208,213	(973,100)	10,936,612	-	147,171,725
Profit for the period	-	-	-	-	4,560,557	4,560,557
Other comprehensive income items	-	-	1,459,292	-	-	1,459,292
Total comprehensive income for the period	-	-	1,459,292	-	4,560,557	6,019,849
Fair value reserve released from the sale of financial assets at fair value through other comprehensive income	-	-	(9,413)	9,413	-	-
Balance as at 30 June 2022	120,000,000	17,208,213	476,779	10,946,025	4,560,557	153,191,574

- The Central Bank of Jordan had issued a Circular No.10/1/7702 on the 6th of June 2018 requesting the transfer of the General Banking Risk Reserve to the retained earnings' opening balance as of 1 January 2018 to offset against the impact of International Financial Reporting Standard No (9).
- The retained earnings balance includes JD 9,970,963 restricted against net deferred tax assets as of 30 June 2023 (JD 9,505,024 as of 31 December 2022) according to the instructions of Jordan Securities Commission and Central Bank of Jordan.
- The retained earnings balance includes JD 495,448 restricted against the unrealized gain of financial assets through statement of income as of 30 June 2023 (JD 673,668 as of 31 December 2022) according to the instructions of Jordan Securities Commission and Central Bank of Jordan.
- The retained earnings balance includes a restricted credit balance of fair value of financial assets reserve which amounted to JD 4,064,325 as of 30 June 2023 (credit balance of JD 2,621,695 as of 31 December 2022) (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 Bank's General Assembly approved in its meeting held on 13 April 2023 the recommendation of the Board of Directors to distribute 5% of the capital as cash dividends, which is equivalent to JD 6,000,000 to the shareholders from the retained earnings for the year 2022.

The accompanying notes from 1 to 35 form part of these interim condensed financial statements and should be read with them

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

		For the six months ended 30 June	
	Notes	2023	2022
		JD	JD
Operating activities:			
Profit for the period before tax		7,947,812	7,005,925
Non-cash Adjustments:			
Depreciation and amortization		1,317,272	1,303,143
Provision for expected credit losses, net	23	6,177,350	3,602,029
Loss from valuation of financial assets at fair value through statement of income	24	178,220	11,869
Sundry provisions	15	323,184	14,836
(Profit) loss from sale of property and equipment		(5,025)	1,965
(Recovered from) provision for assets seized by the bank against due debts	10	(78,040)	226,897
Depreciation of right-of-use assets		519,239	311,652
Finance costs paid for lease obligations		79,358	41,449
Dividends from financial assets at fair value through other comprehensive income		(98,550)	(152,243)
Effect of exchange rate fluctuations on cash and cash equivalents		(173,392)	(489,747)
Income from adjustments on prior years income tax		(422,095)	-
Profit for the period before changes in assets and liabilities		15,765,333	11,877,775
Changes in assets and liabilities-			
(Increase) decrease in direct credit facilities		(1,284,111)	40,286,361
Decrease in financial assets at fair value through statement of income		-	159,658
Decrease in other assets		19,079,406	6,433,381
(Decrease) in bank deposits maturing within a period of more than three months		(25,000,000)	-
Increase (decrease) in customers' deposits		14,540,529	(41,943,916)
Increase in cash margins		852,201	1,956,688
Increase (decrease) in other liabilities		21,619,046	(1,021,187)
Net change in assets and liabilities		29,807,071	5,870,985
Net cash flows from operating activities before income tax and provisions		45,572,404	17,748,760
Sundry provisions paid	15	(146,588)	(26,409)
Income tax paid	14/a	(5,183,882)	(3,126,294)
Net cash flows from operating activities		40,241,934	14,596,057
Cash flows from investing activities			
Increase in financial assets at fair value through statement of other comprehensive income		(1,103)	(704,682)
Decrease in financial assets at amortized cost		29,176,421	889,681
Dividends from financial assets at fair value through statement of other comprehensive income		98,550	152,243
Purchase of property and equipment and intangible assets		(2,061,237)	(863,053)
Proceeds from sale of property and equipment		5,685	3,690
Net cash flows from (used in) investing activities		27,218,316	(522,121)
Cash flows from financing activities			
(Decrease) increase in borrowed funds		(56,185,501)	19,164,717
Lease contracts paid		(636,666)	(678,417)
Dividends distributed to shareholders		(6,000,000)	-
Net cash flows (used in) from financing activities		(62,822,167)	18,486,300
Effect of exchange rate fluctuations on cash and cash equivalents		173,392	489,747
Net increase in cash and cash equivalents		4,811,475	33,049,983
Cash and cash equivalents at the beginning of the period		60,586,278	75,506,558
Cash and cash equivalents at the end of the period	28	65,397,753	108,556,541

The accompanying notes from 1 to 35 form part of these interim condensed financial statements and should be read with them

(1) GENERAL

Jordan Commercial Bank (the "Bank") was established as a Jordanian Public Shareholding Limited Company on 3 May 1977 in accordance with the Jordanian Companies Law No. (12) for the year 1964 with paid-in capital of JD 5 million divided into 5 million shares at par value of one Jordanian Dinar per share. The Bank's Head Office address is Amman, P.O. Box 9989, Amman 11191 - The Hashemite Kingdom of Jordan.

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

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

The Bank's capital was increased multiple times, and the last increase took place during 2017, where the General Assembly in its extraordinary meeting held on 30 April 2017 resolved to approve the increase in the Bank's capital by 7.125 million JD/share, so that authorized and paid-up capital become 120 million JD/share through capitalizing part of the retained earnings and distributing the amount to shareholders as stock dividends. The procedures for the capital increase were completed on 7 June 2017.

Jordan Commercial Bank is a Public Shareholding Limited Company listed on Amman Stock Exchange.

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

The interim condensed financial statements were approved by the Bank's Board of Directors in its meeting held on 31 July 2023.

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

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

The interim condensed financial statements are prepared on a historical cost basis, except for financial assets and liabilities at fair value which are measured 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 of 31 December 2022. In addition, results for the six months ended 30 June 2023 do not necessarily indicate the expected results for the financial year ending 31 December 2023. No appropriation of the profit has been made for the six months ended 30 June 2023 which is made at the end of the financial year.

(2-2) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

IFRS 17 Insurance Contracts

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

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

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

This standard is not applicable to the Bank.

Definition of Accounting Estimates - Amendments to IAS 8

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

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

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

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

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

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

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

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

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

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

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

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

(3) USE OF ESTIMATES

Provision for impairment provision / direct credit facilities impairment provision:

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

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

The methodology of implementing International Financial Reporting Standard No (9): Inputs, and methods used in calculating expected credit losses:

Risk management

In light of the importance of managing the various risks surrounding the Bank's business activities which the Bank is exposed to or may be exposed to in the future, the Bank has continued to follow a risk management strategy in line with the directives of the Board of Directors, executive management, legislation and laws issued by the Central Bank of Jordan, where best practices have been applied and the latest means and methods used in risk management have been applied.

The risk management process includes identifying, measuring, evaluating and monitoring financial and non-financial risks that can negatively affect the overall performance of the Bank. The risk department evaluates, and controls risks and recommends mitigating them and submitting the necessary reports to executive management, independently of other Bank departments that perform other banking activities.

The Risk Department is responsible for managing risks (credit, operational, market, liquidity and information security) within the framework of the Bank's organizational structure and it is directly linked to the Risk Management and Compliance Committee of the Board of Directors. The Risk Department reports directly to this Committee as well as the General Manager and it provides the relevant departments and committees within the Bank with the necessary risk reports. A risk culture is also strengthened through internal and external educational courses and workshops for all employees.

Executive management is responsible for defining the main principles of risks and the level of risks that can be accepted, as well as an optimal distribution of risks according to the various activities and segments of the Bank. Executive management exercises its role by ensuring that the Bank manages various risks and adopts policies and procedures governing risk management in the Bank through the "Risk and Compliance Committee".

The Risk Department also performs the Internal Capital Adequacy Assessment Process (ICAAP) which includes assessing the level of internal capital adequacy based on the Bank's business expansion strategy expected for future years.

The Bank's risk management provides independent oversight and support that aims to establish and spread the concept of risk management as a whole on all levels of management and helps proactively in realizing potential losses and sets out the plan and procedures to take to confront these risks in the event of their occurrence. The risk management is part of a general risk management policy that enables the Bank to define and set risk limits, and it forms the general framework for managing the main risks expected by the Bank. In addition to a number of separate policies for each type of risk.

The Bank management also gives great importance to the requirements of Basel and best international practices for risk management, as it is considered a framework to enhance the Bank's ability to improve the control environment and confront various types of risks.

Acceptable risks level (Risk Appetite)

The Bank's philosophy in determining the level of acceptable risks is the method by which the Bank has determined the levels of acceptable risks, given that capital planning is the basis for determining the levels of acceptable risks.

The bottom-up approach methodology is used to determine acceptable levels of risk through the concerned departments within the Bank from the bottom of the organizational structure and then raises it to the top organizational structure for each of the risks (credit, concentrations, liquidity, interest rates, reputation, strategy, operation, market, governance Institutionalism, compliance, capital structure).

The objectives of risk appetite

The Bank aims from the determination of the acceptable levels of risk to achieve the following:

- 1- Identifying the acceptable level of risk for each type of risk to which the Bank is exposed.
- 2- Protecting the Bank from risks it might face and negatively affect its business.
- 3- Achieving strategic goals.
- 4- Ensuring that acceptable ratios of capital adequacy are maintained.
- 5- Control risks and work to reduce them.
- 6- Determining the capital needed to face all kinds of risks (economic capital).
- 7- Developing measures to monitor the acceptable level of risks in addition to the capital, asset quality, liquidity and fluctuation in profits.

