

INVESTBANK
(PUBLIC SHAREHOLDING COMPANY LIMITED)
AMMAN - JORDAN
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

**INVESTBANK
(PUBLIC SHAREHOLDING COMPANY LIMITED)
CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

To The Shareholders of
Invest Bank
Public Shareholding Company - Limited
Amman – Jordan

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of invest Bank (the "Bank") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as of December 31, 2021, consolidated statements of profit or loss, consolidated other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Invest Bank (the "Bank") and its subsidiaries (together the "Group") as of December 31, 2021, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is enough and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How we responded to the key audit matter
Measurement of expected credit loss The Group applies the Expected Credit Loss model (ECL) on all its financial instruments measured at amortized cost, debt instruments measured at fair value through other comprehensive income and financial guarantee contracts including financing commitments in accordance with International Financial Reporting Standards (9) as amended by the Central Bank of Jordan instructions.	We performed the following audit procedures on the computation of the ECL included in the Group's consolidated financial statements for the year ended December 31, 2021: -We assessed and tested the design and operating effectiveness of the controls over the calculation of the expected credit losses model. -We tested the completeness and accuracy of the data used in the calculation of ECL. -For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria.

<p>The Group exercises significant judgment and makes a number of assumptions in developing its ECL models, which includes the probability of default computation separately for corporate and individuals' portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward-looking adjustments, and staging criteria.</p> <p>For defaulted exposures, the Group uses judgments to estimate the expected future cash flows related to each exposure individually, considering the value of the collateral.</p> <p>The Group's impairment policy under IFRS 9 as amended by the Central Bank of Jordan Instructions is presented in Note (3) to the consolidated financial statements.</p> <p>Measurement of ECL is considered as a key audit matter as the Group applies significant judgments and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing ECL models for calculating its impairment provisions.</p>	<p>-We involved our internal specialists to assess the following areas:</p> <ul style="list-style-type: none"> • Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9 as amended by the Central Bank of Jordan instructions. • ECL methodology and calculations model used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) for the Group's classes of financial instruments. • Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk. • Recalculation of the expected credit losses for a sample of the financial assets "subject to the impairment" at each stage. • Evaluating the impact of COVID 19 on the expected credit losses model in relation to the future economic outlook, macroeconomic data, the probability of default, and the losses given default and its associated weights. <p>-In addition, for the corporate portfolio classified under Stage 3, the appropriateness of provisioning assumptions was independently assessed for a sample of exposures selected on the basis of risk and the significance of individual exposures. An independent review was performed on the levels of provisions recognized, based on the available details over the loans and related collaterals in the loan's credit file, For the retail portfolio classified under Stage 3, assumptions were independently assessed for each product category and an independent review was performed on the levels of provisions recognized at each category level.</p> <p>-We recalculated the provision for non-performing loans in accordance with the Central Bank of Jordan Instructions Number (47/2009).</p> <p>-We compared the expected credit loss provision calculated in accordance with IFRS 9 as amended by the Central Bank of Jordan Instructions with the provision for expected credit losses calculated in accordance with the instructions of the Central Bank of Jordan No. (47/2009) and ensured that the Group has recorded whichever is higher for each stage.</p> <p>-We assessed the consolidated financial statement disclosures to ensure compliance with IFRS 7 and IFRS 9 as amended by the Central Bank of Jordan Instructions. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records.</p>
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Other Information

The board of directors is responsible for the other information. The other information comprises the board of directors' report which is expected to be available to us after the date of this auditor's report. (But does not include the consolidated financial statements and our auditor's report thereon),

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group maintains proper accounting records duly organized prepared in accordance with International Financial Reporting Standards (IFRSs) as amended by the Central Bank of Jordan instructions and in line with the accompanying consolidated financial statements. We recommend that the General assembly of shareholders approve these consolidated financial statements.

Kawasmy and Partners
KPMG Jordan

Hatem Kawasmy
License No (656)



Amman – Jordan
February 10, 2022

INVESTBANK (PUBLIC SHAREHOLDING COMPANY LIMITED)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021

	Notes	December 31, 2021 JOD	December 31, 2020 JOD
Assets			
Cash and balances at the Central Bank of Jordan	4	97,358,858	90,377,554
Balances at banks and financial institutions	5	64,351,278	70,941,436
Deposits at banks and financial institutions	6	-	399,949
Financial assets at fair value through statement of profit or loss	7	1	5,961
Direct credit facilities at amortized cost – net	10	788,635,277	731,932,007
Financial assets at fair value through other comprehensive income	8	37,815,983	39,243,610
Financial assets at amortized cost	9	187,390,518	172,871,636
Property and equipment- net	11	28,435,476	29,030,141
Intangible assets	12	3,003,777	2,766,093
Deferred tax assets	21	15,801,272	17,118,215
Other assets	13	54,359,771	64,670,423
Right of use of leased assets	14	3,884,618	5,102,151
Total assets		1,281,036,829	1,224,459,176
Liabilities and Equity			
Liabilities			
Bank and financial institutions deposits	15	28,778,165	30,489,935
Customers deposits	16	792,518,004	766,814,623
Cash margins	17	31,587,528	35,650,789
Borrowed funds	18	196,973,301	166,797,207
Bonds	19	13,280,000	11,410,000
Lease liabilities	14	2,562,692	3,611,852
Sundry provisions	20	441,918	765,666
Provision for income tax	21	7,057,031	6,189,284
Deferred tax liabilities	21	3,490,066	5,117,743
Other liabilities	22	18,936,393	15,923,551
Total liabilities		1,095,625,098	1,042,770,650
Equity			
Bank's shareholders' equity			
Authorized share capital	23	100,000,000	100,000,000
Subscribed and paid in share capital	23	100,000,000	100,000,000
Statutory reserve	24	33,371,695	30,643,329
Financial asset revaluation reserve-net	25	6,362,363	8,560,247
Retained earnings	26	42,612,312	39,363,524
Total equity attributable to the Bank's shareholders		182,346,370	178,567,100
Non-controlling interest	28	3,065,361	3,121,426
Total equity		185,411,731	181,688,526
Total Liabilities and Equity		1,281,036,829	1,224,459,176

The accompanying notes from 1 to 51 are an integral part of these consolidated financial statements and shall be read in conjunction therewith.

INVESTBANK (PUBLIC SHAREHOLDING COMPANY LIMITED)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	For the year ended December 31,	
		2021	2020
		JOD	JOD
Interest income	29	70,059,733	70,374,650
Interest expense	30	(32,653,622)	(35,307,973)
Net interest income		37,406,111	35,066,677
Net commissions revenue	31	11,975,918	9,901,433
Net interest and commissions income		49,382,029	44,968,110
Gains from foreign currencies	32	818,282	719,047
Gain from financial assets at amortized costs	9	590,162	34,883
Gains from financial assets at fair value through statement of profit or loss	33	585,676	257,909
Cash dividends from financial assets at fair value through other comprehensive income	8	914,630	3,211,974
Other revenue	34	2,669,320	2,462,299
Gross income		54,960,099	51,654,222
Employee expenses	35	(15,238,304)	(15,197,704)
Depreciation and amortization	11, 12, 14	(2,809,188)	(2,956,666)
Donations against COVID 19 pandemic		-	(730,000)
Other expenses	36	(9,501,848)	(8,034,873)
Recoveries from the (provisions) for impairment of assets seized by the Bank in settlement of outstanding debts and the provision for real estate acquired in accordance with the instructions of the Central Bank of Jordan	13	92,383	(241,188)
Recoveries from the (provision) for expected credit losses on direct credit facilities at amortized cost.	10	1,719,244	(15,633,255)
Provision for expected credit losses of other assets and items off the statement of financial position in accordance with IFRS 9	37	(1,062,598)	(499,201)
Sundry provision	20	(144,786)	(496,999)
Total expenses		(26,945,097)	(43,789,886)
Income for the year before income tax		28,015,002	7,864,336
Income tax	21	(10,011,669)	(1,861,067)
Net income for the year		18,003,333	6,003,269
Attributable to:			
Shareholders of the Bank		17,812,151	5,758,958
Non-controlling interest	28	191,182	244,311
		18,003,333	6,003,269
		JOD/ share	JOD/ share
Basic and diluted earnings per share from net profit for the year attributable to shareholders of the Bank	38	0.178	0.058

The accompanying notes are 1 to 51 from an integral part of these consolidated financial statements and shall be read in conjunction therewith.

INVESTBANK (PUBLIC SHAREHOLDING COMPANY LIMITED)
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	For the year ended December 31,	
	2021	2020
	JOD	JOD
Net profit for the year	18,003,333	6,003,269
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods (Net of tax):		
Changes in financial assets revaluation reserve -net of tax	(1,826,485)	(1,956,379)
Losses from sale of financial assets at fair value through other comprehensive income transferred to retained earning from equity instruments -Net after tax	(280,492)	(3,170,604)
Total other comprehensive income items after tax	(2,106,977)	(5,126,983)
Total comprehensive income for the year	15,896,356	876,286
Total comprehensive income for the year attributable to:		
Shareholders of the Bank	15,705,156	632,010
Non-controlling interests	191,200	244,276
	15,896,356	876,286

The accompanying notes are 1 to 51 from an integral part of these consolidated financial statements and shall be read in conjunction therewith.

INVESTBANK (PUBLIC SHAREHOLDING COMPANY LIMITED)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Reserves				Total equity attributable to the Bank's shareholders	Non-controlling interests	Total equity
	Subscribed and paid in capital	Statutory	Valuation of financial assets-net	Retained earnings			
	JOD	JOD	JOD	JOD	JOD	JOD	JOD
As at January 1, 2021	100,000,000	30,643,329	8,560,247	39,363,524	178,567,100	3,121,426	181,688,526
Profit for the year	-	-	-	17,812,151	17,812,151	191,182	18,003,333
Net change in financial assets revaluation reserve - net of after taxes (Losses) gain from sale of financial assets at fair value through other comprehensive income transferred to retained earnings from equity instrument (net of tax)	-	-	(1,826,503)	-	(1,826,503)	18	(1,826,485)
	-	-	(371,381)	90,889	(280,492)	-	(280,492)
Total other comprehensive income	-	-	(2,197,884)	17,903,040	15,705,156	191,200	15,896,356
Transferred to reserves	-	2,728,366	-	(2,728,366)	-	-	-
Dividends (note num.27)	-	-	-	(12,000,000)	(12,000,000)	-	(12,000,000)
Effect of the increase of Investment in subsidiaries	-	-	-	74,114	74,114	(247,265)	(173,151)
Balance at December 31, 2021	100,000,000	33,371,695	6,362,363	42,612,312	182,346,370	3,065,361	185,411,731
As at January 1, 2020	100,000,000	29,728,357	12,255,295	35,387,832	177,371,484	4,639,405	182,010,889
Profit for the year	-	-	-	5,758,958	5,758,958	244,311	6,003,269
Net change in financial assets revaluation reserve - net of after taxes (Losses) gain from sale of equity instruments at fair value through other comprehensive income transferred to retained earnings from equity instrument (net of tax)	-	-	(1,956,344)	-	(1,956,344)	(35)	(1,956,379)
	-	-	(1,738,704)	(1,431,900)	(3,170,604)	-	(3,170,604)
Total other comprehensive income	-	-	(3,695,048)	4,327,058	632,010	244,276	876,286
Transferred to reserves	-	914,972	-	(914,972)	-	-	-
Effect of the increase of Investment in subsidiaries	-	-	-	563,606	563,606	(1,762,255)	(1,198,649)
Balance at December 31, 2020	100,000,000	30,643,329	8,560,247	39,363,524	178,567,100	3,121,426	181,688,526

- Retained earnings include a restricted amount of JD 15,801,272 as at December 31, 2021 according to the instructions of the Central Bank of Jordan against deferred tax assets compared with JD 17,118,215 as at December 31, 2020.
- Retained earnings include a restricted amount of JD 1,039,200 as at December 31, 2021 and December 31, 2020, based on central bank of Jordan request, which represents the remaining balance non-statutory transaction.
- Retained earnings include an amount of JD 415,199 as at December 31, 2021 and December 31, 2020, which represents the effect of the early adoption IFRS (9). Such amount is restricted and can not be utilized unless realized through actual sale as instructed by Jordan Securities Commission.
- General banking reserves balances amounting JD 6,365,000 as at December 31, 2017 have been transferred to retained earnings based on Central Bank of Jordan regulation (13/2018) to clear the effect of implementation of IFRS (9), and the amount of 1,971,056 JOD restricted to be used after clearing.

The accompanying notes are 1 to 51 from an integral part of these consolidated financial statements and shall be read in conjunction therewith.

INVESTBANK (PUBLIC SHAREHOLDING COMPANY LIMITED)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	For the year ended December 31,	
		2021	2020
Operating activities		JOD	JOD
Profit for the year before income tax		28,015,002	7,864,336
Adjustments for:			
Depreciation and amortization	11, 12, 14	2,809,188	2,956,666
(Recovery from) provision for expected credit losses on direct credit facilities	10	(1,719,244)	15,633,255
Recovery from provision for end of service benefits	20	-	(1,560)
Provision for lawsuits against the bank	20	163,837	430,404
Provision of expected credit loss in financial assets and off- balance sheet items in accordance to IFRS (9)	37	1,062,598	499,201
(Recovery from) provision against seized assets for more than 4 years	13	(92,383)	241,188
(Recovery from) provision for other miscellaneous provisions	20	(19,051)	68,155
Losses on disposal of property and equipment		9,429	405
Net effect of Cancelling of lease contracts	14	(36,661)	8,012
Gains on sale of financial assets at amortized cost	9	(590,162)	(34,883)
Gains on sale of assets seized by the Bank	34	(304,757)	(304,012)
Recovery from investment on properties		(81,149)	-
Interest expense on operating lease liabilities	14	137,241	213,860
Unrealized loss on valuation of financial assets at fair value through the statement of profit or loss	33	-	3,705
Net interest Income		96,853	(1,922,898)
Amortization of the increase in the fair value of the assets acquired by subsidiaries as on the date of acquisition		337,700	-
Effect of exchange rate fluctuations on cash and cash equivalents	32	(21,754)	(15,921)
		<u>29,766,687</u>	<u>25,639,913</u>
Changes in assets and liabilities			
Deposits at banks and financial institutions (maturing after more than 3 months)	6	400,000	6,372,500
Financial assets at fair value through Statement of Profit and loss	7	5,960	1
Direct credit facilities at amortized cost	10	(54,984,026)	(73,278,393)
Other assets	13	10,493,955	(7,998,103)
Customers' deposits	16	25,703,381	2,039,756
Cash margin	17	(4,063,261)	(2,304,885)
Other liabilities	22	1,863,539	221,096
		<u>9,186,235</u>	<u>(49,308,115)</u>
Net cash flows from (Used in) operating activities before income tax and provisions paid			
Income tax and sundry provisions paid	20, 21	(8,282,462)	(7,885,629)
Net cash flows from (Used in) operating activities		<u>903,773</u>	<u>(57,193,744)</u>
Investing activities			
Purchase of financial assets at fair value through comprehensive income		(4,772,500)	(4,387,442)
Sale of financial assets at fair value through other comprehensive income		2,745,930	1,738,704
Proceeds from sale of financial assets at amortized cost	9	17,867,600	7,124,883
Purchase of financial assets at amortized cost		(95,412,167)	(41,028,682)
Matured financial assets at amortized cost		63,270,506	29,534,538
Purchase of property, equipment, and projects under construction	11	(989,913)	(1,112,814)
Proceeds from sale of property and equipment		54,524	602
Purchases of intangible assets	12	(626,225)	(540,408)
disposal of intangible assets	12	(10,771)	-
Net cash flow used in purchase of new shares in subsidiaries		(173,151)	(1,198,649)
Net cash flows used in investing activities		<u>(18,046,167)</u>	<u>(9,869,268)</u>
Financing activities			
Dividend paid	27	(12,000,000)	-
Operating lease liabilities payments	14	(823,559)	(969,347)
Net change in borrowed funds	18	30,176,094	36,621,175
Bonds settlement	19	1,870,000	(3,440,000)
Net cash flows from financing activities		<u>19,222,535</u>	<u>32,211,828</u>
Effect of exchange rate fluctuations on cash and cash equivalents	32	<u>21,754</u>	<u>15,921</u>
Net (decrease) in cash and cash equivalents		<u>2,101,895</u>	<u>(34,835,263)</u>
Cash and cash equivalents at 1 January		130,830,113	165,665,376
Cash and cash equivalents at December 31,	39	<u><u>132,932,008</u></u>	<u><u>130,830,113</u></u>

The accompanying notes from 1 to 51 are an integral part of these consolidated financial statements and shall be read in conjunction therewith.

INVESTBANK (PUBLIC SHAREHOLDING COMPANY LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

(1) General information

INVESTBANK (the Bank) is a Jordanian Shareholding public limited company established under No. (173) on 12 August 1982 under the Companies Law No. (12) for the year 1964 with a capital of JD 6,000,000 distributed over 6,000,000 shares with a nominal value of JD 1 per share. The Bank's capital was increased several times until it reached JD 77,500,000/ share as of December 31, 2010, and the Bank's capital was increased during the year 2011 so the subscribed and paid-up capital was JD 85,250,000/ share. The Bank's capital was also increased by JD 14,750,000 on 10 April 2012, so the subscribed and paid-up capital of the Bank was JD 100 million/ share.

The head office of the bank is located in the city of Amman in the Shmeisani area, Abdul Hameed Sharaf Street, Tel. 5001500, P.O. 950601, Amman 11195, the Hashemite Kingdom of Jordan.

The Bank provides all banking and financial works related to its activity through its twelve branches and branches inside the Kingdom and through its subsidiaries.

INVESTBANK is a public shareholding company and is listed in Amman Stock Exchange.

The consolidated financial statements were approved by the Board of Directors at its session number 01/ 2022 on February 9, 2021, and are subject to the approval of the General Assembly of Shareholders.

(2) Summary of significant accounting policies

The significant accounting policies adopted by the Bank in the preparation of these consolidated financial statements.

2-1 Basis of the preparation of the consolidated financial statements

- The consolidated financial statements for the year ended December 31, 2021, for the Bank and its subsidiaries (together “the Group”) were prepared in accordance with the standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee affiliated to the International Accounting Standards Board, as amended by the Central Bank of Jordan instructions.

The main differences between the IFRSs as they shall be applied and what has been approved by the Central Bank of Jordan are the following:

- Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) “Application of the IFRS (9)” dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:
 - Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.
 - When calculating expected credit losses against credit exposures, a comparison between the calculation results is conducted as per IFRS 9, and in accordance with Central bank of Jordan no. (47/2009) December 10, 2009 at each stage, the stricter results are used, and classified in accordance with Central bank of Jordan requirements in this regard.

INVESTBANK (PUBLIC SHAREHOLDING COMPANY LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

- According to the Central Bank of Jordan's instructions for the classification of credit facilities and the calculation of impairment provision number (47/2009) issued on December 10, 2009, the credit facilities were classified into the following categories:
- A- low risk credit facilities, which do not calculate provision dated:
 - 1) Granted to the Jordanian government with its guarantee, as well as to the governments of countries where Jordanian banks have branches, such facilities are granted the same currency as the host country.
 - 2) Cash Guaranteed by (100%) of the outstanding balance at any time.
 - 3) Guaranteed with a 100% banker's acceptance.
- B- Acceptable risk credit facilities, which do not calculate provision:
 - 1) Strong financial positions and adequate cash flows.
 - 2) Contracted and covered with duly accepted guarantees.
 - 3) Having good sources of payment.
 - 4) Active account movement and regular payment for principal amount and interest.
 - 5) Efficient management of the client.
- C- Watch – list credit facilities (requiring special attention) which impairment allowances for are calculated within a range of (1.5% - 15%):
 These credit facilities are characterized by any of the following:
 - 1) The existence of dues for a period of more than (60) days and less than (90) days for the principal of credit facilities and/or interest.
 - 2) Exceeding the overdraft predetermined limit by (10%), and for a period of more than (60) days and less than (90) days.
 - 3) Credit facilities that have previously been classified as non-performing credit facilities then removed from the list upon proper according careful scheduling.
 - 4) Acceptable-risk credit facilities that has been rescheduled twice in one year.
 - 5) Credit facilities that have been expired for more than (60) days and less than (90) days and have not been renewed.
 This is in addition to other conditions detailed in the instructions.
- D- Non- performing credit facilities:
 Which are characterized with any of the following:
 - 1) One of its installments has been accrued, the principal and/or interest asset slackened, or the overdraft account has been freeze for the following terms:

Classification	Number of Breach days	Ratio of the provision in to the first year
Substandard credit facilities	(90) - (179) days	25%
Doubtful credit facilities	(180) to (359) days	50%
Loss credit facilities	(360) days and more	100%

- 2) Overdrafts that exceed the granting limit by (10%) and more, and for the duration of (90) days and more.
- 3) Credit facilities that have been expired for (90) days or more and have not been renewed.
- 4) Credit facilities granted to any customer declared bankrupt or to any company that has been deemed under liquidation.
- 5) Credit facilities that have been restructured three times in a year.
- 6) Current and on-demand accounts overdrawn for (90) days or more.
- 7) The value of the guarantees paid on behalf of the customers and has not been debited to the accounts, for 90 days or more overdue.

The expected credit losses provision against credit facilities is calculated in accordance with the 47/2009 instructions for this category of facilities according to the above ratios and the amount to unguaranteed credit facilities during the first year, while the allocation of the covered amount is completed at 25% and over four years.

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- Interest and commissions are suspended on non-performing credit facilities granted to customers in accordance with the instructions of the Central Bank of Jordan accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter.
- Assets seized by the bank presented in the consolidated statement of financial position within other assets at the amount of which they were seized by the Bank or the fair value, whichever is less, and are reassessed on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of profit or loss and the increase is not recorded as revenue. The subsequent increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the value of the previously recorded impairment. As of the beginning of 2015, a gradual provision was made for real estate acquired for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 15/1/4076 dated 27 March 2014 and No. 10/1/2510 dated 14 February 2017. Noting that the Central Bank of Jordan issued Circular No. 10/1/13967 dated 25 October 2018, in which the Circular No. 10/1/16607 dated 17 December 2017 was approved for extension. The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank's Circular No. 10/1/16239 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of violation) as of the year 2021, Also, in accordance with the letter of the Central Bank of Jordan No. 10/3/13246 dated September 2, 2021 addressed to the Association of Banks in Jordan, the completion of the calculation of the provision has been postponed Until the year 2022 so that the required percentage of 50% of these properties are reached by the end of the year 2030.
- Additional provisions are calculated in the consolidated financial statements against some of the Bank's external investments in some neighboring countries, if any, and in compliance to Central Bank of Jordan's request.
- The central bank's cash and balances caption includes the cash reserve requirements, which represents balances that are restricted in withdrawal sought in accordance with the instructions of the Central Bank and in accordance with the instructions of the regulatory authority in the countries in which the Bank operates, whichever is more strict.
- The consolidated financial statements have been prepared in accordance with the historical cost principle, except for financial assets at fair value through the consolidated income statement and financial assets at fair value through other comprehensive income that appear at fair value at the date of the consolidated financial statements, as well as financial assets and liabilities that have been hedged against the risks of change in their value at fair value.
- The Jordanian Dinar is the presentation currency for the consolidated financial statements which represent the functional currency of the bank.
- The accounting policies used in preparation of the consolidated financial statements for the year ended December 31, 2021 are consistent with the accounting policies adopted for the year ended December 31, 2020 except as mentioned in Note 2-2.

2-2 Changes in accounting policy and disclosures

- The accounting policies used in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the last consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards and amendments to the existing standards as mentioned below.

A- SIGNIFICANT ACCOUNTING POLICIES:

New standards or amendments	Effective date
Interest rate benchmark reform- Phase2 (Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
Covid-19 Related rent concessions beyond 30 June 2021 (Amendment IFRS 16)	1 April 2021

The application of these amended standards did not have a significant effect on the consolidated financial statements.

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B- New IFRSs and Amendments issued but not yet effective:

number of new standards, amendments to standards and interpretations that were issued but not yet effective, and have not A been applied when preparing these consolidated financial statements:

<u>New standards or amendments</u>	<u>Application Date</u>
Annual improvement to IFRS standards 2018-2020	1 January 2022
Reference to the conceptual framework (Amendments to IFRS3)	
Property, Plant and Equipment: Proceeds before intended use (Amendments to IFRS16)	1 January 2022
Loss-making contracts (a contract in which the total cost required to fulfil the contract is higher than the economic benefit that can be obtained from it) - the cost of implementing the contract (Amendments to IAS 37)	1 January 2022
IFRS 17 Insurance Contracts*, including amendments Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023
Classification of liabilities into current or non-current liabilities (amendments to IAS 1)	1 January 2023
Definition of accounting estimates (Amendments to IAS 8)	1 January 2023
Disclosure of accounting policies (Amendments to IAS 1 and IFRS practice statement 2)	1 January 2023
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	1 January 2023
Sale or grant of assets between an investor and an affiliate company or a joint venture (amendments to IFRS 10 and IAS 28)	Optional

The management does not expect that there will be a material impact from the above standards upon implementation

Basis of the consolidation of financial statements:

The consolidated financial statements include the financial statements of the Bank and the companies under its control (its subsidiaries), and control is achieved when the Bank:

- Has the ability to control the investee;
- Is exposed to variable returns, or has the right to variable returns, resulting from its association with the investee;
- Has the ability to use its power to influence the returns of the investee.

The bank will re-estimate whether it controls the investees or not if the facts and circumstances indicate that there are changes on one or more of the control points referred to above.

In the event that the Bank's voting rights fall below the majority of voting rights in any of the investees, it will have the power to control when voting rights are sufficient to give the Bank the ability to unilaterally direct the related subsidiary activities. The bank takes into account all facts and circumstances when estimating whether the Bank has voting rights in the investee that are sufficient to give it the ability to control or not. These facts and circumstances include:

- The volume of voting rights the Bank has in relation to the number and distribution of other voting rights;
- Potential voting rights held by the Bank and any other voting rights holders or parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the bank has, or does not have, a current responsibility to direct the relevant activities at the time the required decisions are taken, including how to vote in meetings of previous general assembly's meetings.

The subsidiary is consolidated when the Bank controls the subsidiary and is deconsolidated when the Bank loses control of the subsidiary. Specifically, the results of operations of subsidiaries acquired or excluded during the year are included in the consolidated statement of Profit or loss from the date on which control is achieved until the date that control of the subsidiary is lost.

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Profits or losses and each item of the comprehensive income are distributed to the owners in the entity and the non-controlling interest, the comprehensive income for the subsidiaries is distributed to the owners in the entity and the non-controlling share even if this distribution will lead to a deficit in the balance of the non-controlling.

Adjustments are made to the financial statements of the subsidiaries, when required, to align their accounting policies with those used by the Bank.

All assets, liabilities, equity, income, and expenses related to transactions and balances between the Bank and its subsidiaries are eliminated upon consolidation.

The non-controlling interests in the subsidiaries are determined separately from the Bank's equity in these entities. The non-controlling interests of the shareholders currently present in the equity granted to their owners with a proportionate share of the net assets upon liquidation which be measured initially at fair value or by the proportionate share of non-controlling interests in the fair value of the identifiable net purchase amount of assets. The measurement is selected on an acquisition basis. Other non- controlling interests are initially measured at fair value. After acquisition, the carrying value of non- controlling interests is the value of these interests upon initial recognition, in addition to the non- controlling interest's share of subsequent changes in equity. Total comprehensive income is attributable to the non-controlling interests even if that results in a deficit in the non-controlling interests' balance.

Changes in the Bank's interest in subsidiaries that do not result in loss of control are accounted for as equity transactions. The present value of the Bank's and non-controlling interests are adjusted to reflect changes in their relative shares in the subsidiaries. Any difference between the amount by which the non- controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Bank.

When the bank loses control of a subsidiary, the profit or loss resulting from the disposal is calculated in the consolidated statement of profit or loss, with the difference between (1) the total fair value of the consideration received and the fair value of any remaining shares and (2) the present value of the assets (including goodwill), less the liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Bank had directly disposed of the assets or liabilities related to the subsidiary.

The fair value of the investment that is held in the previous subsidiary at the date of loss of control is considered to be the fair value upon initial recognition of subsequent accounting under IFRS (9) "Financial instruments" when the provisions of this standard apply, or the cost of initial recognition of investment in an associate or a joint venture.