Stress testing

In accordance with the instructions issued by the Central Bank of Jordan related to stress testing, the Bank has prepared a methodology for applying these stress tests and adopting a policy and procedures to be applied by the Risk Committee of the Board of Directors as the stress tests are an integral and essential part of the institutional governance and risk management system of the Bank and as it has an impact on decision-making at the appropriate administrative level, including strategic decisions of the Board of Directors and Executive Management. To ensure this, the Board of Directors and Executive Management must have a key role in these tests, including setting the goals of these tests, defining scenarios, evaluating results, and defining measures to take based on the results of these tests, since these tests have the following important factors to the Bank:

- They are considered as a key tool to understand the Bank's risk matrix and its ability to withstand shocks and the high risks it may face.
- It is considered an important part of the capital planning process through the internal evaluation process of the capital adequacy (ICAPP) and improving the Bank's capital management.
- It helps the bank in estimating the size of future capital that must be available in the coming years, in accordance with its strategy.
- They are considered as an important part in the process of identifying, measuring and controlling liquidity risk, in order to assess the Bank's liquidity and the adequacy of liquidity shock mitigators and improve the Bank's liquidity.

The mechanism by which stress situations are chosen

Scenarios of stressful situations are chosen to cover all the risks which the Bank is exposed to in accordance with the instructions issued by the Central Bank of Jordan. A different set of scenarios are applied that range from the least influential to the most influential but are possible to occur are selected and identified by the Bank according to the different risks which it is exposed to such as (size, type, repetition and importance) in coordination with the various departments where these tests aim to assess the Bank's financial position and adequacy. Necessary reports are prepared and applied to stress tests and presented to the Risk Committee from the Board of Directors, which in turn approves assumptions and scenarios used and discusses the results of the tests and approves the measures to be taken based on these results. The impact of stress testing on different financial assets is measured, whether at the level of the facilities or investment portfolio, as follows:

Measuring the impact of stress testing on the Bank's credit portfolio in terms of the increase of non-performing loans as a result of several factors, including the concentration in credit granting, the decline of economic sectors as a result of financial crises, the quality of the credit portfolio, the decrease in the value of guarantees provided and other factors. The impact of these scenarios is assessed for these risks on the income statement and the capital adequacy.

Measuring the impact of stress testing on the Bank's investments in terms of low liquidity of the markets invested in and a decrease in the value of investments due to financial and economic crises. The impact of scenarios for these risks is assessed on the income statement and the capital adequacy.

Measuring the impact of stress testing on the Bank's assets and liabilities in the event of changing the Jordanian Dinar exchange rates against foreign currencies.

Measuring the impact of stress testing on the Bank's liquidity as a result of several factors, including the loss of our deposits with correspondent banks, the concentration of Bank customer deposits and bank deposits with us, extensive withdrawals of deposits, change of the Jordanian Dinar exchange rates against foreign currencies and other factors. The impact of the scenarios of these risks is assessed based on statutory and liquidity ratios and based on a maturity scale.

Measuring the impact of stress testing on the operating risks of the Bank's operations. The impact of scenarios on these risks is assessed on the capital adequacy.

Governance of stress testing

Stress tests are an integral and essential part of corporate governance with the Bank by enhancing the Bank's ability to identify and control its risks and its major role in providing both the Board and Executive Management with indicators on the amount of capital required to meet the resultant losses on shocks or changes that affect the Bank's financial position and solvency.

Board of Directors' responsibility:

- Ensuring that there is an effective framework for stress testing to assess the Bank's ability to withstand shocks and face high risks, as the Board has the ultimate responsibility for the stress testing program, and the adoption of work policies in this regard.
- Ensure that the Risk Department conducts stress tests on a regular basis, and that the Board has a key role in approving the assumptions and scenarios used, analyzing the results of the tests, and adopting the procedures to be taken based on these results.

Senior executive management responsibility:

- Implementing and monitoring the stress testing program, and in accordance with the methodology approved by the Board of Directors, which was originally based on the specific stress tests according to the instructions of the Central Bank of Jordan.
- Ensure that qualified personnel are available in the Risk Management Department to conduct stress tests and that the department has the appropriate tools and means for that.
- Ensuring that an appropriate number of possible scenarios related to the Bank's business are available, provided that these scenarios are understood and documented.
- Use the results of stress testing in setting and determining the degree of risk tolerance of the Bank and in the process of planning for capital and liquidity.
- Setting the appropriate remedial procedures based on the results of the tests carried out by the Executive Management and submitting them to the Risk and Compliance Committee and presenting them to the Board of Directors.

Responsibility of the audit department:

The Internal Audit Department is responsible for reviewing and evaluating the framework of stress testing, at least annually, and for evaluating and reviewing results to be submitted to the Board of Directors.

Risk Department responsibility:

- 1- Designing a program of stress testing and using models and methodologies to test its impact on the Bank, so that it covers and is not limited to the following aspects:
 - Stress testing includes scenarios that range from least to most severe.
 - Covering all complex financial products, if any.
 - It considers potential changes in market conditions that may negatively affect the Bank's exposure to concentration risk.
 - Including stress tests to some scenarios related to reputation risks, by reflecting the results of risks that affect the Bank's reputation, which may be reflected on the Bank's liquidity and liquid assets through customers withdrawing their deposits.
 - The tests used are consistent with the degree of risk tolerance that the Bank has set for itself, so that the chosen scenarios are commensurate with the size, nature and complexity of the Bank's business and the risks associated with it.
 - The stress testing program includes quantitative and qualitative methods to improve the comprehensiveness of these tests and make them supportive and complementary to the models and methods of risk management used in the Bank.
 - It includes different types of tests, such as the simple sensitivity analysis based on changes in one risk factor and between scenarios based on statistical methods that take into account the relationships between the causes of systemic risks in times of crisis, knowing that the part related to these scenarios is determined by the Central Bank of Jordan on an annual basis.

- 2- Organizing an appropriate line of communication between the various parties concerned to take their views on the shocks and potential stressful situations if they occur with the aim of identifying assumptions and scenarios that are appropriate to the internal and external risks that the Bank may be exposed to so that all the parties involved with the Bank participate in this line of communication when determining these tests annually.
- 3- Submitting the results of the tests to the Basel Committee, an internal evaluation of the capital adequacy, and then to the Risk and Compliance Committee from the Bank's Board of Directors annually.

The Bank's application for defaulting and the defaulting mechanism

The Bank follows and applies the instructions of the Central Bank of Jordan (the regulatory body) related to the International Financial Reporting Standard No. (9) to classify credit facilities in three stages.

1. The Bank's application to default:

The instructions of the Central Bank of Jordan regarding the classification of defaulting loans and the suspension of interest are applied according to the requirements of IFRS (9). As for provisioning, instructions No. (47/2009) and (13/2018) related to the International Financial Reporting Standard (9) are adopted. The most conservative and severe results are taken, except in special cases and with prior approval by the Central Bank of Jordan.

2. The defaulting recovery mechanism:

The Bank follows up with a customer before their default with the aim of not reaching the stage of classifying the facilities granted to them. In case the classification is made, a provision is recorded against this loan in accordance to the adopted standards, among the mechanisms used to treat default by the Bank as following:

- 1- Debt scheduling according to the scheduling principles as per the instructions of the Central Bank of Jordan.
- 2- Taking legal measures to collect what is owed to the Bank.

The internal credit rating system of the Bank and its mechanism:

The Bank has implemented a credit risk rating system based on Standard and Poor's (S&P) classification models to measure the credit risk of large companies, small and medium-sized companies which would positively reflect on the quality of the credit portfolio and help in making appropriate credit decisions as the following is extracting through the system:

Obligor Risk Rating (ORR) is divided into measuring the activity standards (qualitative) and the financial standards (quantitative) by:

Qualitative standards:

- 1- Measuring the risks of the countries in which the customer practices their activity
- 2- Measuring the risks of the economic sectors that represent the customer's activities
- 3- Measuring the customer's competitive position in detail

Quantitative standards:

4- Measuring the customer's financial risks by assessing cash flows, payables, capital structure, and others.

Classification models include (modifier's) quality rates that enhance credit rating accuracy as follows:

- 1- The impact of the various activities of the customer.
- 2- The capital structure.
- 3- Approved financing policy.
- 4- Liquidity assessment.
- 5- Management and governance.

Customers are classified on the system to ten levels, where the classification grades are distributed from (1) high quality customers (few risks) to (10) high risk customers.

As a result of assessing the customer's credit rating through the system, the probability of default (PD) is determined.

The approved mechanism for calculating expected credit losses on financial instruments:

1- The basic components of calculating the credit loss of financial instruments:

- * Customers' staging
- * Probability of default ratio Stage 1 (12-month projected credit losses) and stage 2 (expected credit losses over the life of the financial instrument).
- * Loss Given Default (LGD).
- * Exposure at Default (EAD).

2- Criteria for classifying customer according to the stages:

The criteria for classifying the stages is one of the important parameters used to determine the expected credit losses according to the International Financial Reporting Standard No. (9), where financial instruments were classified into three stages in addition to a statement of the credit limitations for the transfer of the financial instrument / exposures between the stages according to the instructions issued by the Central Bank of Jordan No. (13/2018).

3- Probability of default – PD:

Corporate portfolio

Based on the probability of default resulting from the analysis of all quantitative and qualitative data of the customer through the credit rating system as this is done through the approved models of the company (S&P) and based on historical data, a future probability of default is calculated and linking it to the macroeconomic indicators, following the stress tests and its results.

Individual portfolio

Individual risk is measured at the level of each product separately (personal loans / housing loans / credit cards / car loans) through the evaluation of the product through customer behaviour records and their commitment to pay on the agreed upon times for the last 5 years. The approach roll rate methodology is used in measuring risks of individual customers to link them to all variables of economic factors (gross domestic product, unemployment, inflation) to determine the future risks of individuals' portfolio.

Debt portfolio and money market

The default probability of debt instruments classified under the amortized cost portfolio (AC) and other comprehensive income statement (OCI) is calculated on an individual basis based on the probability of default according to external classification.

Debt instruments issued by the Jordanian government, or guaranteed by it, and current accounts are excluded from calculating the expected credit losses.

4- Loss Given Default - LGD

The loss given default percentage is measured on the assumption of default, based on the present value of the guarantees provided by the debtor based on historical ratios of financial recoveries and converting the guarantees into cash as a result of implementation of the guarantees due to default, taking into account the time dimension and credit dilution, which includes the part covered and not covered by the guarantees according to the requirements of the Central Bank of Jordan.

5- Exposure at Default – EAD

It is defined as the size of the indebtedness to which the Bank may be exposed to the possibility of non-payment if the debtor defaults also the current balance and amounts expected to be utilized by the customer.

Governance of implementing the requirements of IFRS 9:

The Bank is adherent to the instructions of institutional governance, including the instructions of the Central Bank of Jordan and the best international practices that were included in the Basel Committee in this regard in a manner that achieves the rule of implementation of the International Financial Reporting Standard. The following are the responsibilities of the Board of Directors, the Executive Management, the concerned committees and departments to ensure the appropriateness of applying the financial reporting standard:

Board of Directors responsibilities:

- Approving the policies, assumptions and models used for the application of the standard.
- Approving the expected credit losses in the Bank's financial statements.
- Ensuring proper application of the standard by defining the roles of committees, departments and work units in the Bank and ensuring complementarity of work among them and providing the appropriate infrastructure.
- Overseeing, through the committees of the Board, the Executive Management to develop the necessary systems to provide adequate information in an accurate and safe matter so that it provides the accurate capability of the Bank to record through the participation of all relevant business units in the Bank and under the supervision of the Bank's Board of Directors and its related committees.
- Approving of amendments that could affect the business model, the Bank's strategy, measurement and evaluation methodologies for the credit process, pricing and guarantees mechanism for credit products or assets that fall within the standard.
- Ensuring that the Bank manages its credit risk within the appropriate best practices, including effective control systems within the credit process that includes a clear determination of the amount of provisions required for all of its risks.
- Ensuring that the supervisory units in the Bank, specifically risk management, manage the internal audit of all necessary processes to verify the validity and integrity of the methodologies and systems used within the framework of the application of IFRS (9) and work to provide the necessary support for these control units.

Executive management responsibilities:

- Providing the appropriate infrastructure and providing recommendations regarding required changes or improvements that help to implement the standard in an accurate and comprehensive manner that includes qualified personnel and an adequate database in terms of accuracy and comprehensiveness.
- Reviewing the policies, work procedures, regulations and any other relevant standards and explaining their suitability for implementing the standard.
- Distributing tasks and responsibilities and ensuring the participation of all relevant business units in the proper application of the standard.
- Monitoring the periodic reports related to the results of calculating and applying the standard and determine the impact of the application of the standard on the financial position of the Bank.
- Applying corrective measures approved by the Board of Directors.
- Reflecting the impact of the application of the standard on the Bank's strategy and pricing policy.
- It is responsible for any exceptions of the results of the system outputs, the specific procedures and the documented forms of the calculation process.
- Reviewing the staging rules process and make the necessary recommendations.
- View the calculation of expected credit losses and recommend their approval.
- Recommend any exception or amendment to the results of calculating the expected credit losses required and in accordance with clear and documented justifications.

Risks and compliance committee responsibilities:

- Reviewing the framework and assumptions for calculating expected credit losses and recommend their approval.
- Supervising the efficiency and effectiveness of the process of calculating the expected credit losses.

Responsibilities of the audit committee:

- Ensuring that the Internal Audit Department has verified that the methodologies and systems used in the application of IFRS (9) have been applied.
- Monitoring the compliance with the framework for calculating expected credit losses in accordance with IFRS (9) and ensuring that the internal audit fulfils its duty in this regard.
- Reviewing the financial statements after implementing the standard, in particular verifying the implementation of the instructions of the Central Bank of Jordan regarding the adequacy of provisions and expressing an opinion on the Bank's non-operating loans before submitting them to the Board of Directors.
- Reviewing the observations in the Central Bank's reports and the external auditor's reports and following up on the measures taken in their regard.
- Reviewing the accounting issues that have a material impact on the Bank's financial statements and ensure the accuracy of the accounting and control procedures and its safety and adherence to them.
- Ensuring through the Internal audit department that all financial instruments/ credit exposures have been measured for expected credit losses.

Compliance department responsibilities:

Ensuring compliance with applicable laws and instructions related to preparing the financial statements and applying the required standard and disclosures.

Risk department responsibilities

- Calculating the expected credit losses ECL.
- Reviewing the models and assumptions used for calculating the provision and recommending any required adjustments
- Evaluating the credit rating systems, their parameters, and results.
- Preparing periodic, qualitative and detailed quantitative disclosures required by the Central Bank of Jordan for the purposes of complying with the requirements of the standard.
- Reviewing the transferring process between the different stages and comparing it with the policy of transferring requirements between stages and reviewing these limitations periodically.

Finance department responsibilities:

- Participating with departments in developing and building the business model, including the classification of the Bank's financial assets in accordance with the principles of IFRS (9).
- Make the necessary accounting adjustments and restrictions after approving the results and verifying that all financial instruments have been accounted for.
- Reviewing the necessary disclosures in cooperation with the relevant departments of the Bank in accordance with the requirements of the standard and the instructions of the Central Bank of Jordan.

Determinants of significant change in credit risk:

All credit exposures / financial instruments are subject to the measurement of expected credit losses to specific determinants as an indicator to be considered a significant increase in credit risk, so that the financial instrument / credit exposure is transferred between the three stages:

Stage (1): Includes financial assets on initial recognition which have not been exposed to a significant increase in credit risk since the initial recognition or with low credit risks at the date of preparing the financial statements. For these assets, the expected credit losses for the 12-month period that result from potential irregularities within the next 12 months are recognized.

Stage (2): Includes financial assets that have experienced a significant increase in credit risk since the initial recognition but there is no objective evidence of a decrease in their value. For these assets, expected credit losses are recognized for the entire life of the debt, which is the expected credit losses that result from all potential irregularities over the expected life of the financial instrument.

Stage (3): Includes financial assets for which there is objective evidence of a decrease in value at the date of the financial statements in accordance with the indicators specified in the instructions of the Central Bank of Jordan. For these assets, expected credit losses for the entire life are recognized and treated with the calculated interest on them.

The following are the most prominent determinants used to measure the significant change in credit risk:

- There is a decrease or a decline in the actual internal credit rating of the borrower according to the internal evaluation system applied by the Bank compared to the degree of the internal rating of the borrower at the time of granting.
- The presence of unpaid dues on a debtor or borrower account exceeding a certain period.
- Knowing that the borrower faces difficulties affecting the cash flow
- Violating debt covenants or conditions in a manner that affects the obligation to repay.
- The market value of collaterals declines significantly.
- The possibility of a borrower entering bankruptcy procedures.

The main economic indicators that were used by the Bank in calculating the expected credit losses.

When measuring the probability of default for different segments, historical information and current conditions are taken into consideration in addition to expected future events in accordance with substantial information that can be relied upon by the Bank.

Economic factors and their expectations have been used for the next five years in three scenarios for each of the ratios (GDP, unemployment, Amman Financial Market Index (local Index), energy index, other indicators (non- energy index), and historical PD ratios) by relying on data issued by the World Bank with regard to Jordan and based on historical data issued by the Amman Financial Market and the Bank's indicators for default.

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(4) CASH AND BALANCES AT CENTRAL BANKS

The details of this item are as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Cash in vaults	23,477,161	29,003,994
Balances at central banks:		
Current and call accounts	9,224,822	11,513,203
Statutory cash reserve	31,067,239	30,922,971
Total balances at central banks	40,292,061	42,436,174
Total cash and balances at central banks	63,769,222	71,440,168

- Except for statutory cash reserves with the Central Bank of Jordan, there are no restricted cash balances as at 30 June 2023 and at 31 December 2022.
- There are no balances maturing within a period of more than three months as of 30 June 2023 and 31 December 2022.
- There are no certificates of deposits as at 30 June 2023 and 31 December 2022.

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

	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	June 30 2023	31 December 2022
				JD	JD
				(Reviewed not audited)	(Audited)
Balance at the beginning of the period/year	42,436,174	-	-	42,436,174	65,876,967
Changes due to adjustments	(2,144,113)	-	-	(2,144,113)	(23,440,793)
Balance at the end of the period/year	40,292,061	-	-	40,292,061	42,436,174

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(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS , NET

Item	Banks and financial institutions				Total	
	Local		Foreign			
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)
Current and call accounts	-	29,671	6,862,058	8,822,862	6,862,058	8,852,533
Deposits maturing within a period of 3 months or less	10,836,000	7,407,100	2,663,220	29,891	13,499,220	7,436,991
Deposits maturing more than one year	-	-	30,000,000	30,000,000	30,000,000	30,000,000
Total	10,836,000	7,436,771	39,525,278	38,852,753	50,361,278	46,289,524
<u>Less</u> : provision for expected credit losses *	(740)	(402)	(968)	(10)	(1,708)	(412)
	<u>10,835,260</u>	<u>7,436,369</u>	<u>39,524,310</u>	<u>38,852,743</u>	<u>50,359,570</u>	<u>46,289,112</u>

- The non-interest-bearing balances held at banks and financial institutions amounted to JD 6,862,058 as at 30 June 2023 and (JD 8,852,533 as at 31 December 2022).
- Balances held at banks and financial institutions that mature more than three months amounted to JD 30 million as at 30 June 2023 and (JD 30 million as at 31 December 2022).
- There are no restricted balances as at 30 June 2023 and 31 December 2022.