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These consolidated financial statements include the Bank its following subsidiaries as at December 31, 2021:

Name of the Company	Paid-in Capital (JOD)	Bank's Ownership %	Company's Activity Nature	Company's Head Office	Date of Acquisition
Al-Mward for Financial Brokerage	3,000,000	100%	Brokerage	Amman	2006
Tamkeen Leasing Co	20,000,000	97.5%	Finance lease	Amman	2006
Al Istethmari Latemweel Selselat Al Imdad Company	3,000,000	94%	Management and operation of bonded warehouses	Amman	2010
Jordanian Factoring Company	1,500,000	100%	Factoring of receivables	Amman	2011
Jordan Trade Facilities Company	16,500,000	95.3%	Granting loans and facilities	Amman	2016
Trade Facilities for Finance Leasing Co.	2,000,000	95.3%	Finance lease	Amman	2016
Bindar Trade and Investment Company	20,000,000	96.5%	Granting loans and facilities	Amman	2017
Ruboua Al Sharq Real Estate Company	50,000	96.5%	Sale of lands and properties owned by the Company	Amman	2017
Rakeen Real Estate Company	30,000	96.5%	Sale of lands and properties owned by the Company	Amman	2017
Bindar Finance Lease Company	1,000,000	96.5%	Finance lease	Amman	2017

- The financial statements of the subsidiaries are prepared for the same financial year of the Bank, using the same accounting policies used by the Bank. If the accounting policies adopted by the subsidiaries are different, the required adjustments are made on the financial statements of the subsidiaries to be consistent with the accounting policies used by the Bank.
- The financial statements of subsidiaries are consolidated into the consolidated profit or loss statement from the date they are owned, the date on which the bank's control over subsidiaries is actually transferred and ceased to be consolidated when the bank loses control.
- Non - controlling interest represent the share in net profit or loss and net assets not owned - directly or indirectly by the Bank in subsidiaries and are shown in the consolidated profit or loss statement. Property rights are also included in the consolidated financial position list separately from the rights of the Bank's shareholders.

In the case of preparing separate financial statements for the Bank as a separate entity, the investments in the subsidiaries are stated at cost.

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Segment Information

The business segment represents a group of assets and operations that jointly provide products or services subject to risks and returns that are different from those related to other business segments and that are measured according to the reports that are used by the executive management and decision makers in the Bank.

A geographical segment is associated with the provision of products or services in a particular economic environment that is subject to risks and rewards different from those related to segments operating in other.

Net interest income

Interest income and expense for all financial instruments with the exception of those classified as held for trading or measured at fair value through the consolidated statement of profit or loss in "net interest income" as "interest income" and "interest expenses" are recognized in the consolidated statement of profit or loss using the effective interest method. Interest on financial instruments measured at fair value through the consolidated statement of profit or loss is also included in the fair value movement during the period.

The effective interest rate (EIR) is the rate that discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e., at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e., the gross carrying amount less the allowance for expected credit losses). For financial assets originated or purchased and are credit-impaired, the EIR reflects the ECL in determining the future cash flows expected to be received from the financial asset.

Interest income and expense in the Bank's consolidated statement of profit or loss also includes the effective portion of fair value changes for derivatives that are designated as hedging instruments in the cash flow hedges of interest rate risk. As for the fair value hedges of interest rate risk on interest expense and income, the effective portion of fair value changes for specific derivatives are also included, and fair value changes to the specific risks of the hedged item are also included in interest income and expense. Interest expenses also include the value of the interest against the lease obligations.

Net commissions income

Commissions' net income and expense include fees other than those that are an integral part of EIR. The commissions included in this part of the Bank's consolidated statement of profit or loss also include commissions charged for the loan service, non-use commissions related to loan obligations when this is unlikely to result in a specific arrangement for lending and commissions of co-financing loans.

Commission's expenses with regard to services upon receipt of services

Contracts with clients that result in recognition of financial instruments, part of which may be related to IFRS (9) or (15), in which case commissions are recognized in the part related to IFRS (9) and the remainder is recognized according to the IFRS (15).

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Net income of financial instruments at fair value through the consolidated statement of profit or loss:

Net income from financial instruments at fair value through the consolidated statement of profit or loss includes all gains and losses resulting from changes in the fair value of financial assets and financial liabilities at fair value through the consolidated statement of profit or loss. The Bank has elected to present the movement at the full fair value of the assets and liabilities at fair value through the consolidated statement of profit or loss in this item, including interest income, expenses and related from dividends.

Dividend's income:

Dividend's income is recognized when the right to receive payment is established, being the date preceding the dividends of listed shares, and usually the date on which the shareholders agree to dividends of unlisted shares.

The dividends distribution in the consolidated statement of profit or loss depends on the classification and measurement of the shares, i.e.:

- With regard to equity instruments held through the consolidated statement of profit or loss, dividend income is included in the consolidated statement of profit or loss under the item of profit (loss) of financial assets at fair value through the consolidated statement of profit or loss.
- In the case of equity instruments classified as fair value through other comprehensive income, dividends are included in the consolidated statement of profit or loss as dividend from financial assets at fair value through other comprehensive income.

Financial instruments

Initial recognition of measurement:

Financial assets and financial liabilities are recognized in the consolidated statement of financial position of the Bank when the Bank becomes a party to the contractual provisions of the instrument and loans and advances to customers are recognized if they are credited to the customers' account.

Financial assets and liabilities are measured initially at fair value, and transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities are added to the fair value of the financial assets or financial liabilities, or deducted therefrom, as necessary, upon initial recognition. Transaction costs that are directly related to the acquisition of financial assets or financial liabilities at fair value through the consolidated statement of profit or loss are recognized directly in the consolidated statement of profit or loss.

If the transaction price differs from fair value at initial recognition, the Bank will account for such difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, the difference is recognized on initial recognition (i.e., profit or loss on the first day).
- In all other cases, the fair value will be adjusted to align with the transaction price (i.e., day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to the consolidated statement of profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability, or upon the de-recognition of such instrument.

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Financial assets:

Initial recognition:

All financial assets are recognized on the trade date where the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and is initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value in the consolidated statement of profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in the statement of profit or loss.

Subsequent measurement:

All recognized financial assets that are within the scope of IFRS (9) are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- The financing instruments held in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding and are subsequently measured at amortized cost.
- The financing instruments held within the business model that aim to both collect contractual cash flows and sell debt instruments, which have contractual cash flows that are SPPI on the principal amount outstanding and are subsequently measured at fair value through other comprehensive income.
- All other financing instruments (such as debt instruments managed on fair value basis, or held for sale), and equity investments are subsequently measured at fair value through the consolidated statement of profit or loss. However, the Bank can take a non - irrevocable option/ determination after initial recognition of the financial asset on an asset-by-asset basis, as follows:
- The Bank can take the non - irrevocable option by including subsequent changes in the fair value of the investment in equity that is not held for trading or a possible replacement recognized by the buyer within the business combination to which the IFRS (3) applies, in other comprehensive income.
- The Bank can determine in a non-irrevocable manner the financing instruments that meet the criteria of amortized cost or fair value through other comprehensive income as measured by the fair value through the consolidated statement of profit or loss if it eliminates or significantly reduces mismatches in accounting (referred to as the fair value option).

Debt instruments at amortized cost or at fair value through other comprehensive income:

The Bank assesses the classification and measurement a financial asset based on the contractual cash flow characteristics and the Bank's business model for managing the asset.

For an asset to be classified and measured at amortized cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding.

For the purpose of the SPPI test, the principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g., if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending options and risks, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

The contractual cash flows represent SPPI, which are consistent with the basic financing arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic financing arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic financing arrangement irrespective of whether it is a loan in its legal form.

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Business model assessment:

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at aggregation rather than on an instrument-by-instrument basis.

The Bank may adopt more than one business model for managing its financial instruments which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Bank takes into account all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that expected to Bank does not reasonably expect to occur, such as the so-called 'worst case' or 'stress case' scenarios. the Bank also takes into account all relevant evidence available such as:

- The policies and declared objectives of the portfolio and the application of those policies and whether the management strategy focuses on obtaining contractual revenue, maintaining a specific rate of profit, and matching the period of financial assets with the period of financial liabilities in which those assets are financed cash flows are realized through the sale of assets.
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel.
- The risks that affect the performance of the business model (and financial assets held within that business model) and, in particular, the way in which those risks are managed.
- How managers of the business are compensated (e.g., whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

On initial recognition of the financial asset, the Bank determines whether the recently recognized financial assets are part of an existing business model or whether it reflects the beginning of a new business model. The Bank reassesses its business models in each reporting period to determine whether the business models have changed since the previous period.

When a debt instrument that is measured at fair value through other comprehensive income is derecognized, the cumulative gain/ loss previously recognized in other comprehensive income in equity is reclassified to the consolidated statement of profit or loss. On the other hand, as for equity investment measured at fair value through other comprehensive income, the cumulative gain/ loss previously recognized in other comprehensive income is not subsequently reclassified to the consolidated statement of profit or loss but is rather transferred directly within equity.

Debt instruments that are subsequently measured at amortized cost or at Fair value through other comprehensive income are tested for impairment.

Financial assets - Assessing whether contractual cash flows are payments of the principal and interest only:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

In assessing whether contractual cash flows are only SPPI, the Bank has considered the contractual terms of the instrument. This includes assessing whether the financial assets involve a contractual period that can change the timing or amount of contractual cash flows and therefore they do not meet the conditions of SPPI In making this assessment, the Bank considers:

- Contingent events that change the amount or timing of cash flows.

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- Prepaid features and the possibility to extend.
- Terms that limit the Bank's claim to cash flows from specified assets.

Financial assets at fair value through the statement of profit or loss:

Financial assets at fair value through statement of profit or loss are:

- Assets of contractual cash flows, and which have been not Principal debt and interest on the principal amount.
- Assets held within the business model other than those held to collect contractual cash flows or held for collection and sale.
- Assets designated at fair value through the consolidated statement of profit or loss using fair value option.

These assets are measured at fair value, and any gains/ losses arising from re-measurement are recognized in the consolidated statement of profit or loss.

Reclassification:

If the business model under which the Bank holds financial assets changes, the financial assets that were affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets. Changes in contractual cash flows are considered within the framework of the accounting policy for the amendment and exclusion of financial assets set out below.

Foreign exchange gains and losses:

The carrying amount of financial assets recorded in foreign currency is determined and translated at the rates prevailing at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in the consolidated statement of profit or loss.
- For debt instruments measured at at fair value through other comprehensive income that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in the consolidated statement of profit or loss. Other exchange differences are recognized in other comprehensive income in the investment's revaluation reserve.
- For financial assets measured at amortized cost through the consolidated statement of profit or loss that are not part of a designated hedging relationship, gains and losses of exchange differences are recognized in the consolidated statement of profit or loss.
- For equity instruments measured at fair value through other comprehensive income, exchange differences are recognized in other comprehensive income within investments revaluation reserve.

Fair value option:

A financial instrument with a fair value can be measured reliably at fair value through the consolidated statement of profit or loss (fair value option) upon initial recognition, even if the financial instruments are not acquired or incurred primarily for the purpose of selling or repurchasing. The fair value option for financial assets can be used if it substantially eliminates or reduces the inconsistency of the measurement or recognition that would otherwise have arisen from the measurement of assets or liabilities, or the recognition of related profit and loss on a different basis ("accounting mismatch"). The fair value option for financial liabilities can be chosen in the following cases:

- If the choice leads to the cancellation or substantially reduces accounting mismatch.
- If the financial liabilities are part of a portfolio managed on a fair value basis, according to a documented risk or investment management strategy.
- If there is a derivative that is included in the host financial or non-financial contract and the derivative is not closely related to the host contract.

These tools cannot be reclassified to fair value through the consolidated statement of profit or loss while they are held or issued. Financial assets designated at fair value through the consolidated statement of profit or loss are recorded at fair value with any unrealized gains or losses arising from changes in the fair value of investment income.

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Expected credit losses:

The Bank recognizes loss allowances for expected credit loss on the following financial instruments that are not measured at fair value through the consolidated statement of profit or loss:

- Loans and credit facilities (direct and indirect).
- Debt instruments carried at amortized cost.
- Debt instruments classified at fair value through other comprehensive income.
- Financial guarantees provided in accordance with the requirements of IFRS 9.
- Receivables related to leases are within the requirements of IAS (17) and IFRS (16).
- Trade receivables.
- Credit exposures to banks and financial institutions [excluding current balances used to cover the Bank's transactions such as remittances, guarantees and credits within a very short period of time (days)].

Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:

- Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.
- When calculating credit losses against credit exposures, the calculation results are compared according to the IFRS (9) under the instructions of the Central Bank of Jordan No. (47/2009) dated 10 December 2009 for each stage separately and the stricter results are taken.

Impairment loss is not recognized in equity instruments.

With the exception and notes Impairment losses are Purchased or Originated Rating-Impaired' (POCI) financial assets (which are considered separately below), ECL are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., lifetime ECL that result from those default events on the financial instrument that can be realized within 12 months after the reporting date, referred to in Stage 1.
- 12-month ECL, i.e., lifetime ECL that result from those possible default events over the age of the financial instrument, referred to in Stage 2 and Stage 3.

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL are measured at an amount equal to the 12-month ECL.

ECL are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive, which arise from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

For the unutilized limits, the expected credit loss is the difference between the present value of the difference between the contractual cash flows due to the Bank if the borrower withdraws the financing and the cash flows that the Bank expects to receive if the financing is utilized.

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For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the instrument holder, the customer or any other party.

The Bank measures ECL on an individual basis, or on the portfolio basis that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a portfolio basis.

Credit-impaired financial assets:

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following:

- Significant financial difficulty faced by borrower or issuer.
- Breach of contract, for example, default or delay in payment.
- The Bank grants the borrower a waiver for economic or contractual reasons related to the borrower's financial difficulty.
- The disappearance of an active market for that financial asset because of financial difficulties.
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit impaired. The Bank assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to increase funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes possibility of a backstop if amounts are overdue for 90 days or more. However, cases where the asset's impairment is not recognized after (90) days of maturity, are supported by reasonable information.

Purchased or originated credit-impaired' (POCI) financial assets:

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognizes all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognized in the consolidated statement of profit or loss. A favorable change for such assets creates an impairment gain.

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Definition of default:

The definition of default is deemed critical to the determination of ECL. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECL and the identification of a significant increase in credit risk as shown below.

The Bank considers the following as an event of default:

- The borrower defaults for more than 90 days on any significant credit obligation to the Bank.
- The borrower is unlikely to pay his credit obligations of the Bank in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment of another obligation to the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Significant increase in credit risk:

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Bank will not consider that financial assets with 'low' credit risk at the reporting date did not have a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate financing, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, that can be obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as taking into consideration various internal and external sources of actual and forecast economic information.

For individuals financing, forward looking lending information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behavior. The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality.

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The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- The remaining lifetime PD at the date of reporting.
- The remaining lifetime PD at a point in time that was estimated based on facts and circumstances at the initial recognition of the exposure.

The PDs are considered forward-looking, and the Bank uses the same methodologies and data used to measure the expected credit loss provisions.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Bank considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a backstop when an asset becomes 30 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Modification and de-recognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g., a change to the increase in the interest rate that arises when covenants are breached).

The bank renegotiates loans with customers who face financial difficulties to increase collection and reduce the risk of default. The terms of repayment of the loan are facilitated in cases where the borrower has made all reasonable efforts to pay under the original contractual terms, and an important risk of default or default has occurred, and it is expected that the borrower will be able to fulfil the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The bank has a waiting policy that applies to corporate and individual lending.

When a financial asset is modified, the bank assesses whether this amendment leads to de-recognition. As per the Bank's policy, the modification leads to de-recognition when it causes a significant difference in the terms.

- Qualitative factors, such as the non-existence of contractual cash flows after modification as SPPI, change in currency or change in the counterparty, or extent of change in interest rates, maturity, or covenants. If this does not clearly indicate a fundamental modification.
- Conducting a quantitative evaluation to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows in accordance with the revised terms and deduct both amounts based on the original effective interest.

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In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of de-recognition to determine the net carrying amount of the asset at that date the difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on de-recognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated as credit-impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised paramount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in de-recognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.
- The remaining PD at the reporting date based on the revised terms.

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in de-recognition, the estimate of PD reflects the Bank's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to de-recognition, the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then, the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognizes a financial asset only when the contractual rights to the asset's cash flows expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in the consolidated statement of profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to the consolidated statement of profit or loss.

Write-offs:

Financial assets are written off when there is no reasonable expectation of recovery, such as the customer not participating in a payment plan with the Bank. The Bank classifies the funds or amounts due for write-off after exhausting all possible payment methods and taking the necessary approvals. However, if the financing or receivable is written off, the Bank continues the enforcement activity to try to recover the outstanding receivables, which are recognized in the consolidated statement of profit or loss upon recovery.

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ECL provision of presentation in the consolidated statement of financial position :

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- For debt instruments measured at FVTOCI: no provision is recognized in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;
- Loan's commitments and financial guarantee contracts: as a provision.
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Financial liabilities and equity:

Issued Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non- derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

Loans and advances:

The "loans and advances" included in the statement of financial position comprise the following:

- Loans and advances measured at amortized cost; initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using the effective interest method.
- Loans and advances, which are measured at FVTPL or designated as at FVTPL; are measured at fair value with changes recognized immediately in profit or loss.
- Lease receivables.
- Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan.
- Credit facilities and their suspended interest covered by provisions are transferred entirely off the consolidated statement of financial position, in accordance with the decisions of the Board of Directors in this regard.

When the Group purchases a financial asset and concludes an agreement simultaneously to resell the asset (or a substantially similar asset) at a fixed price at a later date (repurchase or borrowing shares), the consideration paid is calculated as a loan or advance, and the asset is not recognized in the Group's financial statements.

Equity instruments:

Share capital:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Bank are recognized at the proceeds received, net of direct issue costs.

Treasury shares:

Repurchase of the Bank's own equity instruments is recognized and deducted directly in equity. No gain/ loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Bank's own equity instruments.

Composite instruments:

The component parts of the composite instruments (such as convertible notes) issued by the Bank are classified separately as financial liabilities and equity in accordance with the content of the contractual arrangements, definitions of financial liabilities and equity instruments. The transfer option that will be settled by exchanging a fixed cash amount or other financial asset for a specified number of the company's equity instruments is an equity instrument.

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At the date of issue, the fair value of the liability component is estimated using the prevailing interest rate in the market for similar non-convertible instruments. In the case of non-embedded related derivatives, they are first separated, and the remaining financial liabilities are recorded on an amortized cost basis using the effective interest method until they are extinguished upon conversion or on the instrument's maturity date.

Financial liabilities:

Financial liabilities are classified either as financial liabilities at fair value through the consolidated statement of profit or loss or other financial liabilities.

Financial liabilities at fair value through the consolidated statement of profit or loss:

Financial liabilities are classified at fair value through the consolidated statement of profit or loss when financial liabilities (a) are held for trading or (b) are classified at fair value through the consolidated statement of profit or loss. A financial liability is classified as held for trading if:

- It is incurred principally for the purpose of repurchasing in the near term.
- Upon initial recognition it is part of a portfolio of identified financial instruments that the Bank has and has a modern actual pattern of short-term profit taking.
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for the purpose of trading or the potential consideration that a buyer may pay as part of a business combination at fair value is determined through the consolidated statement of profit or loss upon initial recognition if:

- This designation substantially eliminates or reduces the inconsistency of the measurement or recognition that may otherwise arise.
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.
- If the financial obligation forms part of a contract that contains one derivative or more. IFRS 9 allows a fully hybrid contract (composite) to be determined at fair value through the consolidated statement of profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value through the consolidated statement of profit or loss with any gains or losses arising on remeasurement recognized in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the consolidated statement of profit or loss includes any interest paid on the financial liabilities and is incorporated in the item "net profit or loss from other financial instruments" at fair value through the consolidated statement of profit or loss.

However, in respect of non-derivative financial liabilities classified at fair value through the consolidated statement of profit or loss, the amount of the change in the fair value of the financial liabilities that resulted from changes in the credit risk of those liabilities is recognized in other comprehensive income, unless recognition of the effects of changes in the credit risk of liabilities in other comprehensive income would create or increase accounting mismatch in the consolidated statement of profit or loss. The remaining amount of changes in the fair value of the liability is recognized in the consolidated statement of profit or loss, and changes in the fair value attributable to the credit risk of financial liabilities recognized in other comprehensive income are not reclassified subsequently to the consolidated statement of profit or loss. Instead, it is transferred to retained earnings upon de-recognition of the financial liability.

With regard to liabilities for issued loans and financial guarantee contracts classified as fair value through the consolidated statement of profit or loss, all gains and losses are recognized in the consolidated statement of profit or loss.

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When determining whether recognition of changes in the credit risk of liabilities in other comprehensive income will create or increase the accounting mismatch in the consolidated statement of profit or loss, the Bank assesses whether it expects to offset the effects of changes in the credit risk of the liabilities in the consolidated statement of profit or loss with a change in the fair value of another financial instrument that has been measured at fair value through the consolidated statement of profit or loss.

Other financial liabilities:

Other financial liabilities, including deposits and loans, are initially measured at fair value, net of transaction costs. Other financial liabilities are then measured at amortized cost, using the effective interest method.

The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest expenses over the relevant period. An effective interest rate is the rate that exactly discounts estimated future cash payments during the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount at initial recognition to obtain details on the effective interest rate.

De-recognition of financial liabilities:

The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in consolidated statement of profit or loss.

The exchange between the Bank and its existing lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Likely, the Bank treats the significant modification of the outstanding obligation conditions or part thereof as extinguishment of the original financial liabilities and the recognition of new liabilities. The terms are assumed to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Derivative financial instruments:

The bank enters a variety of derivative financial instruments, some of which are held for trading while others are maintained to manage exposure to interest rate risk, credit risk, and foreign exchange rate risk. Financial derivatives include foreign currency forward contracts, interest rate swaps, interest rate swaps across currencies and credit default swaps.

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value at the date of each statement of financial position. The resulting profits/ losses are recognized in the consolidated statement of profit or loss immediately unless the derivative is identified and are effective as a hedging instrument, in which case the timing of recognition in the consolidated statement of profit or loss depends on the nature of the hedge relationship. The Bank identifies certain derivatives as either fair value hedges for recognized assets and liabilities, or for the company's obligations (fair value hedges), potential forecasting hedges, foreign currency risk hedges for fixed obligations (cash flow hedges) or net investments in foreign operations (net investment hedges).

Derivatives with positive fair value are recognized as a financial asset, while derivatives with negative fair value are recognized as financial liabilities. Derivatives are presented as non-current assets or non-current liabilities if the residual maturity of the instrument is more than (12) months and is not expected to be realized or settled within (12) months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives:

Derivatives embedded in financial liabilities or other non-financial asset host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through the consolidated statement of profit or loss.

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An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months. Other embedded derivatives are presented as other assets or other liabilities.

Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Bank's entity are initially measured at their fair value, and if they are not determined at fair value through the consolidated statement of profit or loss that does not result from the transfer of a financial asset, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9).
- The amount initially recognized, less, where appropriate, the amount of accumulated profit or loss recognised in accordance with the Bank's revenue collection policies, whichever is greater.

Financial guarantee contracts that are not designated at fair value through the consolidated statement of profit or loss are presented as provisions in the consolidated statement of financial position and remeasurement is presented in other income.

The Bank did not specify any financial guarantee contracts at fair value through the consolidated statement of profit or loss.

Commitments to provide a loan at an interest rate lower than the market price:

Commitments to provide a loan at an interest rate lower than the market price are measured initially at their fair value, and if they are not determined at fair value through the consolidated statement of profit or loss, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9).
- The amount initially recognized, less, where appropriate, the amount of accumulated profit or loss recognized in accordance with the Bank's revenue collection policies, whichever is greater.

Commitments to provide a loan at an interest rate lower than the market price, which are not designated at fair value through the consolidated statement of income are presented as provisions in the consolidated statement of financial position, and remeasurement is presented in other income.

The bank did not designate any commitments to provide a loan at an interest rate lower than the market price, which are designated at fair value through the consolidated statement of profit or loss.

Hedge accounting

- The Bank identifies certain derivatives as hedging instruments with respect to foreign currency risk and interest rate risk in fair value hedges, cash flow hedges or net investment hedges in foreign operations, as appropriate. Foreign exchange risk hedges on the Bank's commitments are also accounted for as cash flow hedges. The Bank does not apply fair value hedge accounting to hedges of interest rate risk portfolio. In addition, the Bank does not use the exemption to continue to use hedge accounting rules using IAS (39), i.e., the Bank applies the hedge accounting rules of IFRS (9).
- At the beginning of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives and strategy for undertaking various hedging transactions. Furthermore, at the commencement of the hedging and on a continuous basis, the Bank documents whether the hedging instrument is effective in offsetting changes in the fair value or cash flows of the hedged item that can be attributed to the hedged risk, and for which all hedging relationships meet the following hedging effectiveness requirements:
 - There is an economic relationship between the hedged item and the hedging instrument.
 - The effect of credit risk does not dominate the value changes that result from this economic relationship.

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- The hedge ratio for the hedge relationship is the same as that results from the amount of the hedged item to which the Bank actually hedges and the amount of the hedging instrument that the Bank actually uses to hedge that amount of the hedged item.
- The Bank rebalances the hedging relationship in order to comply with the requirements of the hedge rate when necessary. In such cases, the suspension may apply to only part of the hedge relationship. For example, the hedge ratio may be adjusted in such a way that part of the hedged item is not part of the hedge relationship, and therefore the hedge accounting is suspended only for the size of the hedging item that is no longer part of the hedge relationship.
- If the hedge relationship ceases to meet the hedge effectiveness requirements related to the hedge ratio but the risk management objective of this hedge relationship remains the same, the Group adjusts the hedge ratio for the hedging relationship (such as the hedge rebalance) so that the qualification criteria are combined again.
- In some hedging relationships, the Bank only determines the true value of the options. In this case, a change in the fair value of the component of the time value of the option in the other comprehensive income is deferred, over the hedging period, to the extent that it relates to the hedged item and is reclassified from equity to the consolidated statement of profit or loss when the hedged item does not lead to recognition of non-financial items. The Bank's risk management policy does not include hedging items that lead to recognition of non-financial items, because the Bank's risks relate to financial items only.
- The hedged items determined by the Bank are hedging items related to the period, which means that the original time value of the option related to the hedged item of equity is amortized to the consolidated statement of profit or loss on a rational basis (for example, according to the straight-line method) over the period of hedging relationship.
- In some hedging relationships, the Bank does not determine the forward component of a forward contract or the difference on a currency basis for the hedging instrument across the currencies. In this case, a similar treatment applies to the time value of the options. It is optional to treat the forward component of the forward contract and the difference on a currency basis, and the option is applied on a hedging basis separately, other than treating the time value of options that are mandatory. Regarding hedging relationships and forward derivatives or foreign currencies such as interest rate swaps across currencies, when the forward component or the difference on the currency basis is excluded from classification, the Bank generally recognizes the excluded item in other comprehensive income.
- Details of the fair values of the derivative instruments used for hedging purposes and movements in the hedging reserve are determined in equity.

Fair value hedges:

- The change in the fair value of the qualified hedging instrument is recognized in the consolidated statement of profit or loss except when the hedging instrument hedges the equity instrument designated at fair value through other comprehensive income, in which case it is recognized in other comprehensive income. The Bank has not specified fair value hedging relationships when the hedging instrument hedges the equity instrument designated at fair value through other comprehensive income.
- The carrying amount of the hedged item that was not measured at fair value is adjusted for the change in the fair value, which can be attributed to the hedged risk and a corresponding recognition in the consolidated statement of profit or loss. For debt instruments that are measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is at fair value, but the profit or loss portion of the fair value on the hedged item associated with the risk hedged is included in the consolidated statement of profit or loss instead of the other comprehensive income. When the hedged item has a fair value equity instrument determined through other comprehensive income, the hedging gains/ losses remain in the other comprehensive income to match the hedging instrument.
- When the hedging gains/ losses are recognized in the consolidated statement of profit or loss, they are recognized in the same item as the hedged item.

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- The Bank does not suspend hedging accounting except when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument expires, is sold, terminated, or exercised, and exclusion is stated for the future effect. Amortization is accounted for the fair value adjustment to the book value of the hedged items for which the effective interest method is used (i.e., tools we have measured at amortized cost or at fair value through other comprehensive income) that results from the hedged risk in the consolidated statement of profit or loss as of a date not later than the date of suspension of hedge accounting.

Cash flow hedges

- The effective portion of changes in the fair value of derivatives and other qualified hedging instruments that are determined and qualify as cash flow hedges in the hedging reserve for cash flow is recognized, as a separate component, in other comprehensive income. This is limited to the cumulative change in the fair value of the hedged item from the start of the hedge less any amounts recycled to the consolidated statement of profit or loss.
- Amounts previously recognized in other comprehensive income and the accumulation of shareholders' equity in the consolidated statement of profit or loss in the periods in which the hedging item affects profit or loss are reclassified in the same line of the hedged recognized item. If the Bank no longer expects the transaction to occur, then this amount is immediately reclassified to the consolidated statement of profit or loss.
- The bank does not suspend hedging accounting except when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument expires, is sold, terminated, or exercised, or when the occurrence of a specific hedging transaction is not considered to be highly probable. Suspension is calculated with a future effect. Any gains/ losses recognized in other comprehensive income and accumulated in equity at that time remain in equity and recognized when the expected transaction is finally recorded in profit or loss. When the occurrence of a forecast transaction becomes unpredictable, the accumulated profits/ losses in shareholders' equity is reclassified and recognized directly in the consolidated statement of profit or loss.

Hedges of net investments in foreign operations

- Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gains/ losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income and accumulated in the reserve of foreign exchange.
- The profits and losses resulting from the hedging instrument related to the effective portion of the hedging accumulated in the foreign currency translation reserve are reclassified into profits or losses in the same way as the foreign exchange differences of the foreign operation as described above.