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

Item	Stage 1 (Individual) JD	Stage 2 (Individual) JD	Stage 3 (Individual) JD	Total	
				30 June 2023	31 December 2022
				JD (Reviewed not audited)	JD (Audited)
Balance at the beginning of the period/year	46,289,524	-	-	46,289,524	54,109,001
New deposits and balances during the period /year	2,798,175	-	-	2,798,175	5,280,100
Settled balances	(2,525,065)	-	-	(2,525,065)	(13,032,587)
Changes resulting from adjustments	3,798,644	-	-	3,798,644	(66,990)
Balance at the end of the period/year	<u>50,361,278</u>	<u>-</u>	<u>-</u>	<u>50,361,278</u>	<u>46,289,524</u>

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

	Stage 1 (Individual) JD	Stage 2 (Individual) JD	Stage 3 (Individual) JD	Total	
				30 June 2023	31 December 2022
				JD (Reviewed not audited)	JD (Audited)
Balance at the beginning of the period/year	412	-	-	412	2,865
ECL for new balances	954	-	-	954	287
Recovered from impairment loss on settled deposits	(115)	-	-	(115)	(2,233)
Changes resulting from adjustments	457	-	-	457	(507)
Total balance at the end the period/year	<u>1,708</u>	<u>-</u>	<u>-</u>	<u>1,708</u>	<u>412</u>

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(6) DIRECT CREDIT FACILITIES, NET

The details of this item are as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Individuals (retail):		
Overdraft accounts	710,759	617,809
Loans and promissory notes *	186,642,631	192,034,774
Credit Cards	6,239,895	6,516,177
Real Estate Loans	102,364,981	103,677,524
Companies:		
A - Large:		
Overdraft accounts	80,416,920	75,306,699
Loans and promissory notes *	317,365,982	309,368,859
B- SMEs:		
Overdraft accounts	13,817,999	13,831,126
Loans and promissory notes *	44,023,850	42,573,080
Government and Public Sector	22,744,430	26,911,335
Total	<u>774,327,447</u>	<u>770,837,383</u>
(Less): Provision for expected credit losses	(57,838,424)	(52,030,738)
Interest in suspense	(19,635,472)	(16,952,259)
Net direct credit facilities	<u>696,853,551</u>	<u>701,854,386</u>

- * Net after deducting interest and commissions received in advance which amounted to JD 258,173 as at 30 June 2023 (JD 415,570 as at 31 December 2022).
- Non-performing credit facilities amounted to JD 84,029,630 representing 10.85% of total direct credit facilities as at 30 June 2023 (JD 75,322,001 as at 31 December 2022 representing 9.77% of total direct credit facilities).
 - Non-performing credit facilities, net of interest and commissions in suspense, amounted to JD 64,394,158 representing 8.53% of total direct credit facilities net of interest and commission in suspense as at 30 June 2023 (JD 58,369,742 as at 31 December 2022 representing 7.74% of total direct credit facilities net of interest and commission in suspense).
 - Non-performing credit facilities amounted to JD 164,268,815 as at 30 June 2023 has been transferred to off financial position items, (JD 163,021,206 as at 31 December 2022). These credit facilities are fully covered with the interest in suspense and provisions.
 - During the six months ended 30 June 2023, direct credit facilities amounting to JD 895,737 were written-off with the interest in suspense related to these facilities was JD 418,477 and the provision against them was JD 477,260.
 - Direct credit facilities include facilities granted that are guaranteed by the Government of Jordan amounted to JD 15,000,000 as at 30 June 2023 (JD 18,750,000 as at 31 December 2022).

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The movement on direct credit facilities collectively is as follows:

Item	Stage 1 JD	Stage 2 JD	Stage 3 JD	Total	
				30 June 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
Total exposures at the beginning of the period/year	542,331,996	153,183,386	75,322,001	770,837,383	861,552,695
New exposures during the period/year	33,526,271	1,168,757	95,322	34,790,350	65,519,721
Settled exposures during the period/year	(20,703,471)	(8,178,715)	(206,310)	(29,088,496)	(117,642,809)
Transferred to stage 1	12,726,115	(11,765,957)	(960,158)	-	-
Transferred to stage 2	(57,428,574)	58,954,567	(1,525,993)	-	-
Transferred to stage 3	(1,894,255)	(10,632,583)	12,526,838	-	-
Changes resulting from adjustments	5,689,866	(6,679,586)	(326,333)	(1,316,053)	(7,614,331)
Listed in the regularly accounts off statement of financial position	-	-	-	-	(29,889,241)
Written-off facilities	-	-	(895,737)	(895,737)	(1,088,652)
Total exposures at the end of period/year	<u>514,247,948</u>	<u>176,049,869</u>	<u>84,029,630</u>	<u>774,327,447</u>	<u>770,837,383</u>

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

	Individuals JD	Real estate JD	Corporate JD	SME's JD	Governmental and public JD	Total JD
<u>30 June 2023 (Reviewed not audited)</u>						
Balance at the beginning of the period	14,369,317	3,409,049	28,044,907	6,180,871	26,594	52,030,738
ECL for new facilities during the period	115,004	3,930	36,752	21,198	-	176,884
Recoveries from ECL related to settled facilities	(132,753)	(8,896)	(10,747)	(5,102)	-	(157,498)
Transferred to stage 1	7,415	(777)	(415,645)	(5,791)	-	(414,798)
Transferred to stage 2	(159,017)	(8,491)	339,648	(44,376)	-	127,764
Transferred to stage 3	151,602	9,268	75,997	50,167	-	287,034
Effect on provision resulting from reclassification among three stages	698,998	421,535	1,520,090	243,551	-	2,884,174
Changes resulting from adjustments	632,932	76,334	1,989,856	683,768	(1,504)	3,381,386
Written-off facilities	(37,612)	(7,641)	-	(432,007)	-	(477,260)
Balance at the end of the period	<u>15,645,886</u>	<u>3,894,311</u>	<u>31,580,858</u>	<u>6,692,279</u>	<u>25,090</u>	<u>57,838,424</u>
Re- allocation:						
Provisions on an individual basis	<u>15,645,886</u>	<u>3,894,311</u>	<u>31,580,858</u>	<u>6,692,279</u>	<u>25,090</u>	<u>57,838,424</u>
Total	<u>15,645,886</u>	<u>3,894,311</u>	<u>31,580,858</u>	<u>6,692,279</u>	<u>25,090</u>	<u>57,838,424</u>

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	Individuals	Real estate	Corporate	SME's	Governmental and public	Total
<u>For the year ended 31 December 2022 (Audited):</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance at the beginning of the year	12,664,216	3,277,734	42,930,898	4,851,941	68,352	63,793,141
ECL for new facilities during the year	176,354	13,022	9,948	16,311	-	215,635
Recoveries from ECL related to settled facilities	(500,935)	(494,557)	(557,898)	(126,013)	(37,877)	(1,717,280)
Transferred to stage 1	(39,956)	(7,597)	(286,387)	(28,983)	-	(362,923)
Transferred to stage 2	(144,831)	8,749	446,346	15,376	-	325,640
Transferred to stage 3	184,787	(1,152)	(159,959)	13,607	-	37,283
Effect on provision resulting from reclassification among the three stages	1,536,407	54,720	2,054,647	1,868,819	-	5,514,593
Changes resulting from adjustments	860,779	563,480	1,043,781	30,160	(3,881)	2,494,319
Credit facilities transferred to off statement of financial position regulatory accounts	(316,570)	-	(17,366,111)	(460,347)	-	(18,143,028)
Written-off facilities	(50,934)	(5,350)	(70,358)	-	-	(126,642)
Balance at the end of the year	<u>14,369,317</u>	<u>3,409,049</u>	<u>28,044,907</u>	<u>6,180,871</u>	<u>26,594</u>	<u>52,030,738</u>
Re-allocation:						
Provision on an individual basis	<u>14,369,317</u>	<u>3,409,049</u>	<u>28,044,907</u>	<u>6,180,871</u>	<u>26,594</u>	<u>52,030,738</u>
Total	<u>14,369,317</u>	<u>3,409,049</u>	<u>28,044,907</u>	<u>6,180,871</u>	<u>26,594</u>	<u>52,030,738</u>

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Interest in suspense

The movement on interest in suspense is as follows:

30 June 2023 (Reviewed not audited)

	Individual	Real estate	Companies		Governmental and public	Total
	JD	JD	Corporate	SME's	JD	JD
			JD	JD		
Balance at the beginning of the period	4,004,947	1,778,328	8,099,619	3,069,365	-	16,952,259
Add: interest in suspense for the period	1,021,919	357,278	1,531,953	596,495	-	3,507,645
Less: interest transferred to revenues during the period	(234,635)	(30,820)	(23,360)	(117,140)	-	(405,955)
Interest in suspense written-off	(14,352)	(15,373)	-	(388,752)	-	(418,477)
Balance at the end of the period	<u>4,777,879</u>	<u>2,089,413</u>	<u>9,608,212</u>	<u>3,159,968</u>	<u>-</u>	<u>19,635,472</u>

For the year ended 31 December 2022 (Audited):

	Individual	Real estate	Companies		Governmental and public	Total
	JD	JD	Corporate	SME's	JD	JD
			JD	JD		
Balance at the beginning of the year	2,746,786	1,446,419	16,592,779	3,069,771	-	23,855,755
Add: interest in suspense for the year	1,601,925	632,109	3,734,581	1,144,441	-	7,113,056
Less: interest transferred to revenues	(280,505)	(298,755)	(340,674)	(388,395)	-	(1,308,329)
Interest in suspense written-off	(19,735)	(1,445)	(889,356)	(51,474)	-	(962,010)
Interest in suspense transferred to off statement of financial position regulatory accounts	(43,524)	-	(10,997,711)	(704,978)	-	(11,746,213)
Balance at the end of the year	<u>4,004,947</u>	<u>1,778,328</u>	<u>8,099,619</u>	<u>3,069,365</u>	<u>-</u>	<u>16,952,259</u>

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(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

The details of this item are as follows:

	30 June 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
Quoted shares in active markets	1,373,119	1,551,339
	<u>1,373,119</u>	<u>1,551,339</u>

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

The details of this item are as follows:

	30 June 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
Quoted shares in active markets *	32,289,946	32,465,081
Unquoted shares in active markets	17,583,542	17,025,234
	<u>49,873,488</u>	<u>49,490,315</u>

- No realized profit from the sale of shares at fair value through statement of other comprehensive income for the period ended 30 June 2023. (JD 9,413 for the period ended 30 June 2022). The profit was directly recorded in retained earnings within owners' equity.
- Cash dividends distributions for the above-mentioned financial assets amounted to JD 98,550 as of 30 June 2023 (JD 152,243 as of 30 June 2022).

* A memorandum of understanding was signed during December 2022 to sell Jordan Commercial Bank's shares in National Bank – Palestine. Sale agreement execution and transfer of shares ownership procedures have not been finalized as final approvals from the regulatory authorities were not obtained up to the date of the preparation of the accompanying interim condensed financial statements as at 30 June 2023.

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(9) FINANCIAL ASSETS AT AMORTIZED COST, NET

The details of this item are as follows:

	30 June 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
Treasury bonds and bills	333,397,132	362,573,553
Companies' bonds and debentures	4,227,296	4,192,932
	<u>337,624,428</u>	<u>366,766,485</u>
Less: provision for expected credit losses **	(376,837)	(373,284)
interest in suspense	(111,296)	(76,932)
Financial assets at amortized cost, net	<u>337,136,295</u>	<u>366,316,269</u>
With fixed return	337,136,295	366,316,269
Total	<u>337,136,295</u>	<u>366,316,269</u>

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

	30 June 2023 (Reviewed not audited)				31 December 2022 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	365,409,553	-	1,356,932	366,766,485	363,353,603
New investments	30,465,357	-	-	30,465,357	137,906,190
Matured investments	(59,977,045)	-	-	(59,977,045)	(134,497,231)
Changes due to adjustments	335,267	-	34,364	369,631	3,923
Balance at the end of the period/year	<u>336,233,132</u>	<u>-</u>	<u>1,391,296</u>	<u>337,624,428</u>	<u>366,766,485</u>

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

	30 June 2023 (Reviewed not audited)				31 December 2022 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	17,181	-	356,103	373,284	639,101
Recovered from ECL on matured investment	-	-	-	-	(229,092)
Changes resulting from adjustments	3,553	-	-	3,553	(36,725)
Balance at the end of period/year	<u>20,734</u>	<u>-</u>	<u>356,103</u>	<u>376,837</u>	<u>373,284</u>

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(10) OTHER ASSETS

The details of this item are as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Assets seized by the bank against due debts, net **	43,944,655	55,682,898
Accrued interest and revenues	16,101,383	16,054,519
Purchased time withdrawals and letters of credit, net *	2,217,245	2,402,958
Prepaid expenses	1,903,218	1,340,439
Loss from sale of seized assets against deferred debts	1,200,857	-
Receivables from assets sold on installments	-	6,553,941
Refundable deposits	797,554	1,426,392
Clearing checks	200,767	142,751
Others	2,324,078	3,982,533
	<u>68,689,757</u>	<u>87,586,431</u>

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

	30 June 2023				31 December 2022
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD	JD	JD	JD	JD
				(Reviewed not audited)	(Audited)
Balance at the beginning of the period/ year	2,507,988	-	-	2,507,988	2,507,988
New balances	-	241,345	-	241,345	-
Settled balances	(531,750)	-	-	(531,750)	-
Transferred to stage 3	(1,976,238)	-	1,976,238	-	-
Balance at the end of the period/year	<u>-</u>	<u>241,345</u>	<u>1,976,238</u>	<u>2,217,583</u>	<u>2,507,988</u>

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

	30 June 2023				31 December 2022
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD	JD	JD	JD	JD
				(Reviewed not audited)	(Audited)
Balance at the beginning of the period/year	105,030	-	-	105,030	197,359
New balances	-	338	-	338	-
Changes resulting from adjustments	(105,030)	-	-	(105,030)	(92,329)
Balance at the end of the period/year	<u>-</u>	<u>338</u>	<u>-</u>	<u>338</u>	<u>105,030</u>

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

	30 June 2023				31 December 2022
	Seized properties	Seized properties sold on installments	Seized shares	Total	Total
	JD	JD	JD	JD (Reviewed not audited)	JD (Audited)
Balance at the beginning of the period/year, net	54,031,623	1,651,275	-	55,682,898	63,485,568
Additions during the period/year	2,141,844	-	441,200	2,583,044	4,349,556
Disposals during the period/year, net	(13,577,963)	(712,977)	(108,387)	(14,399,327)	(12,668,569)
Sold assets on instalments	(538,122)	538,122	-	-	-
(Losses) gains on valuation of seized shares	-	-	(2,425)	(2,425)	1,312,378
Impairment effect for the period/year	(1,706)	(28,641)	110,812	80,465	(796,035)
Balance at the end of the period/year, net	<u>42,055,676</u>	<u>1,447,779</u>	<u>441,200</u>	<u>43,944,655</u>	<u>55,682,898</u>

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

	30 June 2023 (Reviewed not audited)				30 June 2022 (Reviewed not audited)
	Seized properties	Seized properties sold on instalments	Seized shares	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	6,654,329	92,411	1,680,545	8,427,285	7,730,859
Booked provision	11,191	32,746	-	43,937	222,920
Released from provision	(9,485)	(4,105)	(110,812)	(124,402)	(3,833)
Sold assets on instalments	(62,367)	62,367	-	-	-
Losses on valuation of seized shares	-	-	2,425	2,425	7,810
Utilized from provision	(902,055)	(32,746)	-	(934,801)	-
Balance at the end of the period/year	<u>5,691,613</u>	<u>150,673</u>	<u>1,572,158</u>	<u>7,414,444</u>	<u>7,957,756</u>

- According to the Central Bank of Jordan 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.

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(11) BANKS AND FINANCIAL INSTITUTIONS' DEPOSITS

The details of this item are as follows:

	30 June 2023 (Reviewed not audited)			31 December 2022 (Audited)		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current and call accounts	-	6,314,747	6,314,747	-	3,143,414	3,143,414
Time deposits	12,418,000	30,000,000	42,418,000	49,000,000	30,000,000	79,000,000
	<u>12,418,000</u>	<u>36,314,747</u>	<u>48,732,747</u>	<u>49,000,000</u>	<u>33,143,414</u>	<u>82,143,414</u>

- Bank deposits maturing within a period of more than three months amounted to JD 30,000,000 as of 30 June 2023 (JD 55,000,000 as of 31 December 2022).

(12) CUSTOMERS' DEPOSITS

The details of this item are as follows:

	30 June 2023 (Reviewed not audited)				
	Companies			Governmental and Public	Total
	Retail	Corporate	SME's		
	JD	JD	JD	JD	JD
Current and call accounts	35,242,800	31,510,439	36,234,273	13,545,248	116,532,760
Saving deposits	192,040,429	254,513	1,245,081	335,496	193,875,519
Certificates of deposit	34,587,013	-	26,000	-	34,613,013
Time and notice deposits	373,182,297	42,075,190	81,362,694	69,699,783	566,319,964
	<u>635,052,539</u>	<u>73,840,142</u>	<u>118,868,048</u>	<u>83,580,527</u>	<u>911,341,256</u>

	31 December 2022 (Audited)				
	Companies			Government and Public	Total
	Retail	Corporate	SME's		
	JD	JD	JD	JD	JD
Current and call accounts	37,894,037	36,285,033	37,357,012	6,909,082	118,445,164
Savings deposits	202,108,902	114,447	1,255,897	39,581	203,518,827
Certificates of deposit	30,827,851	-	30,000	-	30,857,851
Time and notice deposits	360,263,719	47,364,250	81,910,743	54,440,173	543,978,885
	<u>631,094,509</u>	<u>83,763,730</u>	<u>120,553,652</u>	<u>61,388,836</u>	<u>896,800,727</u>

- The Government of Jordan's and the public sector's deposits inside the Kingdom amounted to JD 83,580,527 representing 9.17% of total customers' deposits as of 30 June 2023 (JD 61,388,836 representing 6.85% of total customers' deposits as of 31 December 2022).
- Non-interest-bearing deposits amounted to JD 113,092,491 representing 12.41% of total customers' deposits as of 30 June 2023 (JD 115,201,322 equivalent to 12.85% of total customers' deposits as of 31 December 2022).

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- Reserved deposits (restricted withdrawals) amounted to JD 5,411,044 representing 0.59% of total customers' deposits as of 30 June 2023 (JD 3,169,873 representing 0.35% of total deposits as of 31 December 2022).
- Dormant deposits amounted to JD 9,242,144 as of 30 June 2023 representing 1.01% of total customers' deposits as of 30 June 2023 (JD 10,191,907 representing 1.14% as of 31 December 2022).