Offsetting

- Financial assets and liabilities are offset and net amounts are reported in the consolidated statement of financial position, only when legally enforceable rights are established and when such amounts are settled on a net basis, and when assets and liabilities are settled simultaneously.

Accounts managed for the interest of clients

- Accounts managed by the Bank on behalf of clients are not considered as assets of the Bank. Fees and commissions for managing these accounts are shown in the consolidated statement of profit or loss. A provision is made against the decrease in the value of the capital-guaranteed portfolios, which are managed for the interest of clients.

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Fair Value

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account, when pricing the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value such as value as used in IAS (36).
- In addition, for the purposes of preparing financial reports, fair value measurements are categorized to level (1), (2) or (3) based on the clarity of the inputs in relation to the fair value measurements and the importance of the inputs in relation to the full fair value measurements, and they are defined as follows:
Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: inputs for the asset or liability that are not based on observable market data.

Provisions

- Provisions are recognized when the Bank has obligations at the date of the consolidated statement of financial position arising from past events and obligations can be paid and measured reliably.

Employees' benefits

Employees' short-term benefits

- Employee's short-term benefits are recognized as expenses when providing related services. The commitment relating to the amount expected to be paid is recognized when the Bank has a current legal or constructive obligation to pay for the previous services provided by the employee and the obligation can be estimated reliably.

Employees' other long-term benefits

- The Bank's net liabilities in relation to employees' benefits are the number of future benefits that employees have received for their services in the current and previous periods. Those benefits are deducted to determine their present value. The remeasurement is recognized in the consolidated statement of profit or loss in the period in which it arises.

Income tax

- Tax expenses represent amounts of tax payable and deferred tax.
- Payable tax expenses are calculated based on taxable profits. Taxable profits are different from profits disclosed in the consolidated financial statements, as the disclosed profits include revenue that is not subject to tax, expenses that are not deductible in the financial year but in subsequent years or accumulated losses that are accepted in terms of tax, or items that are not taxable or deductible for tax purposes.
- Taxes are calculated as per the tax rates established by the laws, regulations and instructions applicable in the countries where the Bank operates.
- Deferred tax is the tax expected to be paid or recovered as a result of temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value based on which taxable profit is calculated. Deferred tax is calculated using the liability method in the statement of financial position, and deferred tax is accounted for in accordance with tax rates expected to be applied to settle the tax liability or realize deferred tax assets.
- Deferred tax balance is reviewed at the consolidated financial statements date and written down when it is not probable to utilize tax assets partially or fully.

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Assets seized by the Bank in settlement of due debts

- Assets seized by the Bank are recognized in the consolidated statement of financial position within the "other assets" item at the lower of the value reverted to the Bank and the fair value and are revaluated at the consolidated financial statements date at fair value separately. Any impairment is recorded as a loss in the consolidated statement of profit or loss and the increase is not recognized as revenue. Subsequent increase is included in the consolidated statement of profit or loss to the extent that impairment value does not exceed the previously recorded value.

As of the beginning of 2015, a gradual provision was made for real estate acquired for more than 4 years against debts according to the Circular of the Central Bank of Jordan No 15/1/4076 dated 27 March 2014 and No. 10/1/2510 dated 14 February 2017. Noting that the Central Bank of Jordan issued Circular No. 10/1/13967 dated 25 October 2018, in which the Circular No. 10/1/16607 dated 17 December 2017 was approved for extension. The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank's Circular No. 10/1/16239 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of violation) as of the year 2021. Also, according to the letter of the Central Bank of Jordan No. 10/3/13246 dated 2 September 2021 Addressed to the Association of Banks in Jordan, the completion of the provision calculation has been postponed until 2022, so that the required percentage of (50%) of these properties are reached by the end of the year 2030.

Pledged financial assets

- These are the financial assets pledged in favor of other parties, with the other party having the right to dispose of it (by selling or re-pledging). These assets continue to be evaluated according to the accounting policies used to evaluate each asset according to its original classification.

Repurchase or sale contracts

- Sold assets, which are simultaneously committed to be repurchased at a future date, because the Bank continues to control those assets and because any risks or benefits accrue to the Bank as they occur, continue to be recognized in the consolidated financial statements. They continue to be evaluated according to the accounting policies used. (In the event that the buyer has the right to dispose of these assets (sale or re-pledging), they must be reclassified as pledged financial assets). The amounts corresponding to the amounts received for these contracts are included in the liabilities in the borrowed funds line item, and the difference between the sale and repurchase price is recognized as interest expense to be accrued over the life of the contract using the effective interest method.
- As for the assets purchased with the simultaneous commitment to resell them on a specific future date, they are not recognized in the consolidated financial statements, due to the lack of control over these assets and because any risks or benefits that are not assigned to the bank if they occur, and the amounts paid related to these contracts, are included in deposits at banks and other financial institutions or within credit facilities, as the case may be. The difference between the purchase price and the resale price is treated as interest income due over the contract period using the effective interest method.

Property and equipment

- Property and equipment are stated at cost, less the accumulated depreciation and any impairment. Property and equipment are depreciated (excluding lands), when they are ready for use at the straight-line method over their expected useful lives using the following annual percentages:

	<u>%</u>
Buildings	2
Equipment, devices and furniture	10-25
Transport	15-20
Computers	20
Decorations	25

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The value of an item of property and equipment is written down to its recoverable amount if its net carrying amount is greater than its recoverable amount. Impairment is recognized in the consolidated statement of profit or loss.

- The useful lives of property and equipment are reviewed at the end of each year, and if the expectations of the useful lives differ from the estimates made previously, then the change in the estimate for subsequent years is recognized as a change in the estimates.
- Property and equipment are derecognized at disposal or when there are no expected future benefits from their use or disposal.

Intangible assets

Goodwill

- Goodwill is recorded at cost which represents the increase in the acquisition or purchase cost of an investment over the fair value of the company's net assets at the acquisition date. Goodwill resulting from investing in subsidiaries is recorded in a separate item as intangible assets. Goodwill resulting from investing in associates appears as part of the investment account in the associate and the cost of goodwill is subsequently reduced by any impairment in the investment value.
- Goodwill is allocated to cash-generating unit(s) for the purpose of impairment testing.
- Goodwill impairment is tested at the reporting date. Goodwill is written down if there is an indication that it is impaired and if the estimated recoverable amount of cash-generating unit (s) to which the goodwill belongs is lower than the carrying amount of the cash-generating unit (s). Impairment is recognized in the consolidated statement of profit or loss.

Other intangible assets

- Intangible assets that are acquired through the merger are stated at fair value at the date of acquisition. The intangible assets that are obtained by a method other than the merger are stated at cost.
- Intangible assets are classified based on their estimated lifetime for a definite or indefinite period. Intangible assets that have a definite lifetime are amortized during this lifetime and are recognized in the consolidated statement of profit or loss. For intangible assets that have an indefinite lifetime, their impairment is reviewed at the date of the consolidated financial statements and any impairment is recognized in the consolidated statement of profit or loss.
- Intangible assets resulting from the Bank's business are not capitalized and are recognized in the consolidated statement of profit or loss in the same period.
- Any indications for the impairment of intangible assets are reviewed at the date of the financial statements. The estimate of the useful lives of those assets is reviewed and any adjustments are made for subsequent periods.
- Computer software and systems: these are amortized using the straight-line method over a period not exceeding 5 years from the date of purchase.

Impairment of non-financial assets:

- The carrying value of the Group's non-financial assets is reviewed at the end of each fiscal year except for the deferred tax assets, to determine whether there is an indication of impairment. In the event of an indication of impairment, the amount recoverable from these assets will be estimated.
- If the carrying amount of the assets exceeds the recoverable amount from those assets, the impairment loss is recorded in those assets.
- The recoverable amount is the higher of an asset's fair value -less costs to sale - and the value in use.
- All impairment losses are taken to the consolidated statement of profit or loss and other comprehensive.
- The impairment loss for goodwill is not reversed. For other assets, the impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that was determined after the depreciation or amortization has taken place if the impairment loss is not recognized.

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Foreign currencies:

- For the purpose of the consolidated financial statements, the results and financial position of each company in the Group are expressed in the functional currency of the Bank, and the presentation currency of the consolidated financial statements.
- The separate financial statements of the Bank's subsidiaries are prepared, and the separate financial statements of each of the Group's companies are presented in the main functional economic currency in which they operate. Transactions are recorded in currencies other than the Bank's functional currency, according to the exchange rates prevailing on the dates of those transactions. On the date of the statement of financial position, the financial assets and liabilities are translated into foreign currencies at the exchange rates prevailing on that date. Non-monetary items carried at fair value and denominated in foreign currencies are also translated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not reclassified.
- Exchange differences are recognized in the consolidated statement of profit or loss in the period in which they arise, except for:
 - Foreign currency exchange differences on transactions made in order to hedge foreign currency risk.
 - Foreign currency exchange differences on monetary items required to/ from a foreign operation that are not planned or unlikely to be settled in the near future (and therefore these differences are part of the net investment in the foreign operation), which is recognized initially in the calculation of other consolidated comprehensive income and are reclassified from equity to the consolidated statement of profit or loss upon sale or partial disposal of net investment.
- For the purpose of the presentation of the consolidated financial statements, assets and liabilities of foreign operations of the Bank are transferred according to the exchange rates prevailing at the date of the statement of financial position. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions. Emerging differences, if any, are recognized in the consolidated statement of comprehensive income and grouped into a separate component of equity.
- When excluding foreign operations (i.e. eliminating the Bank's entire share in foreign operations, or that resulting from the loss of control of a subsidiary within foreign operations or partial disposal of its share in a joint arrangement or an associate of a foreign nature in which the held share becomes a financial asset), all foreign currency exchange differences accumulated in the separate item that represent the equity of that operation attributable to the owners of the bank, are reclassified to the consolidated statement of profit or loss.
- In addition, with regard to partial disposal of a subsidiary that includes foreign operations and does not result in the Bank losing control of the subsidiary, its share of the accumulated exchange differences is reversed to net comprehensive income at a rate that is excluded and is not recognized in the consolidated statement of profit or loss. As for all other partial liquidations (such as partial liquidation of associates or joint ventures that do not result in the Bank losing significant influence or joint control), the share of accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

Leases contracts

- The Bank has implemented IFRS (16) "Leases" that have replaced existing guidance on leases as of 1 January 2019, including IAS (17) "Leases" and IFRIC (4) "Determining whether an arrangement contains a lease", SIC (15) "Operating lease -incentives" and SIC (27) retrospectively from 1 January 2018 "Evaluating the substance of transactions involving the legal form of a lease contract".

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A- Accounting policy applied:

- The Bank determines whether the contract is a lease or includes lease. A contract is considered a lease or includes a lease if it includes transferring control of a specific asset for a specific period in exchange for a consideration according to the definition of a lease in the standard.

B- The Bank as a lessee

- On the date of signing the contract, or on the date of the revaluation of the contract that contains the lease elements, the Bank distributes the entire contract value to the contract components in a proportional manner consistent with the value. It is to be noted that the Bank has decided for leases that include land and building to treat the components of the contract as one item.

Short-term leases and leases for low-value assets:

- The Bank chose not to recognize the right of use assets and lease obligations for short-term leases for items with a 12-month lease term or less and the low-value leases. The Bank recognizes the lease payments associated with these contracts as operating expenses on a straight-line basis over the lease term.

C- The Bank as a lessor

- When the bank is lessor, at the start of the lease, it determines whether each lease is a finance lease or an operating lease.
- To classify each lease, the Bank performs a comprehensive evaluation to demonstrate whether the lease largely transfers all risks and benefits associated with ownership of this asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Bank takes into account certain indicators such as whether the lease is the greater part of the economic life of the asset.
- The Bank applies the requirements of de-recognition and impairment in IFRS 9 for net investment in the lease. The Bank performs a periodic review of the expected non-guaranteed residual value that was used to calculate the total investment amount in the lease.

Cash and cash equivalents:

- Cash and cash equivalents comprise cash and cash balances that mature within three months. They include cash balances at Central banks and balances at banks and financial institutions, less deposits at banks and financial institutions that mature within three months, as well as restricted balances.

Earnings per share (EPS):

- Basic and diluted earnings per share are calculated for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the company's shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the profit or loss for the year, which is attributable to the company's shareholders and the weighted average of ordinary shares, so that it shows the effect on the share's profit on all the ordinary shares traded during the year and its return is likely to decrease.

(3) Critical accounting judgments and key sources of estimation uncertainty:

- The preparation of the consolidated financial statements and the application of accounting policies require the Bank's management to make estimates and judgements that affect the amounts of assets and liabilities and the disclosure of contingent liabilities. These estimates and judgments generally affect the revenues, expenses, provisions and ECLs, as well as the changes in fair value that appears in the consolidated statement of comprehensive income and within shareholders' equity. Specifically, the Bank's management is required to issue critical judgements and assumptions to estimate the amounts of future cash flows and their timings. Such estimates are necessarily based on assumptions and several factors involving varying degrees of estimations and uncertainty. Therefore, actual results may differ from the estimates as a result of changes in conditions and circumstances of those estimates in the future.
- Judgements, estimates and assumptions are reviewed on an ongoing basis. The impact of change in estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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- **The Bank's management believes that its estimates in the consolidated financial statements are reasonable and detailed as follows:**

3-1 Impairment of seized properties:

Impairment of seized properties is recognized based on recent property valuation approved by credited valuers for the purposes of calculating the impairment. The impairment is reviewed periodically.

3-2 Useful lives of tangible assets and intangible assets:

Management reassessed the useful lives of tangible assets and intangible assets periodically for the purpose of calculating annual depreciation and amortization based on the overall condition of those assets and estimates of expected useful lives in the future useful lives. Impairment loss is taken to the consolidated statement of profit or loss for the year.

3-3 Income tax:

The financial year is charged with its own income tax expense in accordance with the laws and regulations, and accounting standards. Deferred tax assets and liabilities and required tax provision are accounted for.

3-4 Lawsuits provision:

A provision is made for any potential legal obligations based on the legal study prepared by the Bank's legal advisor that identifies the potential risks that may occur in the future. Such study is reviewed periodically.

3-5 Provision for end of service benefits:

The provision for end-of-service benefits that represents the Bank's obligations to employees is calculated and computed according to the Bank's internal regulations.

3-6 Assets and liabilities that are stated at cost:

Management reviews, on a regular basis, the assets and liabilities that are stated at cost to estimate impairments, if any. Impairment losses are recognized in the consolidated statement of profit or loss for the year.

3-7 Provision for expected credit loss:

The Bank's management is required to use significant judgments and estimates to estimate future cash flows amounts and timings and estimate the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses. The most significant policies and estimates used by the Bank's management are detailed in Note (41).

3-8 Business model assessment:

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence, including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

3-9 Significant increase in credit risk:

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Some indicators were included within the instruction of IFRS 9 that indicate an increase in credit risk, such as a decrease in credit rating of the debt instrument by two degrees on the credit rating system since the date of initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account qualitative and quantitative reasonable and supportable forward-looking information. Estimates used by the Bank's management, which are related to the significant change in credit risk that led to a change in classification within the three stages (1, 2, and 3) are detailed in Note (41).

3-10 Establishing groups of assets with similar credit risk characteristics:

When the expected credit losses are measured on a collective basis, the financial instruments are grouped based on common risk characteristics (such as the type of instrument, the degree of credit risk, the type of collateral, the initial recognition date, the remaining period of maturity date, the industry, the borrower's geographic location, etc.). The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

3-11 Re-segmentation of portfolios and movement between portfolios:

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12- month to lifetime ECL, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differ.

3-12 Models and assumptions used:

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL, as outlined in Note (41). Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

A- Classification and measurement of financial assets and liabilities

- The Bank classifies financial instruments or components of financial assets upon initial recognition, either as a financial asset, financial liability, or an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. Reclassification of a financial instrument in the consolidated financial statements is subject to its substance rather than its legal form.
- The Bank determines the classification upon initial recognition as well as a reassessment of that determination, if possible and appropriate, at the date of each consolidated statement of financial position.
- When measuring financial assets and liabilities, some of the Bank's assets and liabilities are remeasured at fair value for the purposes of preparing financial reports. When estimating the fair value of any of the assets or liabilities, the Bank uses the observable available market data. In the absence of Level 1 inputs, the Bank performs the assessments using professionally qualified independent evaluators. The Bank works in close cooperation with qualified external evaluators to develop appropriate valuation techniques and data on the fair value estimation model.

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B. Classification and measurement of financial assets and liabilities

- In the event that it is not possible to obtain from the active markets the fair values of the financial assets and financial liabilities included in the consolidated statement of financial position, those fair values are determined using a set of valuation techniques that include the use of mathematical models. The data entered for these models is obtained from the market data, if possible. In the absence of such market data, fair values are determined by judgment. These provisions include considerations of liquidity and data entered for the models, such as volatility of derivatives, longer-term discount ratios, prepayment ratios and default ratios on securities backed by the assets. Management believes that the valuation techniques used were appropriate to determine the fair value of the financial instruments.

3-13 Options of extension and termination of leases

Extension and termination options are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

3-14 Determination of lease term

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

3-15 Key sources of estimation uncertainty

The following are key estimations that the management has used in the process of applying the of the Bank's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- **Establishing the number and relative weightings of forward-looking scenarios for each type of types product/ MARKET and determining the forward-looking information relevant to each scenario:**
When measuring ECL, the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- **Probability of default (PD)**
PD is a key entry point in the measurement of expected credit loss. PD is an estimate of the probability of default, over a certain period of time, which includes the computation of historical data, assumptions and projections related to future conditions.
- **Loss given default (LGD)**
LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.
- **Measurement and assessment procedures of fair value**
When estimating the fair value of assets or liabilities, the Bank uses the observable available market data. In the absence of Level 1 inputs, the Bank performs the assessments using appropriate valuation models to determine the fair value of financial instruments.
- **Discounting lease payments**
Lease payments are discounted using the bank's additional borrowing rate ("IBR"). Management applied provisions and estimates to determine the additional borrowing rate at the start of the lease.

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The impact of (COVID 19) pandemic

The Corona Virus (COVID-19) pandemic has spread across different geographical regions of the world, disrupting business and economic activities, and caused doubts globally. For which financial and monetary authorities, both domestic and international declared various support measures in all parts of the world to face the potential negative effects, as at the present time there is a significant increase of uncertainty in determining the economic impact that is manifested, for example, in the volume of liquidity and volatility in assets prices, foreign currency exchange rates, a noticeable decrease in long-term interest rates, an assessment of the significant increase in credit risk and different macroeconomic factors. Accordingly, the Group's management has closely monitored the situation and has activated its business continuity plan and other risk management practices to manage any potential disruptions that the Corona Virus (COVID -19) outbreak may cause to the Group's business, operations, and financial performance.

(COVID-19) and the Expected Credit Losses

In determining expected credit losses during the 2021, the Group considered (based on the best available information) conditions of uncertainty about COVID-19, economic support, relief work from Jordanian government and the Central Bank of Jordan. Also, the Group considered the instructions NO. 10/3/4375 issued by Central bank of Jordan on 15 March 2020 and the instructions issued by the International Accounting Standards Board dated 27 March 2020, which is related to classifying the stages, as a result of the existence of a significant increase in credit risk (SICR) and the following are some procedures implemented by the group:

- 1- when calculating expected credit losses as at the end of the year, the Group excluded the best-case PD when calculating the probability of default PD and has adopted the worst-case scenario PD and base case scenario PD, for the purposes of hedging the anticipated effects of the pandemic on the group's financial position.
- 2- The PD ratio for Stage 2 clients has been set at a minimum of 2.4% for the expected credit risk hedging.
- 3- A careful consideration for the correct transitioning in between stages for all clients whether affected or not by the impact of COVID-19
- 4- Taking into account the macroeconomic factors when calculating expected credit losses such as GDP, Unemployment Rate, Inflation Rate, and Real Estate Price Index.
- 5- Test several scenarios for stress situations to hedge against the expected impact of the pandemic, such as assuming the decline of customer credit rating and assuming a ratio of 100% for worst case scenario and increase the value of the deduction on collateral haircut.

The Group has implemented a deferral program for its customers working in highly vulnerable sectors by deferring interest accrued and the payment of the original installment due for one to three months. These repayment delays are short-term liquidity to address borrowers' cash flows. Deferrals to clients may indicate a substantial increase in credit risk, however, the Bank believes that extending this repayment deferral period does not automatically mean a substantial increase in credit risk, requiring the borrower to be transferred to the next stage for the purposes of calculating expected credit losses. The deferral process to provide assistance to borrowers affected by the Covid-19 outbreak aims to resume payments regularly. At this stage, there is insufficient information to enable the group to differentiate between the short-term financial difficulties associated with Covid-19 from those associated with the substantial increase in credit risk to borrowers over the lifetime of the financial instrument. This approach is in line with the expectations of the Central Bank of Jordan as indicated in its circular (No. 10/3/4375 issued on March 15, 2020), which did not consider the arrangements for the affected sectors during this period as a rescheduling or restructuring of credit facilities during the period for the purpose of assessing the substantial increase in credit risk and therefore were not considered as an amendment to the terms of the contract.

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Reasonable forward-looking weighted probabilities

Any changes made to Expected credit losses resulting from estimating the impact of the Covid-19 pandemic on macroeconomic indicators are subject to very high levels of uncertainty, with limited future information on these changes currently available. A number of positive factors were taken into account when examining the impact of the epidemic, including:

- Initiatives of the Central Bank of Jordan and the Jordan Loan Guarantee Company.
- Central Bank's instructions regarding the postponement of loan and interest installments.
- Government initiatives and the Social Security Corporation.
- Reducing interest rates.
- The Central Bank of Jordan has fortified the bank's liquidity (including reducing the ratio of cash reserves) and granting facilities at low interest rates.

The procedures taken by the Group to confront the potential impact of the pandemic on the Group:

In accordance with the best available information and uncertainties about the epidemic, and after taking into account the support measures taken by government agencies and the actions taken by the Central Bank of Jordan in accordance with the circular no. 10/3/4375 on March 15, 2020, the Group studied some measures to counter the possible effects of the epidemic on the group, such as conducting the required stress tests from the Central Bank of Jordan and conducted several internal tests to assess the bank's ability to withstand the expected impact of the Covid-19 epidemic, the group has therefore taken additional allocations as a result of the expected effects of Covid-19 worth JD 5 million as at the end of 2021, and the actions taken will be evaluated continuously during 2022.

The impact of such uncertain economic conditions is discretionary, and the Group will continue to reassess its position and associated impact on a regular basis, and, as with any economic forecast, expectations and prospects are subject to a high degree of uncertainty and therefore actual results may differ significantly from those expected, and management expects greater clarity on the impact of Covid- 19 on the group's business results during 2022.

(4) Cash and balances at the Central Bank of Jordan

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JOD	JOD
Cash on hand	13,646,336	13,396,731
<u>Balances at the Central Bank of Jordan:</u>		
Current and demand accounts and cash reserve requirements	42,212,522	46,480,823
Term and notice deposits	41,500,000	30,500,000
Total	<u>97,358,858</u>	<u>90,377,554</u>

There are no restricted balances except for the statutory cash reserve as of December 31, 2021, and December 31, 2020.

There are no amounts matured during a period of more than 3 months as of December 31, 2021, and December 31, 2020.

The Bank has not calculated and recorded the provision for expected credit losses on the balances with the Central Bank of Jordan, in accordance with the Central Bank of Jordan's instructions (13/2018) regarding the implementation of IFRS (9).

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(5) Balances at banks and financial institutions

This item consists of the following:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	December 31,		December 31,		December 31,	
	2021	2020	2021	2020	2021	2020
	JOD	JOD	JOD	JOD	JOD	JOD
Current and call accounts	537,219	336,099	41,631,829	31,679,749	42,169,048	32,015,848
Deposits maturing within 3 months or less	14,000,000	17,545,000	8,182,267	21,381,646	22,182,267	38,926,646
Less: provision for expected credit losses	(19)	(152)	(18)	(906)	(37)	(1,058)
Total	14,537,200	17,880,947	49,814,078	53,060,489	64,351,278	70,941,436

Balances at banks and financial institutions, with no interest amounted to JD 42,549,205 as of December 31, 2021, compared to JD 32,125,509 as of December 31, 2020.

There are no restricted balances as on December 31, 2021 and December 31, 2020.

Movement on the balances of cash at banks and financial institutions:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JOD	JOD	JOD	JOD
2021				
Total balance as at the beginning of the year	70,942,494	-	-	70,942,494
New balances during the year	18,029,661	-	-	18,029,661
Repaid/ derecognized balances	(24,620,840)	-	-	(24,620,840)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Written off balances	-	-	-	-
Changes resulting from amendments	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	64,351,315	-	-	64,351,315

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JOD	JOD	JOD	JOD
2020				
Total balance as at the beginning of the year	57,829,489	-	-	57,829,489
New balances during the year	56,980,547	-	-	56,980,547
Repaid/ derecognized balances	(43,867,542)	-	-	(43,867,542)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from amendments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	70,942,494	-	-	70,942,494

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Disclosure of the movement of provision for expected credit loss:

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	JOD	JOD	JOD	JOD
2021				
Balance at beginning of the year	1,058	-	-	1,058
Impairment loss on new balances during the year	8	-	-	8
Recoveries from impairment loss on (repaid/ derecognized)	(1,029)	-	-	(1,029)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	37	-	-	37
	Stage 1 Individual	Stage 1 Individual	Stage 3 Individual	Total
	JOD	JOD	JOD	JOD
2020				
Balance at beginning of the year	65,300	-	-	65,300
Impairment loss on new balances during the year	1,058	-	-	1,058
Recoveries from impairment loss on (repaid/ derecognized)	(65,300)	-	-	(65,300)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	1,058	-	-	1,058

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(6) Deposits at banks and financial institutions

The details of this item are as follows:

	Local banks and financial institutions December 31,		Foreign banks and financial institutions December 31,		Total	
	2021	2020	2021	2020	2021	2020
	JOD	JOD	JOD	JOD	JOD	JOD
Deposits matures within more than 3 months	-	400,000	-	-	-	400,000
Less: provision for expected credit losses	-	(51)	-	-	-	(51)
Total	-	399,949	-	-	-	399,949

* There are no restricted deposits as December 31, 2021, and December 31, 2020.

Movement of the deposits at banks and financial institutions:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JOD	JOD	JOD	JOD
2021				
Balance as at the beginning of the year	400,000	-	-	400,000
New balances during the year	-	-	-	-
Repaid/ derecognized balances	(400,000)	-	-	(400,000)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	-	-	-	-
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JOD	JOD	JOD	JOD
2020				
Balance as at the beginning of the year	6,772,500	-	-	6,772,500
New balances during the year	400,000	-	-	400,000
Repaid/ derecognized balances	(6,772,500)	-	-	(6,772,500)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	400,000	-	-	400,000

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Disclosure of movement of provision for expected credit loss:

	Stage 1 Individual JOD	Stage 2 Individual JOD	Stage 3 JOD	Total JOD
2021				
Balance at beginning of the year	51	-	-	51
Impairment loss on new balances during the year	-	-	-	-
Recoveries from impairment loss on (repaid/ derecognized) balances	(51)	-	-	(51)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Impact on the provision -as at the end of the year- from the (change of classification) among the three stages during the year	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	-	-	-	-
	Stage 1 Individual JOD	Stage 2 Individual JOD	Stage 3 JOD	Total JOD
2020				
Balance at beginning of the year	19,576	-	-	19,576
Impairment loss on new balances during the year	51	-	-	51
Recoveries from impairment loss on (repaid/ derecognized) balances	(19,576)	-	-	(19,576)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Impact on the provision -as at the end of the year- from the (change of classification) among the three stages during the year	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	51	-	-	51

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(7) Financial assets at fair value through statement of profit or loss

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JOD	JOD
Companies shares	-	5,960
Investment funds	1	1
Total	1	5,961

(8) Financial assets at fair value through other comprehensive profit or loss

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JOD	JOD
Shares with available market prices	31,466,048	32,450,995
Shares with non-available market prices*	6,349,935	6,792,615
Total	37,815,983	39,243,610

* The fair value of unlisted shares was determined according to the third level of fair value, using the net book value (net assets value), which is the best available tool for measuring the fair value of these investments.

The value of gain realized from the sale of assets at fair value through other comprehensive income amounted to JD 90,889 for the year ended December 31, 2021 compared with losses to JD 1,431,900 for the year ended December 31, 2020 that. was directly credited to the retained earnings in consolidated statement of owner equity.

- Cash dividends on the above financial assets at fair value through other comprehensive income amounted to JD 914,630 for the year ended December 31, 2021 compared to JD 3,211,974 for the year ended December 31, 2020.

(9) Financial assets at amortized cost

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JOD	JOD
Financial assets with market prices:		
Government bills and treasury bonds	117,266,045	95,185,311
Corporate loan bonds and bills	3,545,000	4,251,285
Total	120,811,045	99,436,596
Financial assets with no market prices available:		
Government treasury bonds	14,676,294	24,531,286
Corporate loan bonds and bills*	52,620,000	49,620,000
Total	67,296,294	74,151,286
Expected Credit loss provision as per IFRS (9)	(716,821)	(716,246)
Total financial assets at amortized cost	187,390,518	172,871,636
Analysis of bills and bonds		
With fixed rate	143,759,856	114,920,701
With floating rate	43,630,662	57,950,935
	187,390,518	172,871,636

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- During 2021, the Bank sold financial assets at amortized cost, before maturity date at a value of JD in 2021, in compared 7,090,000 for 2020, and this resulted in gains of JD 590,162 in 2021, and 34,883 for 2020.
- The Bank has not calculated and recorded the provision for expected credit losses on government bills and treasury bonds, in accordance with the Central Bank of Jordan's instructions (13/2018) regarding the implementation of IFRS (9).

*Net after deducting interest in suspense of JD 344,766, which represents interest in suspense against bonds companies classified as part of stage 3 in accordance with the instructions of the Central Bank of Jordan (2018/13) regarding the application of IFRS (9).

Movement of financial assets at amortized cost:

2021	Stage 1 Individual JOD	Stage 2 Individual JOD	Stage 3 JOD	Total JOD
Value as at the beginning of the year	168,467,882	5,120,000	-	173,587,882
New investment during the year	95,321,225	-	-	95,321,225
Matured/ derecognized investments	(80,801,768)	-	-	(80,801,768)
Change in fair value	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	(5,120,000)	5,120,000	-
Changes resulting from amendments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	182,987,339	-	5,120,000	188,107,339

2020	Stage 1 Individual JOD	Stage 2 Individual JOD	Stage 3 JOD	Total JOD
Value as at the beginning of the year	164,063,738	5,120,000	-	169,183,738
New investment during the year	35,921,570	-	-	35,921,570
Matured/ derecognized investments	(31,517,426)	-	-	(31,517,426)
Change in fair value	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from amendments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	168,467,882	5,120,000	-	173,587,882

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Provision for expected credit loss movement:

2021	Stage 1 Individual JOD	Stage 2 Individual JOD	Stage 3 JOD	Total JOD
Balance at beginning of the year	36,246	680,000	-	716,246
Impairment loss on new Investment during the year	5,148	-	-	5,148
Recovery from impairment loss on due matured/ derecognized investments	(4,573)	-	-	(4,573)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	(680,000)	680,000	-
Impact on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-
Changes resulting from amendments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	36,821	-	680,000	716,821

2020	Stage 1 Individual JOD	Stage 2 Individual JOD	Stage 3 JOD	Total JOD
Balance at beginning of the year	44,464	104,682	-	149,146
Impairment loss on new Investment during the year	326	575,318	-	575,644
Recovery from impairment loss on due matured/ derecognized investments	(8,544)	-	-	(8,544)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Impact on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off balances	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	36,246	680,000	-	716,246

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(10) Direct credit facilities at amortized cost – net

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JOD	JOD
Individuals (retail)		
Overdrafts	7,430,986	6,744,535
Loans and bills*	223,765,567	176,502,978
Credit cards/ loans	59,964,500	36,451,370
Mortgage Companies	143,109,146	144,474,197
Large corporate		
Overdrafts	73,300,323	83,177,308
Loans and bills*	222,842,273	247,177,601
Small and Medium corporates		
Overdrafts	8,694,116	6,383,076
Loans and bills*	37,570,150	45,289,834
Government and public sector	66,538,061	38,585,290
Total	843,215,122	784,786,189
Less:		
Provision for expected credit losses	40,395,071	42,382,980
Interests in suspense**	14,184,774	10,471,202
Net direct credit facilities	788,635,277	731,932,007

* Net after deducting interest and commissions received in advance amounted of JD 42,147,073 as of December 31, 2021, against JD 33,388,764 as of December 31, 2020.

** Interests in suspense include an amount of JD 1,883,139 as of December 31, 2021, compared with an amount of JD 428,895 as of December 31, 2020, which represents interests in suspense against some of performing and watch list accounts (stages 2 and 3).

- Non-performing credit facilities as per CBJ instructions amounted to JD 48,408,644 which is equivalent to 5.7% of total credit facilities as of 31 December 2021 against JD 43,906,686 which is equivalent to 5.6% of total credit facilities as of 31 December 2020.
- Non-performing credit facilities excluding interest in suspense amounted to JD 36,107,009 which is equivalent to 4.4% of total direct credit facilities as of 31 December 2021 against JD 33,864,379 which is equivalent to 4.4% of total direct credit facilities excluding interest in suspense as of 31 December 2020.
- Credit facilities granted to the Jordanian government and/or by its guarantee amounted to JD 17,054,479 which is equivalent to 2.0% from total direct credit facilities as of 31 December 2021 against JD 19,490,833 which is equivalent to 2.5% from total direct credit facilities as of 31 December 2020.
- Part of the installment's receivable guarantees and finance lease contract in Jordan Tarde Facilities Company (Cheques and promissory notes) amounting of JD zero of 31 December 2021 have been deposited as guarantees against loan balances and bank overdraft, against JD 1,253,302 as of 31 December 2020.
- The non-performing debts that have been transferred to the consolidated off-balance sheet items amounted to 439,690 during the year 2021 against JD 11,020,801 during the year 2020.
- The non-performing debts transferred to the consolidated off-balance sheet items amounted to JD 60,722,801 as of 31 December 2021 against JD 60,283,111 as of 31 December 2020.

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A- Provision for direct expected credit losses for direct facilities in gross:

Below is the movement on the provision for direct expected credit losses:

	Retail	Real estate loans	Corporate	SMEs	Total
2021	JOD	JOD	JOD	JOD	JOD
Balance at the beginning of the year	10,749,702	4,461,458	19,899,417	7,272,403	42,382,980
Deducted from (reversed to) revenue during the year	4,025,132	(1,607,419)	(4,563,650)	426,693	(1,719,244)
Provision utilized during the year (debts written off)	(89,093)	(137,191)	(3,133)	(39,248)	(268,665)
Balance at the end of the year	14,685,741	2,716,848	15,332,634	7,659,848	40,395,071
2020					
Balance at the beginning of the year	13,378,308	2,029,143	16,545,883	5,625,389	37,578,723
Deducted from (reversed to) revenue during the year	(2,508,144)	2,504,638	13,954,651	1,682,110	15,633,255
Provision utilized during the year (debts written off)	(120,462)	(72,323)	(10,601,117)	(35,096)	(10,828,998)
Balance at the end of the year	10,749,702	4,461,458	19,899,417	7,272,403	42,382,980

B- Movement of total facilities based on stages:

	Stage 1		Stage 2		Stage 3	Total
2021	Individual JOD	Collective JOD	Individual JOD	Collective JOD	JOD	JOD
Total balance as at the beginning of the year	337,988,089	261,214,869	86,877,265	21,555,878	77,150,088	784,786,189
New balances during the year/Additions	187,848,250	21,282,564	6,194,572	1,131,685	6,481,433	222,938,504
Repaid/ derecognized balances	(58,697,796)	(53,707,085)	(14,055,209)	(4,268,863)	(10,065,822)	(140,794,775)
Transferred to stage 1	28,468,752	-	(19,461,873)	(3,171,715)	(5,835,164)	-
Transferred to stage 2	(37,382,463)	(15,391,558)	54,055,440	-	(1,281,419)	-
Transferred to stage 3	(4,189,386)	(3,976,019)	(1,750,605)	(2,550,625)	12,466,635	-
Changes from amendments	190,647,290	(209,422,771)	10,461,191	(12,696,360)	(2,116,904)	(23,127,554)
Written off	-	-	-	-	(587,242)	(587,242)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	644,682,736	-	122,320,781	-	76,211,605	843,215,122

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2020	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
Total balance as at the beginning of the year	185,884,183	313,531,509	132,892,285	19,399,188	68,385,897	720,093,062
New balances during the year/ Additions	74,007,846	82,246,427	11,732,461	2,886,289	15,645,631	186,518,654
Repaid/ derecognized balances	(23,563,625)	(25,757,870)	(23,851,252)	(2,360,579)	(4,685,404)	(80,218,730)
Transferred to stage 1	14,528,481	2,936,023	(13,819,324)	(1,347,411)	(2,297,769)	-
Transferred to stage 2	(4,872,171)	(2,887,520)	7,584,719	4,424,937	(4,249,965)	-
Transferred to stage 3	(7,416)	(1,333,078)	(14,982,184)	(1,289,908)	17,612,586	-
Changes from amendments	92,010,791	(107,520,622)	(12,679,440)	(156,638)	(1,478,440)	(29,824,349)
Written off	-	-	-	-	(11,782,448)	(11,782,448)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	337,988,089	261,214,869	86,877,265	21,555,878	77,150,088	784,786,189

C- Provision for expected credit loss based on segment:

2021	Companies				Government and public sector	Total
	Retail	Real estate loans	Corporate	SMEs		
	JOD	JOD	JOD	JOD	JOD	JOD
Balance at beginning of the year	10,749,702	4,461,458	19,899,417	7,272,403	-	42,382,980
New balances during the year/Additions	5,957,233	1,289,386	7,233,112	2,422,835	-	16,902,566
Repaid/ derecognized balances	(1,939,828)	(2,979,144)	(9,343,433)	(1,843,113)	-	(16,105,518)
Transferred to stage 1	360,966	51,460	54,825	(10,335)	-	456,916
Transferred to stage 2	45,767	(27,109)	(283,010)	15,680	-	(248,672)
Transferred to stage 3	(406,733)	(24,351)	228,185	(5,345)	-	(208,244)
The effect on the provision – as at the end of the year – as a result of changing the classification between the three stages during the year	-	-	-	-	-	-
Changes from amendments	7,727	82,339	(2,453,329)	(153,029)	-	(2,516,292)
Written off	(89,093)	(137,191)	(3,133)	(39,248)	-	(268,665)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	14,685,741	2,716,848	15,332,634	7,659,848	-	40,395,071

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2020	Companies					Government and public sector	Total
	Retail	Real estate loans	Corporate	SMEs	sector		
	JOD	JOD	JOD	JOD	JOD		
Balance at beginning of the year	13,378,308	2,029,143	16,545,883	5,625,389	-	37,578,723	
New balances during the year/Additions	2,167,211	2,516,490	16,643,802	2,379,193	-	23,706,696	
Repaid/ derecognized balance	(3,154,936)	(543,349)	(2,162,318)	(1,601,625)	-	(7,462,228)	
Transferred to stage 1	237,597	36,491	231,512	10,596	-	516,196	
Transferred to stage 2	2,298	28,510	(468,313)	(19,128)	-	(456,633)	
Transferred to stage 3	(239,895)	(65,001)	236,801	8,532	-	(59,563)	
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-	-	-	
Changes from amendments	(1,520,419)	531,497	(526,833)	904,542	-	(611,213)	
Written off	(120,462)	(72,323)	(10,601,117)	(35,096)	-	(10,828,998)	
Amendments resulting from changes in currency exchange	-	-	-	-	-	-	
Total Balance as at the end of the year	10,749,702	4,461,458	19,899,417	7,272,403	-	42,382,980	

D- Interests in suspense

The movement of interest in suspense is as follow:

2021	Companies				
	Retail	Real estate loans	Corporate	SMEs	Total
	JOD	JOD	JOD	JOD	JOD
Balance as at beginning of the year	3,427,284	1,122,807	3,743,678	2,177,433	10,471,202
Interest in suspense during the year	960,923	794,927	2,363,983	966,426	5,086,259
Interests transferred to revenues	(367,139)	(87,958)	(460,627)	(138,386)	(1,054,110)
Interest in suspense written off*	(168,237)	(58,142)	(163)	(92,035)	(318,577)
Balance at the end of the year	3,852,831	1,771,634	5,646,871	2,913,438	14,184,774
2020					
Balance as at beginning of the year	2,656,091	931,595	3,100,939	1,538,845	8,227,470
Interest in suspense during the year	1,108,820	239,839	1,438,498	744,854	3,532,011
Interests transferred to revenues	(217,484)	(44,062)	(16,386)	(56,897)	(334,829)
Interest in suspense written off*	(120,143)	(4,565)	(779,373)	(49,369)	(953,450)
Balance at the end of the year	3,427,284	1,122,807	3,743,678	2,177,433	10,471,202

*According to the Board of Directors decision and the senior management of the subsidiaries, non-performing credit facilities along with their related interest in suspense which have been provided for, was written off amounted to JD 587,242 for the year ended December 31, 2021, against JD 11,782,448 for the year ended December 31, 2020.

E- Distribution of total facilities according to the Bank's internal credit classification categories:

	Stage 1		Stage 2		Stage 3 JOD	Total 2021 JOD	Total 2020 JOD
	Individual	Collective	Individual	Collective			
	JOD	JOD	JOD	JOD			
(1 - 5)	276,455,206	-	33,676,156	-	332,272	310,463,634	323,360,889
(6- 7)	60,832,536	-	60,044,054	-	26,570,691	147,447,281	141,647,983
(8-10)	-	-	-	-	17,335,463	17,335,463	14,154,770
Unclassified	307,394,994	-	28,600,571	-	31,973,179	367,968,744	305,622,547
Total	644,682,736	-	122,320,781	-	76,211,605	843,215,122	784,786,189

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F- Movement on expected credit loss provision:

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
2021	JOD	JOD	JOD	JOD	JOD	JOD
Balance as at the beginning of the year	367,657	1,720,700	1,200,471	876,022	38,218,130	42,382,980
New balances during the year/Additions	3,794,154	2,332,028	1,655,404	1,195,164	7,925,819	16,902,569
Repaid/ derecognized balances	(64,291)	(581,278)	(439,911)	(357,316)	(14,662,725)	(16,105,521)
Transferred to stage 1	725,842	-	(147,335)	(141,691)	(436,816)	-
Transferred to stage 2	(53,559)	(132,737)	408,619	-	(222,323)	-
Transferred to stage 3	(18,105)	(64,269)	(226,912)	(141,709)	450,995	-
Impact on the provision -as at the end of the year- from the classification change among the three stages during the year	(1,831,168)	(3,264,768)	201,864	(1,430,628)	6,324,700	-
Changes resulting from adjustments	(35,102)	(9,676)	160,251	158	(2,631,923)	(2,516,292)
Written off	-	-	-	-	(268,665)	(268,665)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	2,885,428	-	2,812,451	-	34,697,192	40,395,071

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
2020	JOD	JOD	JOD	JOD	JOD	JOD
Balance as at the beginning of the year	1,821,205	1,728,082	1,466,444	1,246,870	31,316,122	37,578,723
New balances during the year/Additions	169,968	1,085,790	3,083,026	558,121	18,809,791	23,706,696
Repaid/ derecognized balances	(1,503,615)	(390,409)	(507,657)	(414,139)	(4,646,408)	(7,462,228)
Transferred to stage 1	229,790	336,678	(229,790)	(147,544)	(189,134)	-
Transferred to stage 2	(4,143)	(62,469)	4,143	268,664	(206,195)	-
Transferred to stage 3	(73)	(41,488)	(236,728)	(120,981)	399,270	-
Impact on the provision -as at the end of the year- from the classification change among the three stages during the year	(266,865)	(613,707)	(2,380,151)	(254,499)	3,515,222	-
Changes resulting from adjustments	(78,610)	(321,777)	1,184	(260,470)	48,460	(611,213)
Written off	-	-	-	-	(10,828,998)	(10,828,998)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	367,657	1,720,700	1,200,471	876,022	38,218,130	42,382,980

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A- Distribution of the total ECL by classification stages:

	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
2021	JOD	JOD	JOD	JOD	JOD	JOD
Gross as at the beginning of the year	337,988,089	261,214,869	86,877,265	21,555,878	77,150,088	784,786,189
New balances during the year/additions	187,848,250	21,282,564	6,194,572	1,131,685	6,481,433	222,938,504
(Repaid / derecognised)	(58,697,796)	(53,707,085)	(14,055,209)	(4,268,863)	(10,065,822)	(140,794,775)
Transferred to stage 1	28,468,752		(19,461,873)	(3,171,715)	(5,835,164)	-
Transferred to stage 2	(37,382,463)	(15,391,558)	54,055,440	-	(1,281,419)	-
Transferred to stage 3	(4,189,386)	(3,976,019)	(1,750,605)	(2,550,625)	12,466,635	-
Changes in amendments	190,647,290	(209,422,771)	10,461,191	(12,696,360)	(2,116,904)	(23,127,554)
written off balances	-	-	-	-	(587,242)	(587,242)
Amendments result of exchange rates	-	-	-	-	-	-
Total	644,682,736	-	122,320,781	-	76,211,605	843,215,122

F- 1 Impairment loss of credit facilities granted to individuals:

Distribution of total facilities according to the Bank's internal credit classification categories:

	Stage 1		Stage 2		Stage 3	Total 2021	Total 2020
	Individual	Collective	Individual	Collective			
	JOD	JOD	JOD	JOD	JOD	JOD	JOD
(1 - 5)	17,130,009	-	965,002	-	-	18,095,011	15,397,262
(6- 7)	2,935,372	-	99,782	-	-	3,035,154	465,339
(8-10)	-	-	-	-	923,589	923,589	1,491,693
Unclassified	231,992,823	-	18,751,680	-	18,362,796	269,107,299	202,344,589
Total	252,058,204	-	19,816,464	-	19,286,385	291,161,053	219,698,883

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Movement on facilities:	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD		
2021						
Balance as at the beginning of the year	9,600,311	177,641,004	447,930	10,797,261	21,212,377	219,698,883
New balances during the year/Additions	91,911,622	18,958,817	1,493,263	884,527	1,959,844	115,208,073
Repaid/ derecognized balances	(772,630)	(39,231,641)	(227)	(1,497,492)	(2,229,254)	(43,731,244)
Transferred to stage 1	6,192,286	-	-	(2,228,308)	(3,963,978)	-
Transferred to stage 2	(244,209)	(10,229,394)	11,068,870	-	(595,267)	-
Transferred to stage 3	-	(2,657,148)	-	(1,225,479)	3,882,627	-
Changes resulting from adjustments	145,370,824	(144,481,638)	6,806,628	(6,730,509)	(722,634)	242,671
Written off	-	-	-	-	(257,330)	(257,330)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	252,058,204	-	19,816,464	-	19,286,385	291,161,053

2020	Individual	Collective	Individual	Collective	Stage 3	Total
	JOD	JOD	JOD	JOD	JOD	JOD
	JOD	JOD	JOD	JOD	JOD	JOD
Balance as at the beginning of the year	263,386	147,703,774	-	10,081,858	19,826,478	177,875,496
New balances during the year/Additions	1,435,796	67,323,392	33,285	1,669,459	1,374,499	71,836,431
Repaid/ derecognized balances	-	(19,983,414)	-	(1,189,592)	(1,962,562)	(23,135,568)
Transferred to stage 1	-	2,174,330	-	(1,062,024)	(1,112,306)	-
Transferred to stage 2	-	(2,273,447)	-	3,161,103	(887,656)	-
Transferred to stage 3	-	(900,286)	-	(965,481)	1,865,767	-
Changes resulting from adjustments	7,901,129	(16,403,345)	414,645	(898,062)	2,348,762	(6,636,871)
Written off	-	-	-	-	(240,605)	(240,605)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	9,600,311	177,641,004	447,930	10,797,261	21,212,377	219,698,883

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Movement on the provision for expected credit loss:

2021	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
Balance at beginning of the year	6,087	1,310,223	2,350	446,438	8,984,604	10,749,702
Impairment loss on new balances during the year/Additions	910,040	1,691,222	96,431	665,051	2,594,489	5,957,233
Recoveries from impairment loss on (repaid/ derecognized) balances	(1,872)	(475,184)	-	(189,792)	(1,272,980)	(1,939,828)
Transferred to stage 1	506,360	-	-	(108,483)	(397,877)	-
Transferred to stage 2	(516)	(99,274)	222,680	-	(122,890)	-
Transferred to stage 3	-	(45,088)	-	(68,790)	113,878	-
Impact on the provision -as at the end of the year- from the classification change among the three stages during the year	547,474	(2,381,107)	515,261	(747,161)	2,065,533	-
Changes resulting from adjustments	2,443	(792)	(647)	2,737	3,986	7,727
Written off	-	-	-	-	(89,093)	(89,093)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	1,970,016	-	836,075	-	11,879,650	14,685,741

2020	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
Balance at beginning of the year	647	1,210,565	-	769,490	11,397,606	13,378,308
Impairment loss on new balances during the year/Additions	1,261	857,595	553	273,524	1,034,278	2,167,211
Recoveries from impairment loss on (repaid/ derecognized) balances	-	(260,846)	-	(309,861)	(2,584,229)	(3,154,936)
Transferred to stage 1	-	281,386	-	(125,502)	(155,884)	-
Transferred to stage 2	-	(45,388)	-	200,048	(154,660)	-
Transferred to stage 3	-	(31,725)	-	(98,347)	130,072	-
Impact on the provision -as at the end of the year- from the classification change among the three stages during the year	246	(538,877)	-	(96,719)	635,350	-
Changes resulting from adjustments	3,933	(162,487)	1,797	(166,195)	(1,197,467)	(1,520,419)
Written off	-	-	-	-	(120,462)	(120,462)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	6,087	1,310,223	2,350	446,438	8,984,604	10,749,702

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F-2 Impairment loss of credit facilities granted to real estate loans:

Distribution of total facilities according to the Bank's internal credit classification categories:

	Stage 1		Stage 2		Stage 3	Total 2021	Total 2020
	Individual	Collective	Individual	Collective	JOD	JOD	JOD
	JOD	JOD	JOD	JOD			
(1 - 5)	48,326,837	-	8,216,352	-	-	56,543,189	59,415,113
(6- 7)	3,479,085	-	647,777	-	12,267,921	16,394,783	13,503,529
(8-10)	-	-	-	-	358,844	358,844	1,571,837
Unclassified	59,788,237	-	6,064,314	-	3,959,779	69,812,330	69,983,718
Total	111,594,159	-	14,928,443	-	16,586,544	143,109,146	144,474,197

Movement on facilities:

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective	JOD	JOD
	JOD	JOD	JOD	JOD		
2021						
Balance at beginning of the year	44,530,314	66,214,548	10,230,632	5,848,791	17,649,912	144,474,197
Impairment loss on new balances during the year/Additions	19,028,119	1,205,826	575,382	134,068	750,434	21,693,829
Recoveries from impairment loss on (repaid/ derecognized) balances	(4,860,270)	(10,120,929)	(1,063,973)	(1,207,768)	(2,513,376)	(19,766,316)
Transferred to stage 1	6,991,864	-	(6,182,888)	(696,912)	(112,064)	-
Transferred to stage 2	(4,144,554)	(4,018,296)	8,369,547	-	(206,697)	-
Transferred to stage 3	-	(438,306)	-	(654,615)	1,092,921	-
Changes resulting from adjustments	50,048,686	(52,842,843)	2,999,743	(3,423,564)	120,747	(3,097,231)
Written off	-	-	-	-	(195,333)	(195,333)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	111,594,159	-	14,928,443	-	16,586,544	143,109,146

2020

Balance at beginning of the year	2,819,708	133,532,176	143,583	3,691,510	5,325,306	145,512,283
Impairment loss on new balances during the year/Additions	4,184,497	9,486,151	2,497,461	14,426	11,931,931	28,114,466
Recoveries from impairment loss on (repaid/ derecognized) balances	(1,131,777)	(3,612,278)	(48,169)	(173,939)	(549,518)	(5,515,681)
Transferred to stage 1	-	595,940	-	(204,421)	(391,519)	-
Transferred to stage 2	-	(612,760)	-	1,043,316	(430,556)	-
Transferred to stage 3	-	(403,487)	-	(6,852)	410,339	-
Changes resulting from adjustments	38,657,886	(72,771,194)	7,637,757	1,484,751	1,430,817	(23,559,983)
Written off	-	-	-	-	(76,888)	(76,888)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	44,530,314	66,214,548	10,230,632	5,848,791	17,649,912	144,474,197

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-Movement of the provision for expected credit loss:

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
2021						
Balance at beginning of the year	20,558	242,187	23,317	145,336	4,030,060	4,461,458
Impairment loss on new balances during the year/Additions	176,124	317,662	134,839	216,128	444,633	1,289,386
Recoveries from impairment loss on (repaid/ derecognized) balances	(1,675)	(62,683)	(16,727)	(65,812)	(2,832,247)	(2,979,144)
Transferred to stage 1	79,302	-	(19,846)	(20,517)	(38,939)	-
Transferred to stage 2	(922)	(19,575)	47,643	-	(27,146)	-
Transferred to stage 3	-	(7,343)	-	(34,388)	41,731	-
Impact on the provision -as at the end of the year- from the classification change among the three stages during the year	177,336	(469,883)	250,190	(240,747)	283,104	-
Changes resulting from adjustments	(1,893)	(365)	941	-	83,656	82,339
Written off	-	-	-	-	(137,191)	(137,191)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	448,830	-	420,357	-	1,847,661	2,716,848
2020						
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
Balance at beginning of the year	1,387	251,562	-	207,609	1,568,585	2,029,143
Impairment loss on new balances during the year	22,754	160,755	8,578	29,331	2,295,072	2,516,490
Recoveries from impairment loss on (repaid/ derecognized) balances	(820)	(27,250)	-	(24,920)	(490,359)	(543,349)
Transferred to stage 1	-	37,820	-	(14,944)	(22,876)	-
Transferred to stage 2	-	(12,375)	-	52,783	(40,408)	-
Transferred to stage 3	-	(8,220)	-	(2,534)	10,754	-
Impact on the provision as at the end of the year- from the classification change among the three stages during the year	(17,826)	(45,812)	(6,631)	(2,108)	72,377	-
Changes resulting from adjustments	15,063	(114,293)	21,370	(99,881)	709,238	531,497
Written off	-	-	-	-	(72,323)	(72,323)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	20,558	242,187	23,317	145,336	4,030,060	4,461,458

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- **F-3** Impairment loss of credit facilities granted to large corporate:
Distribution of total facilities according to the Bank's internal credit classification categories:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total 2021	Total 2020
	JOD	JOD	JOD	JOD	JOD
(1 - 5)	137,609,909	23,670,575	332,272	161,612,756	194,232,879
(6- 7)	49,939,738	56,523,858	13,736,333	120,199,929	123,456,665
(8-10)	-	-	13,076,860	13,076,860	9,885,267
Unclassified	32	339	1,252,680	1,253,051	2,780,098
Total	187,549,679	80,194,772	28,398,145	296,142,596	330,354,909

Movement on facilities:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JOD	JOD	JOD	JOD
2021				
Total balance as at the beginning of the year	228,713,833	73,652,516	27,988,560	330,354,909
New balances during the year/additions	39,267,438	2,763,909	2,930,421	44,961,768
Repaid/ derecognized balances during the year	(43,531,220)	(12,926,082)	(4,230,946)	(60,688,248)
Transferred to stage 1	12,942,561	(12,316,527)	(626,034)	-
Transferred to stage 2	(32,458,427)	32,824,639	(366,212)	-
Transferred to stage 3	(2,348,476)	(1,750,605)	4,099,081	-
Changes resulting from adjustments	(15,036,030)	(2,053,078)	(1,393,429)	(18,482,537)
Written off	-	-	(3,296)	(3,296)
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	187,549,679	80,194,772	28,398,145	296,142,596
2020				
Total balance as at the beginning of the year	169,083,284	132,036,198	34,520,501	335,639,983
New balances during the year/ additions	38,032,157	9,201,715	1,179,334	48,413,206
Repaid/ derecognized balances	(22,306,757)	(23,775,286)	(1,110,797)	(47,192,840)
Transferred to stage 1	14,528,481	(13,819,324)	(709,157)	-
Transferred to stage 2	(4,872,171)	7,584,719	(2,712,548)	-
Transferred to stage 3	(7,416)	(14,982,184)	14,989,600	-
Changes resulting from adjustments	34,256,255	(22,593,322)	(6,787,883)	4,875,050
Written off	-	-	(11,380,490)	(11,380,490)
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	228,713,833	73,652,516	27,988,560	330,354,909

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• **Movement of the provision for expected credit loss:**

2021

	Stage 1 Individual JOD	Stage 2 Individual JOD	Stage 3 JOD	Total JOD
Balance at beginning of the year	303,827	1,152,460	18,443,130	19,899,417
Impairment loss on new balances during the year/additions	2,017,974	1,333,867	3,881,271	7,233,112
(repaid/ derecognized) balances	(39,101)	(417,362)	(8,886,970)	(9,343,433)
Transferred to stage 1	121,329	(121,329)	-	-
Transferred to stage 2	(50,795)	65,231	(14,436)	-
Transferred to stage 3	(15,709)	(226,912)	242,621	-
Impact on the provision -as at the end of the year- from the classification change among the three stages during the year	(2,074,642)	(752,812)	2,827,454	-
Changes resulting from adjustments	(38,131)	156,911	(2,572,109)	(2,453,329)
Written off	-	-	(3,133)	(3,133)
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	224,752	1,190,054	13,917,828	15,332,634