(13) BORROWED FUNDS

The details of this item are as follows:

<u>30 June 2023 (Reviewed not audited)</u>	Amount	Utilized	Repayment method	Collaterals	Interest Rate
	JD	JD			%
World Bank Loan	2,000,000	900,000	15 years, including a 5-year grace period; to be settled in semi-annual installments.	-	6,85
Arab Monetary Funds Loan	2,100,000	336,000	10 years, including a 3 -year grace period; to be settled in semi-annual installments.	-	2,5
Advances from Central Bank of Jordan	33,633,154	33,633,154	Various installments.	-	0-1
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 5/2/2024	property mortgage	8,65
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 16/08/2028	property mortgage	5,1
Jordanian Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 26/9/2024	property mortgage	4,55
International Fund for Agricultural Development	750,000	641,935	18 years, including a 3-year grace period; to be settled in semi-annual installments.	-	4,88
International Fund for Agricultural Development	617,000	617,000	15 years, including a 2-year grace period; to be settled in semi-annual installments.	-	4,79
European Investment Bank	23,007,759	23,007,759	7 years. Including 1.5-year grace period; to be settled in semi-annual installments.	-	6
		<u>89,135,848</u>			

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<u>31 December 2022 (Audited)</u>	<u>Amount</u>	<u>Utilized</u>	<u>Repayment method</u>	<u>Collaterals</u>	<u>Interest Rate</u>
	JD	JD			%
World Bank loan	2,000,000	1,000,000	15 years, including a 5-year grace period; to be settled in semi-annual installments.	-	5.64
Arab Monetary Fund loan	2,100,000	483,000	10 years, including a 3-year grace period; to be settled in semi-annual installments.	-	2.5
Advances from the Central Bank of Jordan	35,252,608	35,252,608	Various installments.	-	1-0
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 5/2/2024	Transfer of property mortgage	7.30
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 16/08/2028	Transfer of property mortgage	5.1
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 26/9/2024	Transfer of property mortgage	4.55
International Fund for Agricultural Development	750,000	667,262	18 years, including a 3-year grace period; to be settled in semi-annual installments	-	3.42
European Investment Bank	23,007,759	23,007,759	7 years to be settled in semi-annual installments.	-	6
The Central Bank of Jordan against mortgaged bonds	54,910,720	54,910,720	Varied between 02-01 to 16-05-2023	Bonds mortgage	6-4.5
		<u>145,321,349</u>			

- Reborrowed funds amounted to JD 38,640,009 as at 30 June 2023 (JD 37,447,669 as at 31 December 2022) with an interest rate ranging between 2% and 12% as at 30 June 2023 (2% and 11% as at 31 December 2022).

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(14) INCOME TAX

A. Income tax provision

The movement on the income tax provision is as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/year	5,417,035	3,126,294
Income tax incurred on current period/year profit	2,900,596	6,481,934
Prior years income tax expense adjustments	(233,808)	-
Income tax paid	(5,183,882)	(4,191,193)
Ending balance for the period/year	2,899,941	5,417,035

B. Income tax expense:

Income tax expense shown on the interim condensed income is as follows:

	30 June 2023	30 June 2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Income tax incurred on current period profits	2,900,596	2,168,270
Prior years income tax expense	188,287	-
Deferred tax assets for the period	(465,939)	229,066
Deferred tax liabilities for the period	(67,723)	48,032
	2,555,221	2,445,368

C. Tax Status:

- The Bank has reached a final settlement with the Income and Sales Tax Department until the end of the year 2018.
- Regarding the years 2019, 2020, 2021 and 2022, the income tax return was submitted within the legal period, but it has not been reviewed up to the date of preparation of the interim condensed financial statements by the Income and Sales Tax Department.

In the opinion of the Bank's management and legal and tax advisor, no liabilities in excess of the provision booked and the advance payments made by the Bank will arise as of the date of the financial statements.

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Statutory tax rate	38%	38%
Effective tax rate	36%	36%

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(15) SUNDRY PROVISIONS

The details of this item are as follows:

	Balance at the beginning of the period	Expense for the period	Paid during the period	Balance at the end of the period
30 June 2023 (Reviewed not audited)	JD	JD	JD	JD
Provision for lawsuits against the Bank	266,000	321,588	(146,588)	441,000
Provision for end-of-service indemnity	359	1,596	-	1,955
Others	615,000	-	-	615,000
Total	881,359	323,184	(146,588)	1,057,955

	Balance at the beginning of the year	Expense for the year	Paid during the year	Balance at the end of the year
31 December 2022 (Audited)	JD	JD	JD	JD
Provision for lawsuits against the Bank	267,690	32,812	(34,502)	266,000
Provision for end-of-service indemnity	359	-	-	359
Others	615,000	-	-	615,000
Total	883,049	32,812	(34,502)	881,359

(16) OTHER LIABILITIES

The details of this item are as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Refundable and various deposits	33,041,907	6,799,197
Accrued unpaid interest	5,899,197	6,834,576
Acceptable checks	2,663,095	3,511,426
Expected credit loss on indirect facilities and un-utilized limits *	1,471,649	1,479,402
Received amounts on the sale of seized assets	1,044,635	1,069,621
Accrued expenses	1,042,661	1,415,502
Income tax and social security deposits	401,508	336,017
Safe deposits boxes	105,808	105,508
Shareholders' deposits	91,735	14,033
Transactions in transit among branches	75,201	1,140,161
Board of Directors' remunerations	-	55,000
Inward remittance	1,021	37,800
Others	2,077,025	3,505,906
	47,915,442	26,304,149

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

	30 June 2023 (Reviewed not audited)				31 December 2022 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	637,620	41,403	800,379	1,479,402	1,321,797
New facilities during the period/year	20,013	3,519	-	23,532	263,887
Matured facilities during the period/year	(15,019)	(668)	(5,089)	(20,776)	(80,703)
Transferred to stage 1	11,361	(11,354)	(7)	-	-
Transferred to stage 2	(10,320)	10,522	(202)	-	-
Transferred to stage 3	(39)	(113)	152	-	-
Changes resulting from adjustments	(34,910)	24,702	(11,215)	(21,423)	(211,997)
Effect on provision due to reclassification between the three stages	-	6,128	4,786	10,914	186,418
Balance at the end of the period/year	<u>608,706</u>	<u>74,139</u>	<u>788,804</u>	<u>1,471,649</u>	<u>1,479,402</u>

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

	30 June 2023 (Reviewed not audited)				31 December 2022 (Audited)
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	260,398,853	20,398,162	6,175,136	286,972,151	245,992,514
New facilities during the period/year	16,118,835	5,041,147	-	21,159,982	65,025,011
Settled facilities during the period/year	(8,846,159)	(759,687)	(40,595)	(9,646,441)	(28,507,663)
Transferred to stage 1	4,875,637	(4,873,547)	(2,090)	-	-
Transferred to stage 2	(13,553,709)	13,577,709	(24,000)	-	-
Transferred to stage 3	(3,879)	(78,814)	82,693	-	-
Changes resulting from adjustments	(6,098,660)	2,686,110	(706,463)	(4,119,013)	4,462,289
Balance at the end of period/year	<u>252,890,918</u>	<u>35,991,080</u>	<u>5,484,681</u>	<u>294,366,679</u>	<u>286,972,151</u>

(17) AUTHORIZED AND PAID IN CAPITAL

The Bank's authorized and paid in capital is JD 120 million across 120 million shares (1JD/share) as at 30 June 2023 (31 December 2022: JD 120 million).

(18) STATUTORY RESERVE

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

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(19) FAIR VALUE RESERVE, NET

The movement on this item is as follows:

	30 June 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
Balance at the beginning of the period/ year	2,621,695	(973,100)
Unrealized profit, net	1,442,630	3,604,208
Released from selling financial assets at fair value through comprehensive income	-	(9,413)
Balance at the end of the period/ year	4,064,325	2,621,695

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

(20) RETAINED EARNINGS

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

- The Central Bank of Jordan had issued a Circular No.10/1/7702 on the 6th of June 2018 requesting the transfer of the General Banking Risk Reserve to the retained earnings' opening balance as of 1 January 2018 to offset against the impact of International Financial Reporting Standard No (9).
- The retained earnings balance includes JD 9,970,963 restricted against net deferred tax assets as of 30 June 2023 (JD 9,505,024 as of 31 December 2022) according to the instructions of Jordan Securities Commission and Central Bank of Jordan.
- The retained earnings balance includes JD 495,448 restricted against the unrealized gain of financial assets through statement of income as of 30 June 2023 (JD 673,668 as of 31 December 2022) according to the instructions of Jordan Securities Commission and Central Bank of Jordan.
- The retained earnings balance includes a restricted credit balance of fair value of financial assets reserve which amounted to JD 4,064,325 as of 30 June 2023 (credit balance of JD 2,621,695 as of 31 December 2022) (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 Bank's General Assembly approved in its meeting held on 13 April 2023 the recommendation of the Board of Directors to distribute 5% of the capital as cash dividends, which is equivalent to JD 6,000,000 to the shareholders from the retained earnings for the year 2022.