2020

	Stage 1 Individual JOD	Stage 2 Individual JOD	Stage 3 JOD	Total JOD
Balance at beginning of the year	1,310,469	1,456,990	13,778,424	16,545,883
Impairment loss on new balances during the year/additions	125,094	3,072,394	13,446,314	16,643,802
(repaid/ derecognized) balances	(1,003,205)	(507,657)	(651,456)	(2,162,318)
Transferred to stage 1	229,790	(229,790)	-	-
Transferred to stage 2	(4,143)	4,143	-	-
Transferred to stage 3	(73)	(236,728)	236,801	-
Impact on the provision -as at the end of the year- from the classification change among the three stages during the year	(251,605)	(2,373,520)	2,625,125	-
Changes resulting from adjustments	(102,500)	(33,372)	(390,961)	(526,833)
Written off	-	-	(10,601,117)	(10,601,117)
Amendments resulting from changes in currency exchange	-	-	-	-
Total Balance as at the end of the year	303,827	1,152,460	18,443,130	19,899,417

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• **F-4 Impairment loss of credit facilities granted to SMEs companies:**

Distribution of total facilities according to the Bank's internal credit classification categories:

	Stage 1		Stage 2		Stage 3	Total 2021	Total 2020
	Individual	Collective	Individual	Collective			
	JOD	JOD	JOD	JOD	JOD	JOD	JOD
(1 - 5)	6,850,390	-	824,227	-	-	7,674,617	15,730,345
(6- 7)	4,478,341	-	2,772,637	-	566,437	7,817,415	4,222,450
(8-10)	-	-	-	-	2,976,170	2,976,170	1,205,973
Unclassified	15,613,902	-	3,784,238	-	8,397,924	27,796,064	30,514,142
Total	26,942,633	-	7,381,102	-	11,940,531	46,264,266	51,672,910

Movement on facilities:

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
2021						
Balance at beginning of the year	16,558,342	17,359,317	2,546,187	4,909,826	10,299,238	51,672,910
New balances during the year/additions	7,251,945	1,117,921	1,362,018	113,090	840,735	10,685,709
(repaid/ derecognized) balances	(7,097,322)	(4,354,515)	(64,927)	(1,563,603)	(1,092,246)	(14,172,613)
Transferred to stage 1	2,342,041	-	(962,458)	(246,495)	(1,133,088)	-
Transferred to stage 2	(535,273)	(1,143,868)	1,792,384	-	(113,243)	-
Transferred to stage 3	(1,840,910)	(880,565)	-	(670,531)	3,392,006	-
Changes resulting from adjustments	10,263,810	(12,098,290)	2,707,898	(2,542,287)	(121,588)	(1,790,457)
Written off	-	-	-	-	(131,283)	(131,283)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	26,942,633	-	7,381,102	-	11,940,531	46,264,266
2020	JOD	JOD	JOD	JOD	JOD	JOD
Balance at beginning of the year	4,193,824	32,295,559	712,504	5,625,820	8,713,611	51,541,318
New balances during the year/additions	1,282,098	5,436,884	-	1,202,404	1,159,867	9,081,253
(repaid/ derecognized) balances	(113,101)	(2,162,178)	(27,797)	(997,048)	(1,062,527)	(4,362,651)
Transferred to stage 1	-	165,753	-	(80,966)	(84,787)	-
Transferred to stage 2	-	(1,313)	-	220,518	(219,205)	-
Transferred to stage 3	-	(29,305)	-	(317,575)	346,880	-
Changes resulting from adjustments	11,195,521	(18,346,083)	1,861,480	(743,327)	1,529,864	(4,502,545)
Written off	-	-	-	-	(84,465)	(84,465)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	16,558,342	17,359,317	2,546,187	4,909,826	10,299,238	51,672,910

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Movement of the provision for expected credit loss:

	Stage 1		Stage 2		Stage 3	Total
	Individual JOD	Collective JOD	Individual JOD	Collective JOD		
2021						
Balance at beginning of the year	37,185	168,290	22,344	284,248	6,760,336	7,272,403
Impairment loss on new balances during the year/additions	690,016	323,144	90,267	313,985	1,005,423	2,422,835
Recoveries from impairment loss on (repaid/ derecognized) balances	(21,643)	(43,411)	(5,822)	(101,712)	(1,670,525)	(1,843,113)
Transferred to stage 1	18,851	-	(6,160)	(12,691)	-	-
Transferred to stage 2	(1,326)	(13,888)	73,065	-	(57,851)	-
Transferred to stage 3	(2,396)	(11,838)	-	(38,531)	52,765	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(481,336)	(413,778)	189,225	(442,720)	1,148,609	-
Changes resulting from adjustments	2,479	(8,519)	3,046	(2,579)	(147,456)	(153,029)
Written off	-	-	-	-	(39,248)	(39,248)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	241,830	-	365,965	-	7,052,053	7,659,848
	Stage 1		Stage 2		Stage 3	Total
	Individual JOD	Collective JOD	Individual JOD	Collective JOD		
2020						
Balance at beginning of the year	508,702	265,955	9,454	269,771	4,571,507	5,625,389
Impairment loss on new balances during the year/additions	20,859	67,440	1,501	255,266	2,034,127	2,379,193
Recoveries from impairment loss on (repaid/ derecognized) balances	(499,590)	(102,313)	-	(79,358)	(920,364)	(1,601,625)
Transferred to stage 1	-	17,472	-	(7,098)	(10,374)	-
Transferred to stage 2	-	(4,706)	-	15,833	(11,127)	-
Transferred to stage 3	-	(1,543)	-	(20,100)	21,643	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	2,320	(29,018)	-	(155,672)	182,370	-
Changes resulting from adjustments	4,894	(44,997)	11,389	5,606	927,650	904,542
Written off	-	-	-	-	(35,096)	(35,096)
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	37,185	168,290	22,344	284,248	6,760,336	7,272,403

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F-5 Impairment loss of credit facilities granted to government and public sector:
Distribution of total facilities according to the Bank's internal credit classification categories:

	Stage 1		Stage 2		Stage 3	Total 2021	Total 2020
	Individual JOD	Collective JOD	Individual JOD	Collective JOD	JOD	JOD	JOD
(1 - 5)	66,538,061	-	-	-	-	66,538,061	38,585,290
(6- 7)	-	-	-	-	-	-	-
(8-10)	-	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-	-
Total	66,538,061	-	-	-	-	66,538,061	38,585,290

Movement of facilities:

	Stage 1		Stage 2		Stage 3	Total
	Individual JOD	Collective JOD	Individual JOD	Collective JOD	JOD	JOD
2021						
Total balance as at the beginning of the year	38,585,290	-	-	-	-	38,585,290
New balances during the year/additions	30,389,125	-	-	-	-	30,389,125
Repaid/ derecognized balances	(2,436,354)	-	-	-	-	(2,436,354)
Transferred to stage 1	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	66,538,061	-	-	-	-	66,538,061
2020						
Total balance as at the beginning of the year	9,523,982	-	-	-	-	9,523,982
New balances during the year/additions	29,073,298	-	-	-	-	29,073,298
Repaid/ derecognized balances	(11,990)	-	-	-	-	(11,990)
Transferred to stage 1	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off facilities	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	38,585,290	-	-	-	-	38,585,290

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* The Bank has not calculated and recorded the provision for expected credit losses on government bills and/ or guaranteed by government, in accordance with the Central Bank of Jordan's instructions regarding the implementation of IFRS (9).

Direct credit facilities are distributed according to the economic sector as follows, as all of these facilities are granted to entities within the Kingdom:

	December 31, 2021	December 31, 2020
	JOD	JOD
Financial	8,790,313	16,404,745
Manufacturing and mining	89,725,197	95,921,914
Trading	107,426,825	123,441,064
Real-estate	143,109,146	144,474,197
Constructions	45,231,802	50,789,060
Agricultural	431,354	289,107
Tourism, restaurants, and public	94,754,953	99,340,473
Shares	9,332,171	7,623,992
Government and public sector	66,538,061	38,585,290
Individuals	277,875,300	207,916,347
Total	843,215,122	784,786,189

(11) Property and equipment- net

The details of this item are as follows:

	Lands*	Buildings*	Equipment devices furniture and decoration	Transport	Computers	Total
	JOD	JOD	JOD	JOD	JOD	JOD
2021						
Cost:						
Balance at the beginning of the year	10,349,066	16,002,332	17,560,285	586,322	3,617,146	48,115,151
Additions	-	-	612,484	-	243,571	856,055
Disposals	-	-	(467,339)	(32,499)	(180,868)	(680,706)
Transfers from payment for purchase property and equipment and projects under construction	-	-	245,323	-	-	245,323
Balance at the end of the year	10,349,066	16,002,332	17,950,753	553,823	3,679,849	48,535,823
Accumulated depreciation:						
Balance at the beginning of the year	-	3,183,828	13,007,634	384,808	2,754,063	19,330,333
Additions	-	327,221	800,279	60,647	332,478	1,520,625
Disposals	-	-	(430,950)	(24,333)	(161,470)	(616,753)
Balance at the end of the year	-	3,511,049	13,376,963	421,122	2,925,071	20,234,205
Net book value of property and equipment at the end of the year	10,349,066	12,491,283	4,573,790	132,701	754,778	28,301,618
Payment for purchase of property and equipment, and projects under construction	-	-	133,858	-	-	133,858
Net property and equipment	10,349,066	12,491,283	4,707,648	132,701	754,778	28,435,476

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	Lands*	Buildings*	Equipment, devices, furniture and decoration	Transport	Computers	Total
	JOD	JOD	JOD	JOD	JOD	JOD
2020						
Cost:						
Balance at the beginning of the year	10,349,066	16,002,332	16,887,599	586,322	2,958,443	46,783,762
Additions	-	-	304,540	-	562,951	867,491
Disposals	-	-	(4,252)	-	(4,246)	(8,498)
Transfers from payment for purchase of property and equipment, and projects in progress	-	-	372,398	-	99,998	472,396
Balance at the end of the year	10,349,066	16,002,332	17,560,285	586,322	3,617,146	48,115,151
Accumulated depreciation:						
Balance at the beginning of the year	-	2,816,603	12,044,783	315,826	2,553,117	17,730,329
Additions	-	367,225	966,104	68,982	205,184	1,607,495
Disposals	-	-	(3,253)	-	(4,238)	(7,491)
Balance at the end of the year	-	3,183,828	13,007,634	384,808	2,754,063	19,330,333
Net book value of property and equipment at the end of the year	10,349,066	1,2818,504	4,552,651	201,514	863,083	28,784,818
Payment for purchase of property and equipment, and projects under construction	-	-	245,323	-	-	245,323
Net property and equipment	10,349,066	12,818,504	4,797,974	201,514	863,083	29,030,141

-Property and equipment include JD 13,734,583 as of December 31, 2021, which represents fully depreciated consumed assets compared to JD 12,736,830 as of December 31, 2020.

*This item includes land and buildings mortgaged at JD 7,272,207 as of December 31, 2021 and December 31, 2020 for the specialized financing rental company against financing lease granted to Al Istethmari latemweel selselat Al Imdad company (subsidiary) for JD 2,698,642 as of December 31, 2021, compared to JD 3,226,201 as of December 31, 2020.

(12) Intangible assets

The details of this item are as follows:

	As of December 31, 2021			
	Advance payment for the purchase of systems	Software and programmed	Goodwill**	Total
	JOD	JOD	JOD	JOD
Balance at the beginning of the year	374,336	961,159	1,430,598	2,766,093
Additions*	110,029	537,738	-	647,767
Less:				
Disposals	-	10,771	-	10,771
Amortization for the year	-	399,312	-	399,312
Transfers	(157,897)	157,897	-	-
Balance at the end of the year	326,468	1,246,711	1,430,598	3,003,777

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	As of December 31, 2020			
	Advance payment for the purchase of systems	Software and programmed	Goodwill**	Total
	JOD	JOD	JOD	JOD
2020				
Balance at the beginning of the	221,744	963,278	1,430,598	2,615,620
Additions*	219,345	321,063		540,408
Less:				
Disposals	-	-	-	-
Amortization for the year	-	389,935	-	389,935
Transfers	(66,753)	66,753	-	-
Balance at the end of the year	374,336	961,159	1,430,598	2,766,093

*Additions to computer systems and software represents the amounts paid for purchased and developed of banking systems and programmed.

**Resulting from the Bank acquiring 94.7% of Jordan Trade Facilities Company Public shareholding company (which owns 100% of Trade Facilities Company for Finance Leasing) via the subsidiary (Tamkeen for Finance Leasing) during 2016 through purchased of 15,390,385 shares with a nominal value of JD 1 per share. The investment cost amounted to JD 20,774,620 and the fair value of the net assets acquired upon acquisition amounted to JD 19,344,022 resulting in a goodwill of JD 1,430,598.

Goodwill impairment loss tested as December 31, 2021 and the result was that there was no impairment of goodwill.

(13) Other assets

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JOD	JOD
Interest and income under collection	2,931,535	2,926,584
Prepaid expenses	1,360,132	1,395,078
Assets seized by the bank in settlement of debts*	40,685,861	43,405,673
Refundable deposits	547,318	955,059
Clearing cheques	42,222	54,018
Balances attributable to non-statutory operation-net	1,039,200	1,039,200
Purchased acceptances	1,582,868	9,195,924
Other	6,170,635	5,698,887
Total	54,359,771	64,670,423

*According to the bank's law the Bank must dispose of Assets seized by the bank in settlement of debts within two years from the date of foreclosure. However, Central Bank of Jordan can extend the period for maximum two years by certain exceptions. The balance is presented net after deduction of any impairment provision amounted to JD 26,110 as of December 31, 2021 and December 31, 2020, and seized assets provision according Central Bank of Jordan instructions for an amount of JD 1,437,276 as of December 31, 2021 compared to JD 1,529,659 as on December 31, 2020.

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Below is the movement of assets seized by the Bank in settlement of debts:

	December 31, 2021	December 31, 2020
	JOD	JOD
Balance at the beginning of the year	43,405,673	44,475,460
Additions	3,252,297	1,985,078
Disposals	(5,726,792)	(2,813,677)
Amortization of increase in fair value of assets seized by subsidiaries as at the date of acquisition	(337,700)	-
Recoveries from the (provision) of properties in accordance with the instructions of the Central Bank of Jordan	92,383	(241,188)
Balance at end of the year	40,685,861	43,405,673

**** This item represents the net balance attributable to non-statutory operations, less the provision prepared for as follows:**

	December 31, 2021	December 31, 2020
	JOD	JOD
Balance attributable to non-statutory operations	12,974,700	12,974,700
Less: Provision made for this balance	10,435,500	10,435,500
Less: Proceeds from insurance company	1,500,000	1,500,000
Balance at the end of the year	1,039,200	1,039,200

The bank was imposed during 2012 to embezzlement transaction in the balances at banks financial institutions account which led to a loss of approximately JD 12.9 million, this primarily relates to the possibility of collusion between some of the bank's employees. All the necessary legal procedures were taken by the bank's management and a provision for an amount of JD 10.4 million was booked for the transaction as of December 31, 2021 and December 31, 2020 after netting the amounts expected to be recovered from the repossessed assets and the deduction of the proceeds collected from the insurance company amounted to JD 1.5 million. Noting that the lawsuit procedures had been completed from the General Attorney and is now represented in front of Amman's Criminal Court.

(14) Operating lease contracts

A- Right of use assets:

	December 31, 2021	December 31, 2020
	JOD	JOD
Balance at the beginning of the year	5,102,151	6,021,892
Add:		
Right of use assets during the year	342,984	341,801
Less:		
Depreciation during the year	(889,251)	(959,236)
Impact of cancelling lease contracts	(671,266)	(302,306)
Balance at end of the year	3,884,618	5,102,151

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B. Lease liabilities

	December 31, 2021	December 31, 2020
	JOD	JOD
Balance at the beginning of the year	3,611,852	4,319,832
Add:		
Lease liabilities during the year	345,085	341,801
Interest expense during the year	137,241	213,860
less:		
paid liabilities during the year	(823,559)	(969,347)
Impact of cancelling lease contract	(707,927)	(294,294)
Balance at end of the year	2,562,692	3,611,852
of which is:		
Lease liabilities due within less than one year	590,647	666,563
Lease liabilities due within more than one year	1,972,045	2,945,289
Total	2,562,692	3,611,852

(15) Deposits from banks and financial institutions

The details of this item are as follows:

	December 31, 2021			December 31, 2020		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JOD	JOD	JOD	JOD	JOD	JOD
Current and on demand accounts	29,671	3,322,008	3,351,679	29,671	4,733,024	4,762,695
Term and notice deposits*	26,486	25,400,000	25,426,486	27,240	25,700,000	25,727,240
Total	56,157	28,722,008	28,778,165	56,911	30,433,024	30,489,935

*There are no amounts matured during a period of more than 3 months as at December 31, 2021 and December 31, 2020.

(16) Customers' deposits

The details of this item are as follows:

	Individuals	Large corporates	SMEs	Government and public sector	Total
	JOD	JOD	JOD	JOD	JOD
December 31, 2021					
Current and on demand accounts	76,249,622	71,329,398	11,781,953	1,067,788	160,428,761
Saving deposits	48,792,277	3,436,058	7,819	-	52,236,154
Term and notice deposits	359,883,921	168,166,771	10,245,045	41,557,352	579,853,089
Total	484,925,820	242,932,227	22,034,817	42,625,140	792,518,004
December 31, 2020					
Current and on demand accounts	83,962,411	69,425,737	12,895,002	2,575,666	168,858,816
Saving deposits	37,478,827	2,195,567	22,212	-	39,696,606
Term and notice deposits	344,104,553	165,115,861	11,061,466	37,977,321	558,259,201
Total	465,545,791	236,737,165	23,978,680	40,552,987	766,814,623

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- The value of government and public sector deposits amounted to JD 42,625,140 equivalent to 5.4% of total deposits as of December 31, 2021, against JD 40,552,987 equivalent to 5.3% as of December 31, 2020.
- The value of non-interest-bearing deposits amounted to JD 189,337,965 23.9% of total deposits as of December 31, 2021, as opposed JD 195,580,960 25.5% as of December 31, 2020.
- The value of deposits held (restricted) amounted to JD 14,302,681 as of December 31, 2021 equivalent to 1.8%, compared to JD 14,524,299 equivalent to 1.9%, as of December 31, 2020.
- The value of Dormant deposits amounted to JD 6,788,215 as of December 31, 2021, compared to JD 10,185,370 as of December 31, 2020.

(17) Cash margins

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JOD	JOD
Cash margins against direct facilities	13,176,910	15,538,183
Cash margins against indirect facilities	18,406,618	20,106,856
Other collaterals	4,000	5,750
Total	31,587,528	35,650,789

(18) Borrowed funds

The details of this item are as follows:

December 31, 2021	Amount	Number of Installments		Instalments frequency	Guarantees	Interest rate borrowings
	JOD	Aggregate	Remaining	JOD	JOD	JOD
Borrowing from the Central Bank of Jordan*	11,296,802	2,005	1,728	Monthly	Promissory notes Case margin/	Zero to 1.0%
Borrowing from local banks/ institutions	176,394,980	605	400	Monthly, quarterly, semi-annual and at maturity	mortgage bonds/ equipment and property mortgage/ promissory notes	4.5% to 6.5%
Borrowing from foreign institutions	9,281,519	16	14	Semi-annual and at maturity	-	1.76% to 5%
Total	196,973,301					
December 31, 2020						
Borrowing from the Central Bank of Jordan*	11,324,963	1,470	1,416	Monthly	Promissory notes Case margin/	Zero to 1.0%
Borrowing from local banks/ institutions	143,702,844	521	351	Monthly, quarterly, semi-annual and at maturity	mortgage bonds/ equipment and property mortgage/ promissory notes	4.5% to 6.5%
Borrowing from foreign institutions	11,769,400	21	18	Semi-annual and at maturity	*-	1.86% to 5%
Total	166,797,207					

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- The 11,296,802 JD borrowed from the Central Bank of Jordan represents borrowed amounts to refinance client loans under medium-term financing programs and the Central Bank of Jordan's SMEs Support Program to encounters for the Corona crisis, which has been re-lent at an interest rate of about 3.38%.
- As of December 31, 2021, 43 clients were eligible for the CBJ's Program to support Small and Medium-Sized Companies (SMEs) as of December 31, 2021, where loans are due within 52 months of the date of the grants, including the grace period according to the program requirements.
- The funds borrowed include borrowing amounts from local banks of JD 138,894,980 including overdraft accounts and revolving loans granted to subsidiaries (Al Istithmari Ltmweel selsalet Imdad, Tamkeen for finance Leasing Company, Jordan Commercial Facilities Company and Bindar for Trade and Investment Company).
- The funds borrowed from local institutions represent 37,500,000 JD borrowed from Jordan mortgage refinance company as at December 31, 2021 and 35,500,000 as at December 31, 2020, and housing loans have been refinanced at an interest rate of about 6.2% as at December 31, 2021, compared to 6.25% as December 31, 2020.
- Funds borrowed from external institutions are borrowed from the "Sanad" Fund to finance small and micro enterprises amounted to USD 13.1 million, equivalent to 9,281,519 JD for the bank and the subsidiary company (Jordan Commercial Facilities Company) as of December 31, 2021 for USD 16.6 million, equivalent to 11,769,400 JD as of December 31, 2020.
- Fixed interest loans amounted to 68,238,500. However, the variable interest loans amounted to 128,734,801 December 31, 2021, against fixed interest loans of JD 68,229,699 and variable interest loans of JD 98,567,508 as of December 31, 2020.
- Part of the installment bonds and financial leases at The Jordan Commercial Facilities Company of JD zero as of December 31, 2021 (cheques and bills) are deposited as collateral against the company's loan balances and credit banks for JD 1,253,302 as of December 31, 2020.

*There is a letter of comfort issued by the bank.

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(19) Bonds

This item represents bonds issued by subsidiaries as follows:

Subsidiary	Value of bonds	Interest rate	Gross instalments	Remaining instalments	Frequency of instalments maturity	Guarantees	Issue date	Maturity date
31 December 2021	JOD							
Tamkeen Leasing Co	5,000,000	5.25%	1	1	One payment at the date of maturity	N/A	24 August 2021	22 September 2022
Bindar Trade and Investment Company	3,000,000	5.25%	1	1	One payment at the date of maturity	N/A	29 June 2021	23 June 2022
Jordan Trade Facilities Company	5,280,000	5.25%	1	1	One payment at the date of maturity	N/A	25 November 2021	24 November 2022
Total	13,280,000							
31 December 2020								
Tamkeen Leasing Co	5,000,000	5%	1	1	One payment at the date of maturity	N/A	20 August 2020	18 September 2021
Tamkeen Leasing Co	1,300,000	5%	1	1	One payment at the date of maturity	N/A	3 July 2020	27 June 2021
Bindar Trade and Investment Company	3,000,000	5.85%	1	1	One payment at the date of maturity	N/A	16 June 2020	10 June 2021
Jordan Trade Facilities Company	2,110,000	5%	1	1	One payment at the date of maturity	N/A	2 November 2020	2 December 2021
Total	11,410,000							

(20) Other provisions

The details of this item are as follows:

	Balance at beginning of the year	Formed during the year	Utilized during the year	Reversed to revenues	Balance at end of the year
December 31, 2021	JOD	JOD	JOD	JOD	JOD
Provision for legal cases against the Bank and its subsidiaries (note 49)	632,361	166,837	466,648	3,000	329,550
Other	133,305	73,829	1,886	92,880	112,368
Total	765,666	240,666	468,534	95,880	441,918
December 31, 2020					
Provision for end of service benefits	22,747	-	21,187	1,560	-
Provision for legal cases filed against the Bank and its subsidiaries (note 49)	928,681	430,404	726,724	-	632,361
Other	71,104	73,000	5,954	4,845	133,305
Total	1,022,532	503,404	753,865	6,405	765,666

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(21) Income tax

A) Provision for income tax

The movement in the income tax provision is as follows:

	December 31, 2021	December 31, 2020
	JOD	JOD
Balance at beginning of the year	6,189,284	5,814,560
Total income tax paid	(7,729,743)	(7,131,764)
(Recoveries from) prior years	(84,185)	34,534
Income tax	8,681,675	7,471,954
Balance at end of the year	7,057,031	6,189,284

Income tax has been calculated in accordance with the applicable regulations, laws and IFRS.

Income tax presented in the consolidated statement of Profit or loss are as follows:

	2021	2020
	JOD	JOD
Income tax payable for current year profit	8,681,675	7,471,954
Income tax of prior years	13,051	34,534
Deferred tax assets for the year	(7,789,797)	(7,746,869)
Amortization of deferred tax assets for the year	9,106,740	2,101,448
	10,011,669	1,861,067

The statutory income tax rate in Jordan is 38% for the Bank (the parent company) and 28% for subsidiaries.

The Bank tax status:

- The financial Period is charged with its own income tax expense in accordance with the laws and regulations, IFRS and a necessary tax provision is calculated and recognised accordingly.
- A final clearance was made with the Income and Sales Tax Department for the financial years until the end of the year 2018.
- The bank has submitted the tax returns for the years 2019 and 2020 on the legally specified date and in compliance with regulations.
- In the opinion of the management and the tax advisor, the provision for income tax expense is sufficient to meet tax liabilities Up to December 31, 2021.

Tax status of Al-Mawarid Financial Brokerage Company (a subsidiary):

- A final clearance was made with the Income and Sales Tax Department for the period from incorporation on 5 June 2006 until the end of 2018.
- The company has submitted the tax return for the years 2019 and 2020 on the legally specified date and in compliance with regulations.
- The company's management and tax advisor believe that the company will not have any liabilities above the provision made until December 31, 2021.

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Tax Status of Tamkeen for finance lease Company (a subsidiary):

- The company did not submit the self-assessment statement for the period from its inception on 31 October 2006 until December 31, 2009, as it had not exercised its operations within these years.
- A final clearance was made with the Income and Sales Tax Department in respect of the income tax for the years from 2010 to 2017.
- The company submitted the tax return for the year 2018 on the legally specified date, and the statement was accepted without modification within the samples system.
- The company submitted the tax return for the years 2019 and 2020 on the legally specified date.
- The company submitted the sales tax returns on the legally specified date, and the Income and Sales Tax Department audited the general sales tax returns until December 31, 2017, and subsequent returns were submitted on the date specified by law and the related tax due was paid up to the date of preparing consolidated these financial statements.
- The company's management and tax advisor, believe that the company there is no need to book income tax provision for the period ended December 31, 2021. Since the result of the company's business is a loss.

Tax status of Al Istethmari Letmaweel Selselat Al-Imdad (a subsidiary):

- A final clearance was conducted with the Income and Sales Tax Department until the end of 2010.
- The company submitted annual income tax returns for the years from 2011 to 2014 within the legal period and paid all the obligations declared within the legal period and they were all accepted by the Income and Sales Tax Department as is without any modifications.
- A final clearance was made with the Income and Sales Tax Department for the fiscal years until the end of 2017, when the tax return for 2018 was accepted within the sampling system.
- The company submitted the tax return for the years 2019 and 2020 within the legally specified date and in compliance with regulations.
- The company submitted sales tax returns within the legal period and has no tax obligation to date.
- Sales tax returns were accepted without modification until the end of 2017, and subsequent tax returns were filed on the legally specified date and the related tax due was paid up until the date of preparing consolidated financial statements.
- In the opinion of the company's management and tax adviser believe there is no need to book income tax provision for the period ended December 31, 2021.

Tax Status of Jordan Trade Facilities Company (a subsidiary):

- A final clearance was conducted with the Income and Sales Tax Department until the end of 2018.
- The company has submitted the tax return for the years 2019 and 2020 according to the rules and on the legally specified date.
- The company has submitted the general sales tax returns on the legally specified date, and the Income and Sales Tax Department has audited the returns submitted for the end of the fiscal year 2016 and subsequent tax returns were submitted on the date specified and in compliance with regulations.
- The subsidiary company (Trade Facilities for finance lease) submitted self-assessment statements until the end of 2018, and they were accepted by the Income and Sales Tax Department within sampling system without modification.

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- The subsidiary company (Trade Facilities for finance lease) has submitted the tax return for the years 2019 and 2020 according to the rules and on the legal deadline.
- The subsidiary company (Trade Facilities for finance lease) has submitted the general sales tax returns in the date is set by law, Income and Sales Tax Department has audited the returns until In 2013, the company also submitted the tax returns related to the subsequent tax periods on time and according to the rules.
- The company's management and tax adviser believe that Jordan Trade Facilities Company and its subsidiaries will not have any liabilities above the provision made until December 31, 2021.