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(21) INTEREST INCOME

The details of this item are as follows:

	For the six months ended 30 June	
	2023	2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
<u>Direct Credit Facilities</u>		
<u>Individuals (Retail)</u>		
Overdrafts	44,871	40,010
Loans and bills	10,476,096	7,029,885
Credit cards	467,393	583,320
Real estate loans	4,273,596	4,292,001
<u>Corporations</u>		
<u>Corporate</u>		
Overdrafts	2,566,690	1,668,600
Loans and bills	14,298,172	10,551,400
<u>Small and Medium Enterprises "SMEs"</u>		
Overdrafts	604,794	573,314
Loans and bills	2,163,352	1,713,688
Governmental and public sector	961,716	978,075
Balances at central banks	34,789	321,534
Balances and deposits at banks and financial institutions	570,587	235,462
Financial assets at amortized cost	8,857,874	7,907,586
	<u>45,319,930</u>	<u>35,894,875</u>

(22) INTEREST EXPENSE

The details of this item are as follows:

	For the six months ended 30 June	
	2023	2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Banks and financial institutions' deposits	1,692,661	1,590,262
Customers' deposits:		
Current and call accounts	52,803	22,634
Saving accounts	964,631	973,182
Time and notice deposits	13,663,796	10,902,656
Certificates of deposit	742,610	638,907
Cash margins	398,264	346,589
Deposit insurance fees	353,615	681,440
Lease contract obligations	79,358	41,449
Borrowed funds	2,336,342	1,779,539
	<u>20,284,080</u>	<u>16,976,658</u>

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(23) PROVISION FOR EXPECTED CREDIT LOSSES, NET

The details of this item are as follows:

	30 June 2023	30 June 2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Balances and deposits at banks and financial institutions	1,296	344
Direct credit facilities	6,284,946	3,723,838
Debt instruments within a portfolio of financial assets at amortized cost	3,553	(24,974)
Indirect credit facilities and unutilized limits	(7,753)	(81,522)
Purchased guarantees and withdrawals	(104,692)	(15,657)
	<u>6,177,350</u>	<u>3,602,029</u>

(24) LOSS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

The details of this item are as follows:

	Realized gains	Unrealized (losses)	Dividends	Total
	JD	JD	JD	JD
<u>30 June 2023 (Reviewed not audited)</u>				
Companies' quoted shares in active markets	<u>-</u>	<u>(178,220)</u>	<u>-</u>	<u>(178,220)</u>
<u>30 June 2022 (Reviewed not audited)</u>				
Companies' quoted shares in active markets	<u>-</u>	<u>(11,869)</u>	<u>3,375</u>	<u>(8,494)</u>

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(25) OTHER INCOME

The details of this item are as follows:

	For the six months ended 30 June	
	2023	2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Recovery of debts previously written-off*	899,249	1,014,869
Credit cards income, net	-	14,380
Rental income of safe deposit boxes	29,628	28,018
Transfers income	296,690	311,013
Checks income	117,769	163,964
Telecommunication income	16,862	13,998
Gain from sale of seized real estate	-	409,549
Gain from sale of property and equipment	5,025	-
Seized real state recoveries	34,910	6,754
Income from account services	362,763	400,691
Income from reversal of miscellaneous provisions	300,000	300,000
Insurance income	4,496	10,079
Others	509,079	132,727
	<u>2,576,471</u>	<u>2,806,042</u>

* This item represents amounts recovered from written - off debts and suspended interest taken during the previous years to off financial position items but recovered during the period ended 30 June 2023 and 30 June 2022.

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(26) OTHER EXPENSES

The details of this item are as follows:

	For the six months ended 30 June	
	2023	2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Programs and computers maintenance	769,015	660,671
Donations and gratuity	545,983	107,963
Legal and lawyer fees	445,046	283,954
Advertisement	443,468	660,000
Water, electricity, swift, and telecommunication expenses	404,448	579,022
Subscriptions	379,252	393,415
Insurance expenses	358,676	432,513
Maintenance, repair, and car expenses	362,080	297,992
Fees, licenses, and taxes	345,285	280,441
Credit cards expenses – net	302,568	-
Professional and consultancy fees	265,585	172,868
Cleaning and security services	263,058	264,623
Board of Directors' transportation and attendance of meeting allowance	193,675	168,175
Stationery and publications	189,512	202,698
Loss from sale of seized assets against debts	155,785	-
Rent	92,759	78,307
Cash management fees	69,922	79,049
Hospitality	30,053	24,673
Collection incentives	13,907	20,918
Others	61,674	74,697
	<u>5,691,751</u>	<u>4,781,979</u>

(27) EARNINGS PER SHARE FOR THE BANK'S SHAREHOLDERS BASIC AND DILUTED

The details of this item are as follows:

	For the six months ended 30 June	
	2023	2022
	(Reviewed not audited)	(Reviewed not audited)
Profit for the period (JD)	<u>5,392,591</u>	<u>4,560,557</u>
Weighted average number of shares (Share)	<u>120,000,000</u>	<u>120,000,000</u>
Basic and diluted earnings per share for the period	<u>0/045</u>	<u>0/038</u>

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(28) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	For the six months ended 30 June	
	2023	2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Cash and balances at central banks maturing within three months	63,769,222	75,627,645
Add: Balances at banks and financial institutions maturing within three months	20,361,278	36,974,208
Less: Banks and financial institutions' deposits maturing within three months	(18,732,747)	(4,045,312)
	<u>65,397,753</u>	<u>108,556,541</u>

(29) CAPITAL MANAGEMENT

Through the management of its paid-in 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%.

The Bank manages the capital structure and makes the necessary adjustments with respect to changes in business conditions. The Bank has not made any adjustments to the objectives, policies and procedures related to the capital structure during the period.

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Capital Adequacy

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 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Primary capital items:		
Authorized and paid-in capital	120,000,000	120,000,000
Retained earnings	14,483,016	20,483,016
Other comprehensive income items		
Fair value reserve - net	4,064,325	2,621,695
Statutory reserve	19,011,405	19,011,405
Profit for the period	5,392,591	-
Total primary capital before regulatory amendments	162,951,337	162,116,116
Less:		
Intangible assets - net	(2,464,157)	(2,228,329)
Deferred tax assets -net	(9,379,002)	(7,784,779)
Dividends to be distributed	-	(6,000,000)
Deferred provisions with the approval of the Central Bank	(2,906,094)	(2,190,711)
Investments in the capital of Banks and financial companies outside the scope of consolidation, in which the Bank owns more than 10%	(9,086,693)	(9,515,671)
Total regulatory amendments	(23,835,946)	(27,719,490)
Net primary capital	139,115,391	134,396,626
<u>Secondary capital items:</u>		
Provision required against credit facilities in stage 1	2,727,256	2,731,308
Total secondary capital	141,842,647	137,127,934
<u>Assets weighted by risks-continuous operations</u>		
Credit risk	902,349,125	936,899,224
Market risk	17,646,442	8,548,090
Operation risk	86,591,351	86,591,351
Total assets weighted by risks	1,006,586,918	1,032,038,665
Ratio of regulatory capital	14,09%	13,29%
Primary capital ratio	13,82%	13,02%

Liquidity Coverage Ratio (LCR):

	30 June 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Total high quality liquid assets after adjustments	366,099	406,272
Net cash outflow	124,619	144,633
Liquidity Coverage Ratio (LCR)	293.8%	280.9%
Liquidity Coverage according to the average end of each month	287.7%	319.4%

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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 other services
- 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 above Banks' business segments.

	Individuals	Corporations	Treasury	Others	30 June 2023	30 June 2022
	JD	JD	JD	JD	JD (Reviewed not audited)	JD (Reviewed not audited)
Gross income for the period	10,063,486	16,348,644	3,311,963	48,478	29,772,571	24,445,231
Less: provision for ECL	(1,345,880)	(4,931,288)	99,818	-	(6,177,350)	(3,602,029)
Segment results	8,717,606	11,417,356	3,411,781	48,478	23,595,221	20,843,202
Net distributed expenses	(9,241,359)	(4,620,680)	(1,431,843)	(353,527)	(15,647,409)	(13,837,277)
Profit before tax for the period	(523,753)	6,796,676	1,979,938	(305,049)	7,947,812	7,005,925
Income tax for the period	-	-	-	(2,555,221)	(2,555,221)	(2,445,368)
Profit for the period	<u>(523,753)</u>	<u>6,796,676</u>	<u>1,979,938</u>	<u>(2,860,270)</u>	<u>5,392,591</u>	<u>4,560,557</u>
Other information						
Capital expenditures					<u>2,061,237</u>	<u>863,053</u>
Depreciation and amortization					<u>1,836,511</u>	<u>1,614,795</u>
					30 June 2023	31 December 2022
					JD	JD
					(Reviewed not audited)	(Audited)
Total segment assets	<u>257,296,798</u>	<u>506,689,172</u>	<u>453,936,567</u>	<u>91,165,844</u>	<u>1,309,088,381</u>	<u>1,364,103,239</u>
Total segment liabilities	<u>677,475,602</u>	<u>350,952,751</u>	<u>75,229,946</u>	<u>42,478,745</u>	<u>1,146,137,044</u>	<u>1,201,987,123</u>

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1- Geographical distribution information

This sector represents the geographical distribution of the Bank's operation. The Bank operates mainly in Jordan.