Tax status of Bindar Trade and Investment Company (a subsidiary):

- A final clearance was conducted with the Income and Sales Tax Department until the end of 2018 and 2020.
- The company submitted the tax return for the year 2019 and paid the accrued tax on the legally specified date.
- General sales tax returns were audited until the end of 2017, and subsequent tax returns were filed on the legally specified date and the related tax due was paid up until the date of preparing consolidated financial statements.
- The subsidiary company (Bindar Finance Leasing Company) had submitted final clearance for income tax and sales tax Department until the end of year 2016 in additions to the years 2018,2019,and 2020 and the company has submitted the tax return until end of the year 2017 on the legally specified date and has no tax obligation until the date of preparing consolidation financial statements.
- The subsidiary (Bindar Financial Leasing Company) has registerfor sales tax as of January 1, 2017 the tax returns has submitted and tax due was paid up until the date of preparing consolidated financial statements.
- The subsidiary company (Robua Al Sharq Real Estate Company) has made a final settlement with the Income and Sales Tax Department of the company until the end of the year 2018 and the year 2020.
- The subsidiary company (Rubou Al Sharq Real Estate Company) has submitted the tax return for the year 2019 and the tax due was paid on the legally specified date.
- The subsidiary company (Rakyen Real Estate Company) has made a final settlement with the Income and Sales Tax Department of the company until the end of 2018 and 2020.
- The subsidiary company (Rakeen Real Estate Company) has submitted the tax return for the year 2019 and the tax due was paid on the date specified by law.
- In the opinion of the company's management and tax advisor, Bindar Trading and Investment Co. and its subsidiaries will not have any obligations in excess of the provision taken until December 31, 2021.

Tax status of Jordan Takhseem company (a subsidiary):

- The company has submitted tax returns for the years from 2012 to 2020, according to the rules, as the tax returns for the years 2012 and 2013 were accepted within the sampling system.
- The company has registered for sales tax as of July 7, 2020, and subsequent tax returns have been submitted and the tax due has been paid up until the date of preparing consolidation financial statements.
- The company's management and the tax advisor believe that there is no need to book an income tax provision for the period ending on December 31, 2021. Since the result of the company's business is a loss.

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B) Deferred Tax assets/ liabilities

The details of this item are as follows:

Included accounts	December 31, 2021			December 31, 2020		
	Balance at beginning of the year	Released amounts	Added amounts	Balance at the end of the year	Deferred tax	Deferred tax
	JOD	JOD	JOD	JOD	JOD	JOD
A- Deferred tax assets						
Provision for end of service benefits	359,000	447,610	106,147	17,537	6,664	136,420
Provisions prepared as per IFRS 9/ Bank	16,574,214	18,060,850	10,541,031	9,054,395	3,440,670	6,298,201
Provision for impairment of assets seized	26,110	-	-	26,110	9,922	9,922
Provision for assets seized for more than 4 years	1,529,660	92,383	-	1,437,277	546,165	581,271
Provision for balances attributable to non-statutory operations*	10,435,500	-	-	10,435,500	3,965,490	3,965,490
Interest suspense against working accounts classified into the stages two and three in accordance with IFRS 9	-	-	1,728,036	1,728,036	656,654	-
Impact of adopting IFRS 16:	182,239	-	66,938	249,177	94,687	69,251
Employees' bonuses unpaid	1,577,182	945,006	1,016,000	1,648,176	626,307	599,329
Other accrued expenses	-	-	350,000	350,000	133,000	-
Net losses of foreign investments	1,783,362	1,111,875	-	671,487	87,293	231,837
Provision for impairment of financial brokerage clients	293,709	142,013	104,278	255,974	71,673	82,239
Directors' remunerations and allowances unpaid/ Mawarid Company	25,000	11,285	10,000	23,715	6,640	7,000
Provisions made as per IFRS 9/ Mawarid Company	14,069	1,957	11,560	23,672	6,628	3,939
Provision for ECL/ Al Istithmari for Tamwel Selselt Al Imdad	1,237,935	13,438	2,778,282	4,002,779	1,120,777	346,622
Provision for ECL/ Tamkeen for Finance Leasing	2,117,725	1,087,955	1,478,728	2,508,498	702,379	592,963
Taxable income (loss) at 75%/ Tamkeen for finance leasing	508,755	359,719	-	149,036	41,730	142,451
Taxable income (loss) at 75%/ %/ Jordan Takhseem company	218,261	-	106,127	324,388	90,829	61,113
Provision for ECL/ Jordan Takhseem company	-	-	729	729	204	-
Provision for cases/ Jrodan Trade Facilities Co.	240,521	19,448	58,100	279,173	78,168	67,346
Provision for ECL/ Jordan Trade Facilities Company	6,100,672	1,997,315	2,344,196	6,447,553	1,805,315	1,708,188
Interest in suspense/ Jordan Trade Facilities Co.	1,833,516	354,183	790,712	2,270,045	635,613	513,384
Other provisions/ Jordan Trade Facilities Co.	135,674	94,764	73,827	114,737	32,125	37,988
Interests of operating lease obligations/ Jordan Trade Facilities Company	22,887	22,887	14,107	14,107	3,950	6,408
Provision for ECL/ Bindar for Trade and Investment Company	5,857,521	1,376,369	1,310,428	5,791,580	1,621,642	1,640,106
Other provisions/ Bindar for Trade and Investment Company	26,972	-	-	26,972	7,552	7,552
Provision for cases/ Bindar for Trade and Investment	32,840	2,590	2,590	32,840	9,195	9,195
	51,133,324	26,141,647	22,891,816	47,883,493	15,801,272	17,118,215
B- Deferred tax liabilities						
Financial assets revaluation reserve	13,529,451	4,948,273	1,123,716	9,704,894	3,490,066	5,117,743
	13,529,451	4,948,273	1,123,716	9,704,894	3,490,066	5,117,743

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- Deferred tax liabilities include JD 3,490,066 as at December 31, 2021 compared to JD 5,117,743 as at December 31, 2020 representing tax liabilities against profits of valuation of financial assets at fair value through other comprehensive income that appear in the Financial assets revaluation reserve - net of equity.

*This item represents the deferred tax benefits expected from making a provision against balances due to non-statutory operations (Note 13) and the management believes that these amounts can be used in the near future.

***The movement of the account of tax assets/ liabilities is as follows:**

	December 31, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
	JOD	JOD	JOD	JOD
Balance at beginning of the year	17,118,215	5,117,743	11,472,794	7,337,607
Additions	7,789,797	174,757	7,746,869	180,110
Disposal	9,106,740	1,802,434	2,101,448	2,399,974
Balance at end of the year	15,801,272	3,490,066	17,118,215	5,117,743

C) Summary of reconciliation between accounting profit and taxable income:

	2021	2020
	JOD	JOD
Accounting profit	29,558,585	7,864,336
Non-taxable profits	(3,013,852)	(4,233,750)
Acceptable tax expenses for prior years	(21,107,146)	(4,369,290)
Non-acceptable expenses in terms of ta	20,445,982	21,764,465
	25,883,569	21,025,761
Taxable profit		
Percentage of the Bank's statutory income tax *	38%	38%
Percentage of statutory income tax for the subsidiaries*	28%	28%

* Excluding some items that are subject to different tax rates in accordance with the applicable tax income law.

(22) Other liabilities

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JOD	JOD
Certified and acceptable checks	1,124,883	1,473,319
Accrued Interest payable	4,956,934	4,855,130
Sundry creditors	4,087,044	2,312,509
Payables for financial brokerage clients	632,509	715,946
Unpaid dividend distribution	142,104	166,357
Iron safes insurance	147,778	146,700
Accrued expenses	2,114,090	2,063,094
Other liabilities	4,219,704	3,726,648
Provision for impairment off - statement of financial position sheet items according to IFRS (9)	1,511,347	463,848
Total	18,936,393	15,923,551

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(23) Share capital

Authorized and paid-in capital amounted to JD 100 million distributed to 100 million shares with a par value of 1 JD for each as at December 31, 2021 and 2020.

(24) Reserves

Amounts accumulated in this account represent 10% of the annual profits before tax transferred in accordance with the Jordanian Companies Law. This reserve is not available for distribution to shareholders.

(25) Financial assets revaluation reserve – net

Movement in this item is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>JOD</u>	<u>JOD</u>
Balance at the beginning of the year	8,560,247	12,255,295
Unrealized shares losses	(3,734,672)	(7,346,812)
Deferred tax liabilities	1,627,677	2,219,864
(Gains) Losses on of financial assets at fair value through other comprehensive income transferred to retained earnings as a result of sale	(90,889)	1,431,900
Balance at the end of the year*	6,362,363	8,560,247

*The Revaluation reserve of Financial Assets appears after the deduction of deferred tax liabilities of JD 3,490,066 as of December 31, 2021, compared to 5,117,743 JD as at December 31, 2020.

(26) Retained earnings

Movement on the retained earnings is summarized as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>JOD</u>	<u>JOD</u>
Balance at the beginning of the year	39,363,524	35,387,832
Profit for the year	17,812,151	5,758,958
Transferred to reserves	(2,728,366)	(914,972)
Dividend distributed	(12,000,000)	-
Gains (Losses) on sale of financial assets at fair value through other comprehensive income	90,889	(1,431,900)
Effect of investment increase in subsidiaries	74,114	563,606
Balance at the end of the year	42,612,312	39,363,524

- Retained earnings include a restricted amount of JD 15,801,272 as at December 31, 2021 according to the instructions of the Central Bank of Jordan in exchange for deferred tax assets against JD 17,118,215 as at December 31, 2020.
- Retained earnings include a restricted amount of JD 1,039,200 as at December 31, 2021 and December 31, 2020, representing the remaining of the balances attributable to non-statutory operations as per the request of the Central Bank of Jordan.
- Retained earnings include an amount of JD 415,199 as at December 31, 2021 and December 31, 2020, which represents the effect of early adoption of IFRS 9 and cannot be disposed of except to the extent that it is actually realized through sales, according to the JSC's instructions.
- In accordance with the instructions of the Central Bank of Jordan No. (13/2018), the accumulated balance of the general banking risk reserve item amounting to JD 6,365,000 as at December 31, 2017 has been transferred to the retained earnings item for offset with the impact of IFRS 9. Surplus from the amount after offset amounting to JD 1,971,056 is restricted.

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(27) Proposed dividends

The Board of Directors decided to recommend to the Shareholders' General Assembly to distribute JD 10 million of retained earnings during the year 2022 for the year 2021, equivalent to 10% of the Bank's capital., which is subject to the approval of Central Bank of Jordan. and the general assembly of shareholders, pursuant to a decision of the general assembly of shareholders On April 21, 2021, 12 million JD were distributed from retained earnings for the year 2020, equivalent to 12% of the bank's capital.

(28) Non-controlling interests

The details of this item are as follows:

	December 31, 2021			December 31, 2020		
	% Non-controlling interests	Non-controlling interest in net profit	Non-controlling interest in net assets	% Non-controlling interests	Non-controlling interest in net profit	Non-controlling interest in net assets
	%	JOD	JOD	%		
Tamkeen Leasing Co	2.5	(1,403)	756,934	2.5	(18,689)	758,337
Al Istethmari Latemweel Selselat						
Al Imdad Company	6.0	(112,763)	250,457	6.0	(1,287)	363,220
Jordan Trade Facilities Company	4.7	179,605	1,561,059	5.0	156,230	1,483,594
Bindar Trade and Investment Company	3.5	125,743	496,911	4.0	108,057	516,275
		191,182	3,065,361		244,311	3,121,426

(29) Interests Income

The details of this item are as follows:

	2021	2020
	JOD	JOD
Direct credit facilities:		
Individuals (retail):		
Loans and bills	17,845,955	14,635,994
Overdrafts	552,419	527,606
Credit cards	5,628,805	3,434,112
Mortgage Loans	9,583,195	10,015,622
Large corporate:		
Loans and bills	15,555,683	19,247,850
Overdrafts	5,703,364	6,515,998
SMEs		
Loans and bills	3,277,808	4,383,322
Overdrafts	642,193	519,073
Government and public sector	3,070,051	1,775,932
Balances at the Central Bank of Jordan	928,471	869,970
Balances and deposits at banks and financial institutions	373,130	734,178
Financial assets at amortized cost	6,898,659	7,714,993
Total	70,059,733	70,374,650

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(30) Interests Expense

The details of this item are as follows:

	2021	2020
	JOD	JOD
Deposits at banks and financial institutions	555,533	366,553
Customers deposits:		
Current and on demand accounts	178,373	117,863
Saving deposits	115,065	133,304
Term and notice deposits	19,874,817	23,452,860
Cash margins	644,686	698,186
Borrowed funds	9,523,811	8,534,200
Bonds	581,223	695,556
Deposits guarantees fees	1,042,873	1,095,591
Interest expense on lease liabilities	137,241	213,860
Total	32,653,622	35,307,973

(31) Net Commissions Income

The details of this item are as follows:

	2021	2020
	JOD	JOD
Commissions income:		
Direct facilities commissions	11,537,004	8,433,973
Indirect facilities commissions	1,131,193	1,723,834
Brokerage commissions	215,638	50,925
Other commissions	1,944,002	1,733,231
Total commissions income	14,827,837	11,941,963
 Less: commissions expense	 2,851,919	 2,040,530
 Net commissions income	 11,975,918	 9,901,433

(32) Foreign currency exchange gains

The details of this item are as follows:

	2021	2020
	JOD	JOD
Profits resulting from trading/ transaction	796,528	703,126
Profits resulting from valuation	21,754	15,921
Total	818,282	719,047

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(33) Profits of financial assets at fair value through the statement of profit and loss

The details of this item are as follows:

	Unrealized (loss) profit	Unrealized loss	Shares dividends returns	Total
	JOD	JOD	JOD	JOD
2021				
Shares of companies	(2,612)	-	391	(2,221)
share options	587,897	-	-	587,897
Total	585,285	-	391	585,676
2020				
Shares of companies	(45,281)	(3,705)	4,366	(44,620)
share options	302,529	-	-	302,529
Total	257,248	(3,705)	4,366	257,909

(34) Other income

The details of this item are as follows:

	2021	2020
	JOD	JOD
Bounded revenues	1,371,866	1,585,837
Telecommunication revenues	42,464	194,885
Gains on sale of sized assets by the Bank	304,757	304,012
Recoveries from bad debts	266,508	135,871
Other	683,725	241,694
Total	2,669,320	2,462,299

(35) Employees' expenses

The details of this item are as follows:

	2021	2020
	JOD	JOD
Employees' salaries, benefits and bonuses	12,957,434	12,889,706
Banks and subsidiaries' contribution in the social security	1,292,832	1,277,226
Medical expenses and insurance	887,068	892,748
Traveling and transportation	11,911	68,604
Employees' training expenses	53,611	36,241
Employees' life insurance expenses	33,187	32,349
Travel per diem	575	830
The Bank's contribution to the Social Activity Fund	1,686	-
Total	15,238,304	15,197,704

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(36) Other expenses

	2021	2020
	JOD	JOD
Stationery and printing	178,462	152,460
Advertisement	1,069,013	576,187
Subscription and fees	1,060,636	868,028
Telecommunication and post expenses	639,188	670,518
Maintenance and repairs of buildings and equipment	398,891	390,271
Maintenance of systems and software license	1,236,328	1,007,244
Rewards fees on credit cards and accounts	1,258,451	995,739
Insurance expenses	596,677	511,445
Judicial charges and fees	101,193	124,686
Electricity, water and fuel	136,051	151,742
Professional and consultation fees	326,240	516,969
Donations	70,813	59,170
Credit card expenses	88,131	60,455
Board of Directors transportation fees and bonuses	506,576	453,320
Safety and security expenses	201,433	192,357
Cleaning expenses	193,739	186,373
Other expenses	1,440,026	1,117,909
Total	9,501,848	8,034,873

(37) Provision (Recoveries) from expected credit losses of financial assets and off the statement of financial position items

The details of this item are as follows:

	2021	2020
	JOD	JOD
(Recoveries from) Provision for expected credit losses on Deposits at banks and financial institutions	(1,072)	(83,767)
Provision for expected credit losses on financial assets in amortized cost	575	567,100
Provision for expected credit losses on other assets	15,596	4,668
Provision from off balance sheet items	1,047,499	11,200
Total	1,062,598	499,201

(38) Basic and diluted earnings per share from net profit for the year attributable to shareholders of the Bank

The details of this item are as follows:

	2021	2020
	JOD	JOD
Net profit of the year attributable to the Bank's shareholders	17,812,151	5,758,958
Weighted average of the number of shares	100,000,000	100,000,000
Basic and diluted earnings per share from net profit for the year	0.178	0.058

The basic earnings per share from the net profit for the year attributable to the shareholders of the Bank equals the diluted earnings as the Bank does not issue any financial instruments that have an impact on the basic.

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(39) Cash and cash equivalents

The details of this item are as follows:

	December 31, 2021	December 31, 2020
	JOD	JOD
Cash and balances at the Central Bank of Jordan with maturity within three months	97,358,858	90,377,554
Add: Balances at banks and financial institutions with maturity within three months	64,351,315	70,942,494
Less: Deposits at banks and financial institutions with maturity within three months	28,778,165	30,489,935
	132,932,008	130,830,113

(40) Related parties

The consolidated financial statements include the financial statements of the Bank and its following subsidiaries:

Company Name	Shareholding Percentage	Company's share capital	
		As of December 31, 2021	As of December 31, 2020
	%	JOD	JOD
Al-Mwared for Financial Brokerage	100%	3,000,000	3,000,000
Tamkeen Leasing Co	97.5%	20,000,000	20,000,000
Al Istethmari Latemweel Selselat Al Imdad Company	94%	3,000,000	3,000,000
Jordanian Takhseem Company	100%	1,500,000	1,500,000
Jordan Trade Facilities Company	95.3%	16,500,000	16,500,000
Trade Facilities for Finance Leasing Co.	95.3%	2,000,000	2,000,000
Bindar Trade and Investment Company	96.5%	20,000,000	20,000,000
Ruboua Al Sharq Real Estate Company	96.5%	50,000	50,000
Rakeen Real Estate Company	96.5%	30,000	30,000
Bindar Financial Leasing Company	96.5%	1,000,000	1,000,000

The Bank has entered into transactions with members of the Board of Directors, key management, subsidiaries and major shareholders within the normal activities of the Bank and by using normal interest rates and commercial commissions. All credit facilities granted to related parties are considered performing and no provisions are made for them, except as mentioned below.

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The following is the summary of transactions and balances with related parties:

	Related party			Total	
	Subsidiaries*	Directors and key executive management	Others (staff and their relatives, and relative of Board of Directors and key executive management and companies controlled)	December 31, 2021	December 31, 2020
	JOD	JOD	JOD	JOD	JOD
Balance sheet items:					
Credit facilities	7,838,448	4,287,882	39,482,319	51,608,649	58,198,418
Provision for impairment of direct credit facilities**	-	-	39,657	39,657	36,287
Financial assets at amortized cost	-	-	5,120,000	5,120,000	5,820,000
Financial assets at fair value through profit and loss	-	-	-	-	190,000
Deposits, current accounts and cash					
Insurance	2,023,647	8,331,520	10,426,281	20,781,448	29,035,264
Deposits at banks and financial institutions	-	25,120,396	-	25,120,396	18,216,569
Off balance sheet items:					
Letters of credit	-	-	-	-	20,622
Guarantees	824,800	210,592	2,027,059	3,062,451	3,994,108

Elements of the statement of profit or loss:

				2021	2020
				JOD	JOD
Interests and commissions income	519,514	212,069	17,38,312	2,469,895	4,847,917
Interests and commissions expense	94,310	658,910	282,373	1,035,593	1,102,231
Provision for impairment of credit facilities**	-	-	3,370	3,370	(46,593)
Highest interest rate on direct credit facilities in Jordanian Dinar	21%		Lowest interest rate on direct credit facilities in Jordanian Dinar		1.25%
Highest interest rate on direct credit facilities in foreign currency	12 %		Lowest interest rate on direct credit facilities in foreign currency		6%
Highest interest rate on deposits in Jordanian Dinar	4.45%		Lowest interest rate on deposits in Jordanian Dinar		Zero
Highest interest rate on deposits in foreign currency	2%		Lowest interest rate on deposits in foreign currency		Zero
Highest commission on facilities	1%		Lowest commission on facilities		Zero

- Interest rates on financial assets at amortized cost, Jordanian Dinar, range from 10.583%.

Salaries, bonuses for key executive management of the Bank and subsidiaries amounted to JD 2,910,651 for the year ended December 31, 2021, against JD 3,247,947 for year ended December 31, 2020.

As at December 31, 2020, the number of related clients reached 1,001, against 1,012 as of 31 Dec 2020.

The value of the collaterals provided by the related clients against the granted credit facilities amounted to JD 34,999,069 as at December 31, 2021, against 31,288,457 as of 31 December 2020.

- * Balances and transactions with subsidiaries are eliminated in these consolidated financial statements and are shown for reference only.

**This represents the provisions prepared according to the instructions of the Central Bank of Jordan (No. 47/2009).

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(41) Risk management

The overall risk management framework:

The Bank has set the supervisory levels (defense lines) to manage risk at the Bank's level, by setting the general framework for these levels as follows:

- **Business Units:** Employees within the business units represent the first line of defense and are directly responsible for managing risks and evaluating control procedures related to them.
- **Risk Management Function:** The risk management staff represents one of the elements of the second defense line and they are responsible for coordinating the risk management efforts and facilitating the process of supervising the mechanisms used and followed by the Bank to manage the risks.
- **Compliance Department:** Compliance Department is another component of the second line of defense. Compliance Department staff are concerned with ensuring compliance with laws, regulations, instructions, orders, codes of conduct, standards and sound banking practices.
- **Internal Audit:** The internal audit staff represents the third line of defense and are responsible for conducting the independent review of the control procedures, processes, and systems associated with risk management at the Bank's level.

The Bank formed a risk and compliance management committee emanating from the Board of Directors.

This committee is concerned with risk management to ensure that all risks to which the Bank is exposed or may be exposed, are managed in an efficient manner to mitigate its impact on the various activities of the Bank and to ensure the proper functioning of its management, and its consistency with the Bank's strategy to maximize equities and maintain the Bank's growth within the approved risk framework the committee has the following main tasks:

- A- Reviewing the Bank's risk management strategy before approving it by the Board of Directors.
- B- Reviewing the Bank's risk management policies before approving it by the Board of Directors.
- C- Ensuring the availability of policies and a framework for managing the necessary risks, programmed and tools, with annual reviews as a minimum to ensure their effectiveness and amending them if necessary.
- D- Ensuring that adequate and appropriate support is provided to the Risk Management Function to perform its tasks in accordance with the approved policies and procedures and the instructions of the Central Bank of Jordan.
- E- Ensuring the use of modern methods in managing and evaluating the Bank's risks.
- F- Reviewing periodic risk management reports.
- G- Reviewing the Bank's acceptable risks documents and before approving it by the Board of Directors.
- H- Reviewing the methodology by which the expected credit loss is calculated and submitted to the Board for approval.
- I- Verifying the existence and application of effective internal control systems, internal credit rating systems, and automated systems for calculating expected credit losses and appropriate screening and verification procedures so that this system is able to reach results within adequate hedging against expected credit risks.
- J- Ensuring that there is an independent body that has the power to decide on exception or amendment on the calculation of ECL and to present these cases to the Board of Directors or its relevant committees at its first meeting and to obtain its approval.
- K- Reviewing the internal evaluation methodology of the Bank's capital adequacy and submitting the same to the Board of Directors for approval, so that this methodology is comprehensive, effective and capable of identifying all risks that the Bank may face and take into account the Bank's strategic plan and capital plan. Reviewing this methodology periodically and verifying its application and ensuring that the bank maintains sufficient capital to meet all the risks it faces.
- L- Ensuring the independence of the risk management.

As for compliance management, the Committee aims to add value to the Bank's operations by improving the effectiveness of risk management, internal control systems and corporate governance, through ensuring that the Bank and its internal policies comply with all laws, regulations, instructions, orders, codes of conduct, standards, and sound banking practices issued by local and international oversight bodies and reporting to the Board of Directors on the Bank's compliance.

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The Committee carries out the following main tasks:

- A-Ensuring full compliance with the laws, regulations, policies and orders that the Bank's business is subject to and the existence of a general framework for correct professional behavior and monitoring the Bank's compliance and commitment to implementing the provisions of the legislation in force and the requirements of regulatory authorities.
- B-Ensuring that there is an integrated general framework for internal control, improving it when necessary, and reviewing compliance with the corporate governance manual.
- C- Reviewing the related parties' dealings with the Bank and giving recommendations to the Board of Directors before concluding them.
- D-Verifying that sufficient qualified human resources are available to comply with compliance management and to train them and is responsible for assessing the performance of the compliance manager and staff and determining their remuneration.
- E -Reviewing and approving any disclosures in the annual report related to risks and internal control systems.
- F- Adopting the compliance control policy, money laundering and terrorist financing policy, and evaluating the degree of effectiveness with which the Bank manages the compliance department at least once a year and reviewing it when making any changes to it.
- G-Monitoring and following up the implementation of the compliance policy and verifying compliance with the Bank's internal policies, international standards and related .
- H- Reviewing clients' complaints reports and making sure that appropriate measures are taken to follow up on these complaints.
- I- Taking the necessary measures to enhance the values of integrity and sound professional practice within the Bank in a manner that makes compliance with applicable laws, regulations, instructions, orders and standards a primary goal to be achieved.
- J- Reviewing and approving compliance programmers and plans annually.

In addition, the Bank has formed an Executive Risk Management Committee, which in turn supervises efforts to manage all types of risks that the Bank may face in addition to the overall risk management framework. The Risk Management Committee submits the necessary reports to the Risk Committee of the Board of Directors.

The Risk Management Function undertakes the process of managing the Bank's various risks on a daily basis (credit, operating and market risks) within the general framework of the approved risk management policies, through:

- Risk identification.
- Risk assessment.
- Risk control mitigation.
- Risk monitoring.

Noting that the Bank adheres to the requirements of the Central Bank of Jordan related to each of the Basel III decisions and the process of (ICAAP) in addition to the requirements of stress tests and the requirements of the IFRS No. (9).

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41/ A Credit risk:

Credit risk is defined as: “the probability that the principal or interest will not be recovered on time and completely, resulting in a financial loss for the Bank.

Given the importance of credit risks as the largest part of the risks to which the Bank is exposed in general, the Bank has given credit management great importance by activating the appropriate tools to monitor and identify these risks at the level of the credit portfolio. To achieve this, the Bank, based on its risk management strategy, conducted the following:

- 1- Approving a document of acceptable risks, setting credit limits for credit risks and monitoring them periodically to mitigate the credit risks that the Bank can be exposed to.
- 2- The Bank implements a credit risk rating system from Moody’s for clients of major companies and commercial companies, which would reflect on the quality of the credit portfolio and help in making appropriate credit decisions as follows:
 - Through the system, the clients’ credit rating is obtained as follows:
 - Large corporate
 - SMEs
 - Classification of clients on the system to ten levels, where the rating scores are distributed from 1 (high quality companies with few risks) to 10 (classified company not performing), as the classification system includes classification of performing debts within (7) degrees and non-performing.
 - Analyzing the borrower’s risks as per economic sector, management, financial status, experience, etc.
 - Analyzing client’s data and financial statements to extract the most important financial ratios and indicators that help in making credit decisions.
 - There is a specific matrix for each credit rating on the Moody’s system, as the rating is correlated with the likelihood of default corresponding to that rating.
- 3- Mitigating credit risk through credit risk mitigators (cash, real estate, shares or other guarantees) that are commensurate with the credit risk to which the Bank is exposed and in a manner that ensures that appropriate guarantees are met.
- 4- Preparing and conducting stress testing for credit risk.
- 5- Approved business policies and procedures that cover the approved basis for managing credit related operations and which include the following:
 - Specific powers of approval of granting credit
 - Defining the tasks and responsibilities of all parties and departments related to the credit granting process.
 - Defining the necessary supervisory reports and statements that ensure that activities related to credit granting operations are monitored and followed up by the various departments involved in credit granting operations.
- 6- The existence of departments and committees to manage credit granting operations, in a manner that ensures separation of duties between the various business departments and the credit monitoring and reviewing of credit risk management departments, as follows:
 - Specialized committees for the approval of credit.
 - Specialized departments for reviewing credit.
 - Specialized departments for managing credit.
 - A specialized unit for legal documentation.
 - Specialized departments for following up the collection of receivables and past-due debts.
- 7- The Bank ensures that it is committed to the instructions of the Central Bank of Jordan regarding credit concentrations in addition to preparing and monitoring credit concentrations and declaring banking risks to the Bank's customers.
- 8- Sound and appropriate legal and credit documentation for all conditions associated with credit facilities, including legal documentation required for the Bank’s guarantees.