The following table shows the distribution of the Bank's assets by geographical area:

	Inside Jordan		Outside Jordan		Total	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)
Bank's Assets	<u>1,237,079,861</u>	<u>1,284,429,148</u>	<u>72,008,520</u>	<u>79,674,091</u>	<u>1,309,088,381</u>	<u>1,364,103,239</u>

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

	Inside Jordan		Outside Jordan		Total	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)
Gross income	30,598,581	24,461,666	(826,010)	(16,435)	29,772,571	24,445,231
Capital expenditures	2,061,237	863,053	-	-	2,061,237	863,053

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(31) Risk Management:

1. Distribution of credit exposures according to economic sectors:

A- Distribution of credit exposures by financial instruments as at 30 June 2023 (Reviewed not audited):

	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
Balances at central banks	40,292,061	-	-	-	-	-	-	-	-	-	40,292,061
Balances at banks and financial institutions	50,359,570	-	-	-	-	-	-	-	-	-	50,359,570
Direct credit facilities	40,875,844	99,637,238	143,457,692	28,377,051	96,381,259	5,092,985	3,419,990	172,426,544	22,719,340	84,465,608	696,853,551
Financial assets at amortized cost	3,739,163	-	-	-	-	-	-	-	333,397,132	-	337,136,295
Other assets	-	-	2,217,245	-	-	-	-	-	-	-	2,217,245
Total items within statement of financial position	135,266,638	99,637,238	145,674,937	28,377,051	96,381,259	5,092,985	3,419,990	172,426,544	356,116,472	84,465,608	1,126,858,722
Letters of guarantee	35,810,834	3,889,115	9,303,690	54,021,442	-	374,978	7,959,010	8,231,387	-	23,933,218	143,523,674
Letters of credit	156,120	5,138,665	8,892,157	1,343,934	-	-	-	-	-	-	15,530,876
Other obligations	21,029,146	10,525,348	26,531,081	-	35,356,053	46,711	1,745,367	7,980,555	-	30,626,219	133,840,480
Total	192,262,738	119,190,366	190,401,865	83,742,427	131,737,312	5,514,674	13,124,367	188,638,486	356,116,472	139,025,045	1,419,753,752

B- distribution of credit exposures according to IFRS 9 stages and economic sector as at 30 June 2023 (Reviewed not audited):

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Financial	189,981,724	1,282,330	998,684	192,262,738
Industrial	84,827,727	32,342,451	2,020,188	119,190,366
Trading	97,730,591	87,191,244	5,480,030	190,401,865
Construction	61,112,153	20,051,189	2,579,085	83,742,427
Real estate	109,901,858	20,529,579	1,305,875	131,737,312
Agricultural	1,508,833	3,541,226	464,615	5,514,674
Shares	10,087,638	2,232,941	803,788	13,124,367
Individuals	179,118,135	7,505,931	2,014,420	188,638,486
Governmental and public sector	356,116,426	4	42	356,116,472
Others	100,912,996	32,438,749	5,673,300	139,025,045
Total	1,191,298,081	207,115,644	21,340,027	1,419,753,752

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2- Adjusted Credit Exposures:

The following disclosures are prepared in two stages (first: the gross credit exposure and second for the balance of expected credit losses) as at 30 June 2023 (Reviewed not audited):

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	JD	%
Balances at central banks	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-
Direct credit facilities	176,049,869	58,954,567	84,029,630	12,526,838	71,481,405	9.23
Financial assets at amortized cost	-	-	1,391,296	-	-	-
Other assets	241,345	-	1,976,238	1,976,238	1,976,238	89.1
Total exposure for items within statement of financial position	176,291,214	58,954,567	87,397,164	14,503,076	73,457,643	-
Total exposure for items off statement of financial position	35,991,080	13,577,709	5,484,681	82,693	13,660,402	4.64
Total	212,282,294	72,532,276	92,881,845	14,585,769	87,118,045	

B- Expected credit losses on exposures with modified classification as of 30 June 2023 (Reviewed not audited):

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)	Total	
	JD	JD	JD	JD	JD	JD	%
Balances at central banks	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-
Direct credit facilities	58,954,567	12,526,838	71,481,405	663,840	378,512	1,042,352	1.8
Financial assets at amortized cost	-	-	-	-	-	-	-
Other assets	-	1,976,238	1,976,238	-	-	-	-
Total exposure for items within statement of financial position	58,954,567	14,503,076	73,457,643	663,840	378,512	1,042,352	-
Total exposure for items off statement of financial position	13,577,709	82,693	13,660,402	10,522	152	10,674	0.73
Total	72,532,276	14,585,769	87,118,045	674,362	378,664	1,053,026	

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3- Distribution of credit exposures according to geographic sectors

A. The table shows geographical distribution of credit risk exposure as at 30 June 2023 (Reviewed not audited):

	Inside Jordan	Middle East	Europe	Asia	Africa	America	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	40,292,061	-	-	-	-	-	-	40,292,061
Balances at banks and financial institutions	10,835,260	31,159,822	4,982,072	806	31,547	2,362,244	987,819	50,359,570
Direct credit facilities	696,852,882	-	669	-	-	-	-	696,853,551
Financial assets at amortized cost	337,136,295	-	-	-	-	-	-	337,136,295
Other assets	2,217,245	-	-	-	-	-	-	2,217,245
Total items within Statement of Financial Position	1,087,333,743	31,159,822	4,982,741	806	31,547	2,362,244	987,819	1,126,858,722
Letters of guarantee	143,523,674	-	-	-	-	-	-	143,523,674
Letters of credit	3,666,040	4,067,819	600,990	4,909,093	-	2,286,934	-	15,530,876
Other obligations	133,840,480	-	-	-	-	-	-	133,840,480
Total	1,368,363,937	35,227,641	5,583,731	4,909,899	31,547	4,649,178	987,819	1,419,753,752

B. Distribution of credit exposures according to IFRS 9 stages and geographic sector as at 30 June 2023 (Reviewed not audited):

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Inside Jordan	1,141,613,884	205,410,026	21,340,027	1,368,363,937
Middle East	35,088,396	139,245	-	35,227,641
Europe	5,583,731	-	-	5,583,731
Asia	3,355,225	1,554,674	-	4,909,899
Africa	31,547	-	-	31,547
America	4,637,479	11,699	-	4,649,178
Other	987,819	-	-	987,819
Total	1,191,298,081	207,115,644	21,340,027	1,419,753,752

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(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. The provision for expected credit losses was calculated in accordance with IFRS 9 requirements.

The following related party transactions took place during the period/year:

	BOD members	Companies represented by the BOD	Executive management	Others	Total	
	JD	JD	JD	JD	30 June 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
<u>Statement of financial position items:</u>						
Deposits in the bank	27,746,315	2,628,270	514,884	30,188,314	61,077,783	40,427,044
Direct credit facilities	409,043	18,149,915	1,628,837	5,241,619	25,429,414	26,507,675
Deposits with others	-	-	-	30,000,000	30,000,000	30,000,000
Cash margins	-	258,935	-	-	258,935	586,849
<u>Off-statement of financial position items:</u>						
Letters of guarantee	-	1,717,386	-	354,500	2,071,886	2,143,424
Letter of credit	-	475,030	-	-	475,030	426,818
					For the six months ended 30 June	
					2023	2022
					JD	JD
					(Reviewed not audited)	(Reviewed not audited)
<u>Income statement items:</u>						
Interest and commission income *	19,520	547,127	70,317	371,948	1,008,912	1,071,872
Interest and commission expense **	327,823	-	4,913	468,600	801,336	865,122

* Credit interest rate ranges from 2% to 21%.

** Debit interest rate ranges from 0% to 6.75%.

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 1,640,132 for the six months ended 30 June 2023. (JD 1,471,009 for the six months ended 30 June 2022.)

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(33) COMMITMENTS AND CONTINGENT LIABILITIES

The details of this item are as follows:

	30 June 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Letter of credit	7,769,278	13,830,321
Acceptances	7,614,854	14,809,940
Letter of guarantees:		
Payment	24,201,257	32,696,770
Performance bonds	47,777,855	46,362,086
Others	72,758,062	67,638,596
Unutilized direct credit facilities ceilings	76,782,811	59,666,050
Total	<u>236,904,117</u>	<u>235,003,763</u>

(34) LITIGATION AGAINST THE BANK

Lawsuits raised against the Bank amounted to JD 18,134,873 as at 30 June 2023 (31 December 2022: JD 2,821,848). In the opinion of the Bank's management and the legal advisor, there are no further liabilities that exceed the provision of JD 441,000 as at 30 June 2023 (31 December 2022: JD 266,000).

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

	Fair value					
	30 June 2023	31 December 2022	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
	JD (Reviewed not audited)	JD (Audited)				
Financial Assets						
<u>Financial assets at fair value through statement of income:</u>						
Quoted shares	1,373,119	1,551,339	Level 1	Quoted shares	Not applicable	Not applicable
Total	<u>1,373,119</u>	<u>1,551,339</u>				
<u>Financial assets at fair value through other comprehensive income:</u>						
Quoted shares	32,289,946	32,465,081	Level 1&2	Quoted shares Through comparison to the market price of a similar financial instrument	Not applicable	Not applicable
Unquoted shares	17,583,542	17,025,234	Level 2		Not applicable	Not applicable
	<u>49,873,488</u>	<u>49,490,315</u>				

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

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

	30 June 2023 (Reviewed not audited)		31 December 2022 (Audited)		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
<u>Financial assets not measured at fair value</u>					
Deposits at central banks	40,292,061	40,292,061	42,436,174	42,436,174	Level 2
Balances and deposits at banks and financial institutions	50,359,570	51,137,793	46,289,112	46,914,940	Level 2
Direct credit facilities-net	696,853,551	709,241,203	701,854,386	714,352,390	Level 2
Financial assets at amortized cost-net	337,136,295	340,071,532	366,316,269	369,246,685	Level 2
<u>Total financial assets not measured at fair value</u>	<u>1,124,641,477</u>	<u>1,140,742,589</u>	<u>1,156,895,941</u>	<u>1,172,950,189</u>	
<u>Financial liabilities not measured at fair value</u>					
Banks and financial institutions' deposits	48,732,747	51,753,023	82,143,414	86,186,134	Level 2
Customers' deposits	911,341,256	913,806,504	896,800,727	898,968,976	Level 2
Cash margins	38,626,276	38,811,013	37,774,075	38,002,112	Level 2
Borrowed funds	89,135,848	89,364,787	145,321,349	145,716,923	Level 2
<u>Total financial liabilities not measured at fair value</u>	<u>1,087,836,127</u>	<u>1,093,735,327</u>	<u>1,162,039,565</u>	<u>1,168,874,145</u>	

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.