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General framework for the application of the requirements of IFRS (9):

- Based on INVESTBANK's keenness to adhere to the IFRS (9), and based on the instructions of the Central Bank of Jordan regarding the implementation of the IFRS (9), INVESTBANK implemented the standard within the following:
 1. Engaging with a specialized company to provide necessary consultations on the application of the standard.
 2. Purchasing an automated system specialized to apply the standard requirements.
 3. Developing the framework document for the implementation of the standard and its approval by the Board of Directors.
 4. Recognizing (classifying) all credit exposures/ debt instruments that are subject to the measurements and calculation of ECL within one of the following stages:
 - **Stage 1:** This represents the expected credit loss weighted with PD for credit exposure/ debt instrument during the next (12) months, as credit exposures/ debt instruments have been included in this item, which did not have a significant increase or affecting its credit risks since the initial recognition of exposure/ instrument or that which has low credit risk at the date of preparing the financial statements, and credit risk is considered low if the conditions mentioned within the instructions of the Central Bank of Jordan based on the requirements of the standard are met, and examples of these indicators include the following:
 - Low default risk.
 - The debtor has a high ability in the short term to meet commitments.
 - **Stage 2:** This stage includes credit exposure/ debt instruments, which had a significant increase in credit risk since their initial recognition but have not yet reached a default stage due to the lack of objective evidence to establish default. The expected credit loss for the entire lifetime of the credit exposure/ debt instrument is calculated as the ECL resulting from all PDs over the remaining time period of the credit exposure/ debt instrument.
 - **Stage 3:** The Bank is taking into account the indicators included in the instructions of the Central Bank of Jordan, which is derived from the requirements of the standard relative to the classification of credit exposures/ debt instruments within this stage. Examples of these indicators are as follows:
 - Non-compliance with contractual conditions such as the existence of maturities equal to or greater than (90) days.
 - The existence of clear indications that the debtor is near bankruptcy.
 - In addition to the indicators received in the instructions of the Central Bank No. 2009/47.
 5. The mechanism adopted to calculate expected credit losses (ECL) on financial instruments for each item:
 - The calculation of ECL depends on the PD, which is calculated according to credit risk and economic factors, and the LGD ratio, which is based on the collectible value of the collateral, the EAD. Accordingly, the Bank adopted the following mathematical model to calculate the ECL in accordance with IFRS No. (9). The following equation applies to all exposures as follows:
$$ECL = PD\% \times EAD (JOD) \times LGD\%$$

ECL: Expected credit loss
PD: Probability of default
EAD: Exposure at Default
LGD: Loss Given Default
 - Scope of application/ ECL:
 - In accordance with the requirements of IFRS (9), ECL measurement model is applied within the following framework (except as measured at fair value through the consolidated statement of profit or loss):
 - Loans and credit facilities (direct and indirect).
 - Debt instruments carried at amortized cost.
 - Debt instruments classified at fair value through other comprehensive income.
 - Financial guarantees provided in accordance with the requirements of IFRS 9.
 - receivables related to leases are within the requirements of IAS (17) and IFRS (16).
 - Trade receivables.
 - Credit exposures to banks and financial institutions [excluding current balances used to cover bank transactions such as remittances, guarantees and credits within a very short period of time (days)].

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6. Calculation of the PD: The Bank calculates the PD according to the following data:
- Economic indicators and macroeconomic factors (GDP, unemployment and inflation, real interest rates) to be used in calculating ECL (PD) were taken into account.
 - With regard to clients who are treated on an individual basis and classified through the credit rating system, the PD extracted from the credit rating system has been relied upon as a calibration of the default rates on the system to align with the requirements of the standard and after taking into account the historical defaults data of the Bank. As for the clients who are treated individually and not classified through the credit rating system, they are included in Stage 2, according to the instructions of applying the IFRS (9) No. (2018/13).
 - As for the clients who are dealt with on an collective basis, the “Roll Rate” methodology was adopted to calculate the percentage of future loss at default, as it was relied upon to study the historical data of the Bank by taking into account an analysis of the results of the methodology at a collective level (collective basis) for credit exposures that have similar credit characteristics by taking into consideration a group of factors; of which the most important are as follows:
 - Type of product
 - Type of collaterals
 - Sector
7. Calculation of (EAD): The Bank has taken the following data into account when calculating EAD:
- Credit exposure type.
 - Balance of credit exposure.
 - Credit Conversion Factor – CCF
8. Calculating LGD, as the Bank made the calculation by analyzing historical data of the Bank's recovery rates (recovery rates), after taking into consideration a set of factors, the most important of which are the nature of guarantees and products and clients' classification. Accordingly, LGD ratios have been developed either on individual level for clients classified through the credit rating system or at collective basis for exposures that bear similar characteristics to clients not rated on the credit rating system.

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1- Credit risk exposures (after provision for impairment, interest in suspense, collaterals and other risk mitigation)

	December 31, 2021	December 31, 2020
	JOD	JOD
Items in the statement of financial position:		
Balances at the Central Bank of Jordan	83,712,522	76,980,823
Balances at banks and financial institutions	64,351,278	70,941,436
Deposits at banks and financial institutions	-	399,949
Credit facilities:		
Individuals	272,622,481	205,521,897
Real estate mortgage	138,620,664	138,889,932
corporates		
Large corporate	275,163,091	306,711,814
SMEs	35,690,980	42,223,074
government and public sector	66,538,061	38,585,290
Bills and bonds:		
Financial assets at amortized cost	187,390,518	172,871,636
Other assets	8,914,015	16,345,269
Total Statement of financial position items	1,133,003,610	1,069,471,120
Off Statement of financial position items		
Guarantees	71,702,025	84,967,248
Letters of credit	5,272,173	3,588,732
Acceptances and time-drawings	5,790,817	5,340,792
Unutilized direct credit facilities limits	21,607,956	18,518,711
Unutilized indirect credit facilities limits	23,971,208	24,600,487
Total off balance sheet items	128,344,179	137,015,970
Total balance sheet and off-balance sheet items	1,261,347,789	1,206,487,090

To hedge the credit exposures mentioned above, the Bank uses the following mitigators and within specific conditions in the Bank's credit policy:

- 1- Cash margins.
- 2- Bank guarantees accepted.
- 3- Real estate guarantees.
- 4- Mortgage of shares traded.
- 5- Mortgage of vehicles and machineries.
- 6- Collateral of funded goods.

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2- Distribution of credit exposure by risk degree:

	Companies						Total
		Real estate			Government	Banks and	
	Retail	loans	corporate	SMEs	and public	other financial	
	JOD	JOD	JOD	JOD	sector	institutions	
2021					JOD	JOD	JOD
Low risk	10,014,128	-	1,321,169	6,782	282,192,922	-	293,535,001
Acceptable risk	259,077,194	126,454,464	328,665,286	30,393,776	-	79,479,146	824,069,866
Of which are matured (*):							
Up to 30 days	131,011	90,210	3,651,048	1,298,758	-	-	5,171,027
31 to 60 days	58,681	15,428	969,476	624,145	-	-	1,667,730
Watch list	3,656,800	12,705,606	1,882,593	4,386,532	-	-	22,631,531
Non-performing:							
Sub-standard	1,533,890	237,969	1,583,869	476,287	-	-	3,832,015
Doubtful	1,981,659	265,072	6,547	263,944	-	-	2,517,222
Defaulted	14,897,382	3,446,035	12,979,045	10,736,945	-	-	42,059,407
Total	291,161,053	143,109,146	346,438,509	46,264,266	282,192,922	79,479,146	1,188,645,042
Less: Provision for impairment	14,685,741	2,716,848	16,012,635	7,659,848	-	36,820	41,111,892
Interests in suspense	3,852,831	1,771,634	5,991,637	2,913,438	-	-	14,529,540
Net	272,622,481	138,620,664	324,434,237	35,690,980	282,192,922	79,442,326	1,133,003,610

The credit exposures (financial assets and financial investments) are distributed as per the credit rating:

Credit rating	Government and public sector	Financial institutions
(AAA to -AA)	-	12,487,451
(A+ to -A)	-	23,956,149
(BBB+ to -BBB)	-	16,220,320
(BB+ to -B)	282,192,922	78,906
Less than (-B)	-	26,699,500
	282,192,922	79,442,326

	Companies						Banks and other financial institutions	Total
	Retail	Real estate loans	corporate	SMEs	Government and public sector			
	JOD	JOD	JOD	JOD	JOD			
2020								
Low risk	8,509,279	-	2,032,974	129,985	235,282,710	-	245,954,948	
Acceptable risk	191,381,677	126,805,046	356,673,790	36,649,457	-	94,789,703	806,299,673	
Of which are matured (*):								
Up to 30 days	324,300	192,946	4,582,831	293,209	-	-	5,393,286	
31 to 60 days	196,323	43,112	109,173	23,042	-	-	371,650	
Watch list	3,333,333	12,376,329	5,625,910	5,545,778	-	-	26,881,350	
Non-performing:								
Sub-standard	460,477	291,362	3,043	152,404	-	-	907,286	
Doubtful	1,966,300	256,268	840	573,821	-	-	2,797,229	
Defaulted	14,047,817	4,745,192	12,787,697	8,621,465	-	-	40,202,171	
Total	219,698,883	144,474,197	377,124,254	51,672,910	235,282,710	94,789,703	1,123,042,657	
Less: Provision for impairment	10,749,702	4,461,458	20,579,417	7,272,403	-	37,355	43,100,335	
Interests in suspense	3,427,284	1,122,807	3,743,678	2,177,433	-	-	10,471,202	
Net	205,521,897	138,889,932	352,801,159	42,223,074	235,282,710	94,752,348	1,069,471,120	

The credit exposures (financial assets and financial investments) are distributed as per the credit rating:

Credit rating	Government and public sector	Financial institutions
(AAA to -AA)	-	9,208,440
(A+ to -A)	-	24,276,312
(BBB+ to -BBB)	-	22,486,543
(BB+ to -B)	235,282,710	14,785,299
Less than (-B)	-	23,995,754
	235,282,710	94,752,348

* The entire debt balance is considered due in the event of a premium or interest being due, and the overdraft accounts is

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considered receivable and due if the ceiling is exceeded the limit.

Credit exposures include facilities, bank balances and deposits, as well as financial assets.

The following is the distribution of the fair value of collaterals provided against facilities:

	Retail	Real Estate Mortgage	Large Corporate	SMEs	Total
	JOD	JOD	JOD	JOD	JOD
Collaterals against:					
Low risk	10,014,128	-	1,321,169	6,782	11,342,079
Acceptable risk	84,563,657	139,903,075	221,523,657	17,458,950	463,449,339
Watch list	21,547	55,630	12,311,254	210,254	12,598,685
Non-performing:					
Sub-standard	986,540	201,254	35,647	113,918	1,337,359
Doubtful	1,015,236	379,547	25,365	226,890	1,647,038
Defaulted	4,254,680	2,569,640	659,670	3,244,160	10,728,150
	100,855,788	143,109,146	235,876,762	21,260,954	501,102,650
Including:					
Cash margins	10,022,960	-	1,321,169	6,782	11,350,911
Real estate	66,263,970	143,109,146	193,513,248	17,997,804	420,884,168
Trade stocks	6,563,571	-	452,658	-	7,016,229
Vehicles and equipment	18,005,287	-	40,589,687	3,256,368	61,851,342
	100,855,788	143,109,146	235,876,762	21,260,954	501,102,650
2020					
Collaterals against:					
Low risk	8,509,279	-	2,032,974	129,985	10,672,238
Acceptable risk	74,609,103	140,436,391	209,639,636	11,255,017	435,940,147
Watch list	730,587	450,217	8,784,870	115,268	10,080,942
Non-performing:					
Sub-standard	398,051	313,404	166,750	-	878,205
Doubtful	681,400	613,272	267,458	-	1,562,130
	1,672,465	2,660,913	9,596,073	16,668	13,946,119
	86,600,885	144,474,197	230,487,761	11,516,938	473,079,781
Including:					
Cash margins	8,530,835	-	2,084,630	130,217	10,745,682
Real estate	66,815,309	144,474,197	179,469,889	10,341,529	401,100,924
Trade stocks	-	-	385,384	-	385,384
Vehicles and equipment	11,254,741	-	48,547,858	1,045,192	60,847,791
	86,600,885	144,474,197	230,487,761	11,516,938	473,079,781

The fair value of collateral is valued upon granting the facilities based on the valuation techniques usually adopted for these collaterals, and in subsequent periods the value is updated at market prices or the prices of similar assets.

- Rescheduled debts

These are the debts that were previously classified as non-performing credit facilities and were taken out of the framework of non-performing credit facilities under a fundamental schedule and classified as watch list debt or transferred to performing and they amounting to JD 3,227,741 as at December 31, 2021 compared to JD 14,630,551 as at December 31, 2020.

- Restructured debt

Restructuring means re-arranging the status of credit facilities in terms of adjusting the premiums, extending the life of credit facilities, postponing some of the instalments or extending the grace period, amounting to JD 39,220,949 as at December 31, 2021 compared to JD 43,074,252 for the year 2020.

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- Provisions that are no longer required as a result of debt settlement or repayment:

The value of provisions for the impairment of non-performing debt and watch list debt that were no longer required as a result of settlements or repayment of debts and transferred against other debts amounted to JD 2,978,061 for the period ended 31 December 2021 compared to JD 2,397,998 as at December 31, 2020,

3-Bills, bonds and notes

The following table shows the classifications of bills, bonds and notes according to the external rating institutions and the internal classification of the Bank:

2021

Rating grade	Within financial assets at fair value through statement of profit or loss	Within financial assets at amortized cost	Total
Unrated	-	37,500,000	37,500,000
Rated (A - B+)	-	3,521,068	3,521,068
According to the Bank's internal rating	-	14,427,111	14,427,111
Governmental and under its guarantee	-	131,942,339	131,942,339
Total	-	187,390,518	187,390,518

2020

Rating grade	Within financial assets at fair value through statement of profit or loss	Within financial assets at amortized cost	Total
Unrated	-	19,821,735	19,821,735
Rated (A - B+)	-	4,248,302	4,248,302
According to the Bank's internal rating	-	43,362,537	43,362,537
Governmental and under its guarantee	-	105,439,062	105,439,062
Total	-	172,871,636	172,871,636

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Distribution of credit exposures

Bank's internal rating grade	Rating category as per the instructions (47/ 2009)	Gross amount of exposure	Expected credit losses (ECL)	Probability of Default (PD)	Rating according to external rating institutions	Exposure at default (EAD)	Loss given default (LGD)%
	JOD	JOD	JOD	JOD	JOD	JOD	JOD
Performing exposures							
1	Performing exposures	66,916,210	28	(0.04% - 5.18%)	-	66,916,210	18%
2+	Performing exposures	-	-	-	-	-	-
2	Performing exposures	200,000	31	(0.05% - 0.09%)	-	200,000	15.6%
2-	Performing exposures	22,470,979	4,653	(0.00% - 1.79%)	-	22,470,979	13.19%
3+	Performing exposures	13,198,490	2,027	(0.00% - 1.79%)	-	12,592,402	10.75%
3	Performing exposures	27,693,418	3,902	(0.00% - 1.52%)	-	27,693,418	14.15%
3-	Performing exposures	20,263,018	6,743	(0.00% - 3.77%)	-	20,263,018	15.80%
4+	Performing exposures	8,532,717	2,620	(0.00% - 1.79%)	-	8,532,717	9.16%
4	Performing exposures	47,105,056	61,522	(0.00% - 16.58%)	-	46,348,293	14.16%
4-	Performing exposures	13,255,509	13,321	(0.01% - 4.87%)	-	13,255,509	16.08%
5+	Performing exposures	8,539,072	34,963	(0.01% - 4.17%)	-	8,539,072	17.20%
5	Performing exposures	101,058,438	167,976	(0.00% - 93.70%)	-	100,219,786	16.65%
5-	Performing exposures	48,934,827	193,605	(0.01% - 4.87%)	-	48,934,827	13.24%
6+	Performing exposures	33,880,050	158,271	(0.16% - 8.45%)	-	33,880,050	15.96%
6	Performing exposures	29,295,800	133,303	(0.01% - 20.59%)	-	29,269,397	13.71%
6-	Performing exposures	57,822,589	542,545	(0.06% - 32.02%)	-	57,822,589	11.81%
7+	Performing exposures	13,696,982	151,077	(4.77% - 27.79%)	-	13,696,982	17.26%
7	Performing exposures	22,480,648	688,563	(4.87% - 72.33%)	-	22,480,648	13.38%
7-	Performing exposures	31,696,108	527,485	(8.92% - 97.50%)	-	31,696,108	23.19%
Unclassified	Performing exposures	618,939,443	10,326,797	(0.00% - 93.29%)	(+3-7)	618,939,443	27.83%
Gross performing exposures/ current year		1,185,979,354	13,019,432			1,183,751,448	
Gross performing exposures/ comparative year		1,138,420,688	26,808,530			1,070,602,297	

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Bank's internal rating grade	Rating category as per the instructions (47/ 2009)	Gross amount of exposure	Expected credit losses (ECL)	Probability of Default (PD)	Rating according to external rating institutions	Exposure at default (EAD)	Loss given default (LGD)%
	JOD	JOD	JOD	JOD	JOD	JOD	JOD
Non-performing exposures							
8	Substandard	1,591,137	1,387,342	100%	-	1,458,994	92.9%
Unclassified	Substandard	2,186,585	862,261	100%	-	2,153,121	66.2%
9	Doubtful	259,925	3,427	100%	-	244,782	87.9%
Unclassified	Doubtful	2,196,058	1,030,487	100%	-	2,093,297	75.7%
10	Defaulted	16,122,707	10,229,506	100%	-	12,066,766	83.9%
Unclassified	Defaulted	26,473,014	16,111,518	100%	-	18,510,832	89.9%
Total non-performing exposures/ current year		48,829,426	29,624,541			36,527,792	
Total non-performing exposures/ comparative year		45,854,840	16,761,666			34,393,565	
Total exposures/ current year		1,234,808,780	42,643,973			1,220,279,240	
Total exposures/ comparative year		1,184,275,528	43,570,196			1,104,995,862	

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4- Total distribution of exposures by financial instruments

Item	Financial	Manufacturing	Trading	Real Estate	Agricultural	Shares	Individuals	Government and public sector	Other	Total	Interest in suspense	Provision	Net
Balances at banks and financial institutions	64,351,315	-	-	-	-	-	-	-	-	64,351,315	-	37	64,351,278
Credit facilities	8,790,313	89,725,197	107,426,825	188,340,948	431,354	9,332,171	277,875,300	66,538,061	94,754,953	843,215,122	14,184,774	40,395,071	788,635,277
bonds and Bills:													
Within financial assets at amortized cost	13,545,000	-	-	-	-	-	-	131,942,339	42,964,766	188,452,105	344,766	716,821	187,390,518
Other Assets	-	-	-	843,610	-	11,746	-	-	8,079,356	8,934,712	-	20,697	8,914,015
Total/ current year	86,686,628	89,725,197	107,426,825	189,184,558	431,354	9,343,917	277,875,300	198,480,400	145,799,075	1,104,953,254	14,529,540	41,132,626	1,049,291,088
Total/ comparative year	130,096,746	95,921,914	123,441,064	196,020,957	289,107	7,633,120	207,916,347	158,301,889	126,445,485	1,046,066,629	10,471,202	43,105,130	992,490,297
guarantees	12,402,182	3,085,761	15,020,369	32,292,152	1,167,772	-	5,000	-	8,602,182	72,575,418	-	873,393	71,702,025
Letters of credit	926,011	72,473	4,138,001	147,845	-	-	-	-	-	5,284,330	-	12,157	5,272,173
Acceptances and time-drawing	3,810,512	34,755	1,840,981	52,105	-	-	-	-	75,000	5,813,353	-	22,536	5,790,817
Other obligations (unutilized)	5,866,404	11,143,727	13,493,899	10,981,452	-	-	310,494	-	4,386,449	46,182,425	-	603,261	45,579,164
Including direct credit limits	4,614,562	7,709,925	5,961,288	86,920	-	-	310,494	-	3,296,556	21,979,745	-	371,789	21,607,956
Including indirect credit limits	1,251,842	3,433,802	7,532,611	10,894,532	-	-	-	-	1,089,893	24,202,680	-	231,472	23,971,208
Grand total/ current year	109,691,737	104,061,913	14,1920,075	232,658,112	1,599,126	9,343,917	278,190,794	198,480,400	158,862,706	1,234,808,780	14,529,540	42,643,973	1,177,635,267
Grand total/ comparative year	149,422,935	11,4846,572	158,722,007	246,376,040	1,550,136	7,633,120	207,964,588	158,301,889	1387,29,152	1,183,546,439	10,471,202	43,568,970	1,129,506,267

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B- Distribution of exposures by classification stages under IFRS 9

Item	Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Total	Interest in		Net
	Individual	Collective	Individual	Collective			suspense	Provision	
	JOD	JOD	JOD	JOD			JOD	JOD	JOD
Financial	107,647,893	-	1,717,908	-	325,936	109,691,737	48,423	486,919	109,156,395
Industrial	73,832,201	-	23,782,256	-	6,447,456	104,061,913	1,834,689	5,054,353	97,172,871
Trading	90,778,174	-	41,514,381	-	9,627,520	141,920,075	2,946,334	6,932,073	132,041,668
Real Estate	167,265,840	-	43,805,100	-	21,587,172	232,658,112	3,239,339	5,662,379	223,756,394
Agricultural	187,640	-	1,409,270	-	2,216	1,599,126	-	50,164	1,548,962
Shares	8,585,738	-	85,612	-	672,567	9,343,917	166,560	267,718	8,909,639
Individuals	262,300,709	-	6,399,816	-	9,490,269	278,190,794	1,144,494	6,919,126	270,127,174
Government and public sector	198,480,400	-	-	-	-	198,480,400	-	-	198,480,400
Other	99,250,136	-	25,355,015	-	34,257,555	158,862,706	5,149,701	17,271,241	136,441,764
Total/ current year	1,008,328,731	-	144,069,358	-	82,410,691	1,234,808,780	14,529,540	42,643,973	1,177,635,267
Total/ comparative year	703,363,879	263,441,421	115,914,173	21,570,405	79,256,561	1,183,546,439	10,471,202	43,568,970	1,129,506,267

5- Total distribution of exposures by geographical areas

Item	Inside the Kingdom	Other Middle East	Europe	Asia	Africa	America	Other countries	Total	Interest in Suspense	Provision	Net
Balances at banks and financial institution	14,537,219	1,521,824	23,968,511	41,487	-	23,032,154	1,250,120	64,351,315	-	37	64,351,278
Credit facilities	843,215,122	-	-	-	-	-	-	843,215,122	14,184,774	40,395,071	788,635,277
Bills, bonds and notes:											187,390,518
Within financial assets at amortized cost	184,907,105	-	-	-	-	3,545,000	-	188,452,105	344,766	716,821	
Other Assets	8,934,712	-	-	-	-	-	-	8,934,712	-	20,697	8,914,015
Total/ current year	1,051,594,158	1,521,824	23,968,511	41,487	-	26,577,154	1,250,120	1,104,953,254	14,529,540	41,132,626	1,049,291,088
Total/ comparative year	995,407,495	1,035,105	34,729,968	3,417	-	14,389,595	501,049	1,046,066,629	10,471,202	43,105,130	992,490,297
Financial guarantees	72,575,418	-	-	-	-	-	-	72,575,418	-	873,393	71,702,025
Letters of credit	5,284,330	-	-	-	-	-	-	5,284,330	-	12,157	5,272,173
Acceptances and time-drawings	5,813,353	-	-	-	-	-	-	5,813,353	-	22,536	5,790,817
Other obligations (unutilized credit limits)	46,182,425	-	-	-	-	-	-	46,182,425	-	603,261	45,579,164
Including direct credit limits	21,979,745	-	-	-	-	-	-	21,979,745	-	371,789	21,607,956
Including indirect credit limits	24,202,680	-	-	-	-	-	-	24,202,680	-	231,472	23,971,208
Total/ current year	1,181,449,684	1,521,824	23,968,511	41,487	-	26,577,154	1,250,120	1,234,808,780	14,529,540	42,643,973	1,177,635,267
Total/ comparative year	1,132,887,305	1,035,105	34,729,968	3,417	-	14,389,595	501,049	1,183,546,439	10,471,202	43,568,970	1,129,506,267

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d) Distribution of exposures by classification stages under IFRS 9

Item	Stage 1		Stage 2		Stage 3		Interest in suspense	Provision	Net
	Individual	Collective	Individual	Collective	Individual	Collective			
	JOD	JOD	JOD	JOD	JOD	JOD			
Inside the Kingdom	954,969,635	-	144,069,358	-	82,410,691	1,181,449,684	14,529,540	42,642,993	1,124,277,151
Other Middle East	1,521,824	-	-	-	-	1,521,824	-	-	1,521,824
Europe	23,968,511	-	-	-	-	23,968,511	-	-	23,968,511
Asia	41,487	-	-	-	-	41,487	-	-	41,487
Africa	-	-	-	-	-	-	-	-	-
America	26,577,154	-	-	-	-	26,577,154	-	980	26,576,174
Other countries	1,250,120	-	-	-	-	1,250,120	-	-	1,250,120
Grand total/ current year	1,008,328,731	-	144,069,358	-	82,410,691	1,234,808,780	14,529,540	42,643,973	1,177,635,267
Grand total/ comparative year	703,363,879	263,441,421	115,914,173	21,570,405	79,256,561	1,183,546,439	10,471,202	43,568,970	1,129,506,267

Distribution of fair value of collaterals against credit exposures:

A. Distribution of fair value of collaterals against gross credit exposures as at 31/12/2021 according to requirements of IFRS (9):

Item	Fair value of collaterals									
	Gross amount of exposure	Cash margins	Trade shares	Bank guarantees accepted	Real estate	Vehicles and equipment	Other	Gross amount of collaterals	Net exposures after collaterals	ECL
	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
Balances at banks and financial institutions	64,351,315	-	-	-	-	-	-	-	64,351,315	37
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit facilities:	843,215,122	15,365,319	12,508,634	-	438,551,035	24,290,436	17,876,976	508,592,400	614,255,092	40,395,071
Individuals	291,161,053	14,048,026	7,547,280	-	30,273,950	-	-	51,869,256	264,567,096	14,685,741
Real estate loans	143,109,146	294,369	-	-	179,910,170	-	-	180,204,539	41,383,341	2,716,848
Large corporate	296,142,596	1,022,924	1,618,184	-	202,948,143	21,235,009	15,631,846	242,456,106	209,466,030	15,332,634
SMEs	46,264,266	-	3,343,170	-	25,418,772	3,055,427	2,245,130	34,062,499	32,300,564	7,659,848
Government and public sector	66,538,061	-	-	-	-	-	-	-	66,538,061	-
Bills and bonds:	188,107,339	-	3,136,805	-	6,084,542	-	-	9,221,347	182,987,339	716,821
Including Financial assets at fair value through the statement of profit or loss	-	-	-	-	-	-	-	-	-	-
Including Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Including Financial assets at amortized cost	188,107,339	-	3,136,805	-	6,084,542	-	-	9,221,347	182,987,339	716,821
Financial instruments derivative	-	-	-	-	-	-	-	-	-	-
Pledged financial instruments (debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	8,934,712	-	-	-	-	-	-	-	9,279,478	20,697
Total/ current year	1,104,608,488	15,365,319	15,645,439	-	444,635,577	24,290,436	17,876,976	517,813,747	870,873,224	41,132,626
Total/ comparative year	1,046,066,629	15,160,440	9,983,075	-	236,433,018	-	13,862,852	275,439,385	836,990,785	43,105,130
Financial guarantees	72,575,418	9,705,858	190,694	-	33,413,508	-	-	43,310,060	56,507,861	873,393
Letters of credit	5,284,330	2,028,640	-	-	106,729	-	-	2,135,369	4,640,748	12,157
Acceptances and time-drawings	5,813,353	-	-	-	-	-	-	-	5,813,353	22,536
Other obligations (unutilized credit limits)	46,182,425	-	-	-	-	-	-	-	46,182,425	603,261
Including direct credit limits	21,979,745	-	-	-	-	-	-	-	21,979,745	371,789
Including indirect credit limits	24,202,680	-	-	-	-	-	-	-	24,202,680	231,472
Grand total/ current year	1,234,464,014	27,099,817	15,836,133	-	478,155,814	24,290,436	17,876,976	563,259,176	984,017,611	42,643,973
Grand total/ comparative year	1,183,546,442	18,589,886	10,157,170	-	245,828,006	-	13,862,852	288,437,914	964,598,502	43,568,970

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Distribution of fair value of collaterals against credit exposures:

B. Distribution of fair value of collaterals against gross credit exposures listed within (stage 3) as at 31/12/2021 according to requirements of IFRS (9):

Item	Gross amount of exposure	Cash margins	Trade shares	Bank guarantees accepted	Real estate	Vehicles and equipment	Other	Gross amount of collaterals	Net exposures after collaterals	ECL
	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit facilities:	76,211,605	449,331	697,170	-	57,339,620	1,929,740	1,433,124	61,848,985	38,592,053	34,697,192
Individuals	19,286,385	407,962	503,961	-	4,266,140	-	-	5,178,063	15,164,033	11,879,647
Real estate loans	16,586,544	41,369	-	-	20,898,527	-	-	20,939,896	2,412,499	1,847,661
Large corporate	28,398,145	-	193,209	-	27,501,875	1,844,489	1,369,355	30,908,928	12,786,695	13,917,828
SMEs	11,940,531	-	-	-	4,673,078	85,251	63,769	4,822,098	8,228,826	7,052,053
Government and public sector	-	-	-	-	-	-	-	-	-	-
, bonds and Bills:	5,120,000	-	3,136,805	-	6,084,542	-	-	9,221,347	-	680,000
Financial assets at fair value through the statement of profit or loss	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through the statement of comprehensive income	-	-	-	-	-	-	-	-	-	-
Financial assets at amortized cost	5,120,000	-	3,136,805	-	6,084,542	-	-	9,221,347	-	680,000
Other assets	-	-	-	-	-	-	-	-	-	-
Total/ current year	81,331,605	449,331	3,833,975	-	63,424,162	1,929,740	1,433,124	71,070,332	38,592,053	35,377,192
Total/ comparative year	77,159,215	46,999	6,741,951	-	33,714,890	-	1,301,032	41,804,872	43,439,919	38,220,238
Financial guarantees	-	-	-	-	-	-	-	-	-	-
Letters of credit	722,574	91,118	-	-	100,504	-	-	191,622	571,343	571,343
Acceptances and time	-	-	-	-	-	-	-	-	-	-
Other obligations (unutilized credit limits)	-	-	-	-	-	-	-	-	-	-
Including direct credit limits	-	-	-	-	-	-	-	-	-	-
Including indirect credit limits	-	-	-	-	-	-	-	-	-	-
Grand total/ current year	82,054,179	540,449	3,833,975	-	63,524,666	1,929,740	1,433,124	71,261,954	39,163,396	35,948,535
Grand total/ comparative year	79,256,570	46,999	6,741,951	-	34,255,394	-	1,301,032	42,345,376	45,458,272	38,310,312

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6- Reclassified credit exposures:

A. Total credit exposures classified:

	Stage 2		Stage 3		Gross Reclassified Exposures	Percentage of Exposures Reclassified
	Gross Amount of Exposure	Exposures Reclassified	Gross Amount of Exposure	Exposures Reclassified	JOD	JOD
	JOD	JOD	JOD	JOD	JOD	JOD
Balances at banks and financial institutions	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-
Credit facilities	122,320,781	54,055,440	76,211,605	12,466,635	66,522,075	33.51%
Bonds and Bills						
Including financial assets at amortized cost	-	-	5,120,000	5,120,000	5,120,000	100.00%
Other assets	-	-	11,746	-	-	-
Total/ current year	122,320,781	54,055,440	81,343,351	17,586,635	71,642,075	35.18%
Total/ comparative year	113,553,145	6,198,532	77,159,215	2,942,972	9,141,504	4.79%
Financial guarantees	13,011,615	4,339,440	722,574	178,068	4,517,508	32.89%
Letters of credit	106,832	-	-	-	-	-
Acceptances and time-drawings	151,129	-	-	-	-	-
Other obligations (unutilized credit limits)	8,479,001	1,981,949	-	-	1,981,949	23.37%
Including direct credit limits	2,668,734	985,285	-	-	985,285	36.92%
Including indirect credit limits	5,810,267	996,664	-	-	996,664	17.15%
Grand total/ current year	144,069,358	60,376,829	82,065,925	17,764,703	78,141,532	34.56%
Grand total/ comparative year	137,484,578	10,326,788	79,256,570	3,589,046	13,915,834	6.42%

B. Reclassified exposures of ECL:

	Reclassified exposures			ECL for reclassified exposures				
	Gross reclassified exposures to Stage 2	Gross reclassified exposures to Stage 3	Gross reclassified exposures	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-
Credit facilities	54,055,440	12,466,635	66,522,075	408,619	-	450,995	-	859,614
Bills, bonds and notes:								
Within financial assets at amortized cost	-	5,120,000	5,120,000	-	-	680,000	-	680,000
other assets	-	-	-	-	-	-	-	-
Total/ current year	54,055,440	17,586,635	71,642,075	408,619	-	1,130,995	-	1,539,614
Total/ comparative year	6,198,532	2,942,972	9,141,504	1,454	109,930	156,428	-	267,812
Financial guarantees	4,339,440	178,068	4,517,508	40,411	-	27	-	40,438
Letters of credit	-	-	-	-	-	-	-	-
Acceptances and time-drawings	-	-	-	-	-	-	-	-
Other obligations (unutilized credit limits)	1,981,949	-	1,981,949	39,084	-	-	-	39,084
Including direct credit limits	985,285	-	985,285	34,018	-	-	-	34,018
Including indirect credit limits	996,664	-	996,664	5,066	-	-	-	5,060
Grand total/ current year	60,376,829	17,764,703	78,141,532	488,114	-	1,131,022	-	1,619,136
Grand total/ comparative year	10,326,788	3,589,046	13,915,834	83,384	109,972	158,472	-	351,828

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B- Distribution of the total ECL by classification stages:

2021	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
Balances at banks and financial institutions	37	-	-	-	-	37
Deposits at banks and financial institutions	-	-	-	-	-	-
Credit facilities	2,885,428	-	2,812,451	-	34,697,192	40,395,071
Financial assets at amortized cost	36,821	-	-	-	680,000	716,821
Financial guarantees	77,275	-	224,775	-	571,343	873,393
Utilized credit limits	224,309	-	378,952	-	-	603,261
Letters of credit	32,435	-	2,258	-	-	34,693
Other assets	8,951	-	-	-	11,746	20,697
Total	3,265,256	-	3,418,436	-	35,960,281	42,643,973

2020	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
Balances at banks and financial institutions	1,058	-	-	-	-	1,058
Deposits at banks and financial institutions	51	-	-	-	-	51
Credit facilities	367,657	1,720,700	1,200,471	876,022	38,218,130	42,382,980
Financial assets at amortized cost	36,246	-	680,000	-	-	716,246
Financial guarantees	11,887	823	54,241	235	90,074	157,264
Utilized credit limits	151,193	144	152,775	-	-	304,112
Letters of credit	2,076	-	396	-	-	2,472
Other assets	2,687	-	-	-	2,108	4,795
Total	572,855	1,721,667	2,087,883	876,257	38,310,316	43,568,978

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Distribution of expected credit loss on financial assets (deductible on the income statement) according to the classification stages:

2021	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
Balances at banks and financial institutions	1,021	-	-	-	-	1,021
Deposits at banks and financial institutions	51	-	-	-	-	51
Credit facilities	(2,517,771)	1,720,700	(1,611,980)	876,022	3,252,273	1,719,244
Financial assets at amortized cost	(575)	-	680,000	-	(680,000)	(575)
Financial guarantees	(65,388)	823	(170,535)	235	(481,265)	(716,130)
Utilized credit limits	(73,116)	144	(226,177)	-	-	(299,149)
Letters of credit	(30,355)	-	(1,866)	-	-	(32,221)
Other assets	(5,957)	-	-	-	(9,638)	(15,595)
Total	(2,692,090)	1,721,667	(1,330,558)	876,257	2,081,370	656,646

2020	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
Balances at banks and financial institutions	64,242	-	-	-	-	64,242
Deposits at banks and financial institutions	19,525	-	-	-	-	19,525
Credit facilities	1,453,549	7,382	265,973	370,847	(17,731,006)	(15,633,255)
Financial assets at amortized cost	8,218	-	(575,318)	-	-	(567,100)
Financial guarantees	1,778	368	1,559	(216)	(45,923)	(42,434)
Utilized credit limits	(16,035)	(119)	(14,097)	-	50,718	20,467
Letters of credit	7,902	-	2,865	-	-	10,767
Other assets	(2,560)	-	-	-	(2,108)	(4,668)
Total	1,536,619	7,631	(319,018)	370,631	(17,728,319)	(16,132,456)

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*The following are credit exposures as instructed by Circular No. (2009/47) and in comparison, with the International Financial Reporting Standard (9) (Mapping):

As of 31 Dec 2021:

Item	As per circular (2009/47)				In accordance with IFRS (9)								
					Stage 1			Stage 2			Stage 3		
	Gross	Interest in suspense	Face value	Provision	Gross	ECL	Interest in suspense	Gross	ECL	Interest in suspense	Gross	ECL	Interest in suspense
	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
Performing	772,174,947	1,131,952	771,042,995	-	644,682,736	2,885,428	-	113,148,257	2,226,037	3,116	14,343,954	5,440,473	1,128,836
Watch list	22,631,531	751,188	21,880,343	841,542	-	-	-	9,172,524	586,414	116,712	13,459,007	437,993	634,476
Non-performing facilities	48,408,644	12,301,634	36,107,010	29,416,344	-	-	-	-	-	-	48,408,644	27,920,358	12,301,634
Substandard	3,832,015	165,607	3,666,408	1,842,163	-	-	-	-	-	-	3,832,015	2,305,118	165,607
Doubtful	2,517,222	117,907	2,399,315	1,009,947	-	-	-	-	-	-	2,517,222	1,254,798	117,907
Defaulted	42,059,407	12,018,120	30,041,287	26,564,234	-	-	-	-	-	-	42,059,407	24,360,442	12,018,120
Total	843,215,122	14,184,774	829,030,348	30,257,886	644,682,736	2,885,428	-	122,320,781	2,812,451	119,828	76,211,605	33,798,824	14,064,946

As of December 31, 2020:

Item	As per circular (2009/47)				In accordance with IFRS (9)								
					Stage 1			Stage 2			Stage 3		
	Gross	Interest in suspense	Face value	Provision	Gross	ECL	Interest in suspense	Gross	ECL	Interest in suspense	Gross	ECL	Interest in suspense
	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
Performing	713,998,153	101,505	713,896,648	-	599,202,959	2,088,357	-	96,076,939	1,344,852	-	18,718,255	17,465,918	101,505
Watch list	26,881,350	327,389	26,553,961	901,556	-	-	-	12,356,204	619,044	274,455	14,525,146	2,596,390	52,934
Non-performing facilities	43,906,686	10,042,307	33,864,379	23,038,501	-	-	-	-	-	-	43,906,686	16,697,466	10,042,307
Substandard	907,286	17,635	889,651	156,707	-	-	-	-	-	-	907,286	313,087	17,635
Doubtful	2,797,229	149,465	2,647,764	598,502	-	-	-	-	-	-	2,797,229	747,211	149,465
Defaulted	40,202,171	9,875,207	30,326,964	22,283,292	-	-	-	-	-	-	40,202,171	15,637,168	9,875,207
Total	784,786,189	10,471,201	774,314,987	23,940,057	599,202,958	2,088,357	-	108,433,143	1,963,896	274,455	77,150,088	36,759,774	10,196,746

41 B Operational risk

This represents the “loss resulting from the failure or inadequacy of internal procedures, human element, systems, or external events. This definition includes legal risk”.

The Invest Bank adopted the Control and Risk Self-Assessment methodology for managing operational risks through the use of an automated system designed for this purpose (CARE System). The Invest Bank manages operational risk within the following data:

- Preparing a policy for managing operational risks and adopting it by the Bank's Board of Directors.
- Preparing the Operational Risk Accountability Policy and approving it by the Bank's Board of Directors.
- Preparing the Invest Bank Anti-Fraud Policy and approving it by the Bank's Board of Directors.
- Preparing the Reputable Risk Management Policy and approving it by the Bank's Board of Directors.
- Creating risk profiles (risk profile) through which risks and control measures that limit them are identified for the important departments of the Bank, and work is underway to complete all the Bank's departments within the plans of approved work programmes.
- Applying an automated system for operating risk management (core system) to implement the methodology of self-assessment of risks and control procedures.
- Building a database of events resulting from risks and operational errors.
- Expressing an opinion on work procedures to state the risks contained therein and adequacy of control procedures associated with them.
- Preparing the procedures of stress testing of operational risk.
- Providing the risk management committees (the Risk Management Committee of the Board of Directors and the Executive Risk Management Committee) with the necessary reports.

41- C Compliance risks:

Compliance risks are defined as the risks of legal and regulatory penalties, material loss or reputation risks to which the Bank may be exposed due to non-compliance with laws, regulations, instructions, orders, codes of conduct, standards and sound banking practices.

Non-compliance with the instructions and laws issued by the various supervisory authorities is considered one of the most important risks that any bank can be exposed to, due to the large financial losses resulting from violating these instructions and laws, which in turn are reflected in the bank's reputation. Recent years witnessed a significant increase in issuing instructions and laws related to organizing the work of various institutions. In view of this, the need to manage compliance risks across the Bank has become an imperative, as the existence of the compliance function leads to increased efficiency in risk management and a reduction in the costs to which the Bank may be exposed as a result of non-compliance with laws and regulations.

41- D Market risk

Market risks are defined as the risks that affect the value of investments and financial assets of the Bank resulting from a change in market factors (such as interest rates, exchange rates, stock prices, commodity prices ...).

The Bank monitors market risks through the use of appropriate methodologies to evaluate and measure these risks in addition to conducting stress tests based on a set of assumptions and changes in different market conditions and according to the instructions of the regulatory authorities. These methods include:

1- Value at Risk (VaR).

VaR is determined by using special calculation models such that the standard deviation is calculated and then VaR is at the confidence levels (99% - 95%) of the total investment portfolio and the ratio is extracted via dividing the result by equity.

2- Stress testing.

3- Stop loss limit.

4- Monitoring open financial positions in foreign currencies.

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D- 1 Interest rate risk

Interest rate risk arises from the possibility of a change in interest rates and thus affects cash flows or the fair value of financial instruments. The Bank is exposed to interest rate risk due to the existence of a time gap for re-pricing between assets and liabilities. These gaps are monitored periodically by ALCO.

- **Sensitivity analysis:**

As of December 31, 2021	Change of increase in interest rate (percentage point)	Sensitivity of interest and profit and (loss) income	Sensitivity of equity
Currency			
US Dollar	2	(17,771)	-
Euro	2	(105,270)	-
Sterling Pound	2	(1,742)	-
JPY	2	179	-
Other currencies	2	14,056	-

Currency

US Dollar	2	1,771	-
Euro	2	105,270	-
Sterling Pound	2	1,742	-
JPY	2	(179)	-
Other currencies	2	(14,056)	-

AS of December 31, 2020	Change of increase in interest rate (percentage point)	Sensitivity of interest and profit and (loss) income	Sensitivity of equity
Currency	%		
US Dollar	2	(118,328)	-
Euro	2	(20,919)	-
Sterling Pound	2	(2,408)	-
JPY	2	277	-
Other currencies	2	38,196	-

Currency	Change of (decrease) of interest rate (percentage point)	Sensitivity of interest and profit and (loss) income	Sensitivity of equity
US Dollar	2	118,328	-
Euro	2	20,919	-
Sterling Pound	2	2,408	-
JPY	2	(277)	-
Other currencies	2	(38,196)	-

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D- 2 Currency risk

The table below shows the currencies that the Bank is exposed to and the effect of a possible and reasonable change on their prices against the Jordanian Dinar on the statement of profit or loss, given that the currency centres are monitored on a daily basis to verify they remain within the specified ceilings and the market risk unit submits a daily report thereon to the Head of Risk Management Function.

Currency	Change (increase) in exchange rate	Impact on profit and loss	Impact on equity
	%		
Euro	5+	(263,174)	103,585
Sterling Pound	5+	(4,355)	-
JPY	5+	448	-
Other currencies	5+	35,139	17,930

2020

Currency	Change (increase) in exchange rate	Impact on profit and loss	Impact on equity
	%		
Euro	5+	(52,297)	86,893
Sterling Pound	5+	(6,021)	-
JPY	5+	692	-
Other currencies	5+	95,490	17,981

In the case that there is a negative change in the exchange rate, the effect will be equal to the change above, with a reversed sign.

D- 3 Risk of change in shares prices:

It is the risk of a decrease in the fair value of the shares portfolio because of the change in the value of shares indices and the change in the value of individual shares.

2021

cker	Change in index (%)	Impact on profit and loss	Impact on equity
Amman market index	5	-	(984,785)
Palestine market index	5	-	(98,060)
International markets index	5	-	(490,456)

2020

Ticker	Change in index (%)	Impact on profit and loss	Impact on equity
Amman market index	5	(298)	(1,176,085)
Palestine market index	5	-	(88,996)
International markets index	5	-	(357,467)

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Re-pricing interest gap:

Adopting the methodology for assessing interest rate risk by analyzing the average lifetime of gaps (assuming that interest rates change by a certain amount is determined based on market conditions and then calculating the gap by identifying the categories of interest rate risk in the banking portfolio and distributing the Bank's assets and liabilities, which are sensitive to change in interest rates by specific categories then the gaps for each of the categories are identified.

Interest rate sensitivities are as follows:

	Re-pricing interest gap						Non-interest-bearing elements	Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 years and above		
As of December 31, 2021	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
Assets:								
Cash and balances at the Central Bank of Jordan	83,712,522	-	-	-	-	-	13,646,336	97,358,858
Balances at banks and financial Institutions	21,802,073	-	-	-	-	-	42,549,205	64,351,278
Financial assets at fair value through statement of profit or loss	-	-	-	-	-	-	1	1
Direct credit facilities - net	50,085,299	70,294,420	77,490,138	101,121,771	258,078,265	231,565,384	-	788,635,277
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	37,815,983	37,815,983
Financial assets at amortized cost	-	20,048,097	9,299,989	638,094	119,780,942	37,623,396	-	187,390,518
Property and equipment- net	-	-	-	-	-	-	28,435,476	28,435,476
Intangible assets	-	-	-	-	-	-	3,003,777	3,003,777
Deferred tax assets	-	-	-	-	-	-	15,801,272	15,801,272
Other assets	80,560	127,003	625,791	749,514	-	-	52,776,903	54,359,771
Right of use of leased assets	83,583	145,922	229,506	496,148	1,363,361	1,566,098	-	3,884,618
Total assets	155,764,037	90,615,442	87,645,424	103,005,527	379,222,568	270,754,878	194,028,953	1,281,036,829
Liabilities:								
Deposits at banks and financial institutions	8,988,336	16,500,000	-	-	-	-	3,289,829	28,778,165
Customers' deposits	129,406,520	105,372,031	131,160,941	223,542,900	13,697,647	-	189,337,965	792,518,004
Cash margins	1,378,773	3,103,578	3,476,757	4,141,612	9,505,368	9,981,440	-	31,587,528
Borrowed funds	1,709,409	11,161,635	26,724,848	44,585,451	65,366,714	47,425,244	-	196,973,301
Bonds	-	-	3,000,000	10,280,000	-	-	-	13,280,000
Lease liabilities	177,743	64,142	256,983	91,779	1,049,213	922,832	-	2,562,692
Sundry provisions	-	-	-	-	-	-	441,918	441,918
Provision for income tax	-	-	-	-	-	-	7,057,031	7,057,031
Deferred tax liabilities	-	-	-	-	-	-	3,490,066	3,490,066
Other liabilities	-	-	-	-	-	-	18,936,393	18,936,393
Total Liabilities	141,660,781	136,201,386	164,619,529	282,641,742	89,618,942	58,329,516	222,553,202	1,095,625,098
Repricing interest gap	14,103,256	(45,585,944)	(76,974,105)	(179,636,215)	289,603,626	212,425,362	(28,524,249)	185,411,731
December 31, 2021								
Total assets	91,925,419	103,285,950	111,418,762	135,516,786	310,124,309	241,997,970	230,189,980	1,224,459,176
Total liabilities	140,855,564	138,559,901	140,736,989	269,383,754	94,328,583	30,538,720	228,367,139	1,042,770,650
Re-pricing interest gap	(48,930,145)	(35,273,951)	(29,318,227)	(133,866,968)	215,795,726	211,459,250	1,822,841	181,688,526

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-Foreign currency risk:

	Currency (equivalent to JD)					Total
	US Dollar	Euro	GBP	JPY	Others	
2021						
Item						
Assets:						
Cash and balances at the Central Bank of Jordan	12,567,879	1,973,933	382,848	-	592,434	15,517,094
Balances at banks and financial institutions	24,046,337	18,101,195	2,757,228	41,487	4,868,757	49,815,004
Financial assets at fair value through statement of profit or loss	1	-	-	-	-	1
Direct credit facilities - net	46,338,392	13,369	62,707	-	47,377	46,461,845
Financial assets at fair value through other comprehensive income	9,698,632	2,071,692	-	-	358,597	12,128,921
Financial assets at amortized cost	54,912,958	-	-	-	-	54,912,958
Other assets	2,461,472	15,039	10,192	9,337	995	2,497,035
Total assets	150,025,671	22,175,228	3,212,975	50,824	5,868,160	181,332,858
Liabilities:						
Deposits at banks and financial institutions	2,118,484	391,388	-	-	227,358	2,737,230
Customers' deposits	131,412,436	24,227,052	3,276,574	41,871	4,913,230	163,871,163
Cash margins	8,015,091	1,067,430	12,713	-	23,337	9,118,571
Borrowed funds	9,281,519	-	-	-	-	9,281,519
Other liabilities	86,681	1,752,845	10,780	-	1,448	1,851,754
Total liabilities	150,914,211	27,438,715	3,300,067	41,871	5,165,373	186,860,237
Net concentration in the statement of financial position	(888,540)	(5,263,487)	(87,092)	8,953	702,787	(5,527,378)
Contingent liabilities off the statement of financial position	35,122,280	2,960,368	-	5,177,197	276,852	43,536,697
2020						
Assets:						
Cash and balances at the Central Bank of Jordan	12,787,958	6,559,422	499,243	-	390,756	20,237,379
Balances at banks and financial institutions	38,865,914	10,705,168	3,331,200	3,418	3,701,072	56,606,772
Financial assets at fair value through statement of profit or loss	1	-	-	-	-	1
Direct credit facilities - net	48,689,784	-	45,812	-	25,520	48,761,116
Financial assets at fair value through other comprehensive income	7,191,405	1,737,861	-	-	359,619	9,288,885
Financial assets at amortized cost	38,184,421	-	-	-	-	38,184,421
Other assets	9,765,978	16,348	10,312	10,426	1,030	9,804,094
Total assets	155,485,461	19,018,799	3,886,567	13,844	4,477,997	182,882,668
Liabilities:						
Deposits at banks and financial institutions	2,968,320	378,416	-	-	46,414	3,393,150
Customers' deposits	138,547,375	16,658,790	3,993,710	6	2,493,091	161,692,972
Cash margins	8,028,100	1,124,517	10,860	1	28,657	9,192,135
Borrowed funds	11,769,400	-	-	-	-	11,769,400
Other liabilities	88,667	1,903,020	2,420	-	45	1,994,152
Total liabilities	161,401,862	20,064,743	4,006,990	7	2,568,207	188,041,809
Net concentration in the statement of financial position	(5,916,401)	(1,045,944)	(120,423)	13,837	1,909,790	(5,159,141)
Contingent liabilities off the statement of financial position	33,430,698	3,339,931	-	5,781,136	328,439	42,880,204

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42/ d Liquidity risk

Liquidity risk is the Bank's inability to provide the necessary financing to fulfil its liabilities at their maturity dates. In order to prevent these risks, the Bank adopts a conservative policy in managing liquidity risk, which includes managing assets and liabilities, aligning and analyzing their maturities, and meeting short or long-term maturities of assets and liabilities with a sufficient balance of cash and cash equivalents and negotiable securities. The cash liquidity is reviewed and managed periodically and at several levels. According to the instructions issued by the Central Bank of Jordan, the Bank maintains cash reserves with the Central Bank of Jordan to reduce liquidity

Noting that the Bank prepares the procedures of stress testing of operational risk.

First: The table below summarizes the distribution of liabilities (not discounted) based on the remaining time period for contractual maturity at the date of the consolidated financial statements.

December 31, 2021	Less than 1 month	1 to 3 Months	3 to 6 Months	6 months to 1 year	1 to 3 Years	3 years and above	Non-matured elements	Total
	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
Liabilities:								
Deposits at banks and financial institutions	12,308,247	16,560,638	-	-	-	-	-	28,868,885
Customers' deposits	202,695,498	139,174,533	160,479,615	250,643,505	49,128,095	-	-	802,121,246
Cash margins	1,380,876	3,114,677	3,500,616	4,198,456	9,766,290	10,529,421	-	32,486,336
Borrowed funds	1,714,703	11,213,488	27,097,310	45,828,219	69,010,756	52,712,938	-	207,577,414
Bonds	-	-	3,057,944	10,677,111	-	-	-	13,735,055
Operating lease liabilities	177,743	64,142	256,983	91,779	1,049,213	922,832	-	2,562,692
Sundry provisions	-	-	-	-	-	-	441,918	441,918
Provision for income tax	1,045,511	6,011,520	-	-	-	-	-	7,057,031
Deferred tax liabilities	-	-	-	-	-	-	3,490,066	3,490,066
Other liabilities	1,266,987	12,712,472	-	-	-	-	-	13,979,459
Total liabilities	220,589,565	188,847,470	194,392,468	311,439,070	128,954,354	64,165,191	3,931,984	1,112,320,102
Total assets	214,933,335	90,615,442	87,645,424	103,005,527	379,222,568	270,754,878	134,859,655	1,281,036,829

December 31, 2020	Less than 1 month	1 to 3 Months	3 to 6 Months	6 months to 1 year	1 to 3 years	3 years and above	Non-matured elements	Total
	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
Liabilities:								
Deposits at banks and financial institutions	22,519,950	8,016,015	-	-	-	-	-	30,535,965
Customers' deposits	195,599,474	139,750,920	149,483,018	243,447,133	47,910,518	-	-	776,191,063
Cash margins	552,163	3,709,118	4,636,604	5,381,681	9,878,880	12,538,646	-	36,697,092
Borrowed funds	1,605,861	22,014,483	12,519,386	43,757,778	77,158,909	19,711,975	-	176,768,392
Bonds	-	-	4,384,229	7,388,543	-	-	-	11,772,772
Operating lease liabilities	255,439	28,302	201,558	175,765	1,413,932	1,536,856	-	3,611,852
Sundry provisions	-	-	-	-	-	-	765,666	765,666
Provision for income tax	2,130,038	4,059,246	-	-	-	-	-	6,189,284
Deferred tax liabilities	-	-	-	-	-	-	5,117,743	5,117,743
Other liabilities	1,639,676	-	9,428,745	-	-	-	-	11,068,421
Total liabilities	224,302,601	177,578,084	180,653,540	300,150,900	136,362,239	33,787,477	5,883,409	1,058,718,250
Total assets	181,457,482	103,285,950	111,418,762	135,516,786	310,124,309	241,997,970	140,657,917	1,224,459,176

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Second: Items off the statement of financial position:

	Up to 1 year	1 to 5 years	Over 5 years	Total
	JOD	JOD	JOD	JOD
2021				
Letters of credits and acceptances	11,062,990	-	-	11,062,990
Utilized credit limits	45,579,164	-	-	45,579,164
Guarantees	68,618,560	2,551,715	531,750	71,702,025
Capital commitments	241,133	-	-	241,133
	125,501,847	2,551,715	531,750	128,585,312
2020				
Letters of credits and acceptances	8,929,524	-	-	8,929,524
Utilized credit limits	43,119,198	-	-	43,119,198
Guarantees	77,429,116	7,538,132	-	84,967,248
Capital commitments	328,831	-	-	328,831
	129,806,669	7,538,132	-	137,344, 801

(42) Segment analysis

A) Information on the Bank's segments and subsidiaries:

The Bank is organized for administrative purposes. This is used by the general manager and decision makers of the Bank through three main business sectors shown below. The Bank also owns subsidiaries that are specialized in the following areas: financial brokerage services, financial leasing services, operating services and management of bounded warehouses.

-Retail accounts; Includes handling individual customers' deposits, and providing credit facilities, credit cards and other services.

-Corporates' accounts: Includes handling deposits, credit facilities, and other credit facilities granted to customers services related to corporates' customers.

- Treasury: Includes providing trading and treasury services and the management of the Bank's funds.

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The following is information on the Bank's business sectors distributed by according to activity:

								Total		
								As of December 31,		
	Individuals	Corporates	Treasury	Financial brokerage	Finance leasing	Management of bounded	Factoring of receivables	Others	2021	2020
	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
Gross income	26,849,366	12,135,268	6,119,033	1,255,988	1,677,029	1,789,838	73,800	5,059,777	54,960,099	51,654,222
provision for expected credit losses on direct credit facilities	(2,538,496)	7,430,117	-	9,603	(417,422)	(2,764,843)	285	-	1,719,244	(15,633,255)
(Provision)Recoveries from provision for expected credit loss of financial assets and items off the statement of financial position in accordance with IFRS (9)	-	-	769	(9,603)	-	-	-	(1,053,764)	(1,062,598)	(499,201)
Sundry provisions	-	-	-	-	-	-	-	(144,786)	(144,786)	(496,999)
Business sector results	24,310,870	19,565,385	6,119,802	1,255,988	1,259,607	(975,005)	74,085	3,861,227	55,471,959	35,024,767
Unallocated expenses on segments	-	-	-	(364,302)	(1,059,661)	(1,636,758)	(215,315)	(24,180,921)	(27,456,957)	(27,160,431)
Profit before tax	24,310,870	19,565,385	6,119,802	891,686	199,946	(2,611,763)	(141,230)	(20,319,694)	28,015,002	7,864,336
Income tax	-	-	-	(252,948)	(65,924)	732,953	29,920	(10,455,670)	(10,011,669)	(1,861,067)
Net profit for the year	24,310,870	19,565,385	6,119,802	638,738	134,022	(1,878,810)	(111,310)	(30,775,364)	18,003,333	6,003,269

								Total		
								As of December 31,		
	Individuals	Corporates	Treasury	Financial brokerage	Finance leasing	Management of bounded	Factoring of receivables	Others	2021	2020
	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
Segment assets	344,544,223	381,780,164	382,393,733	14,263,621	90,029,308	24,530,480	1,209,403	-	1,238,750,932	1,171,824,926
Unallocated assets on segments	-	-	-	-	-	-	-	42,285,897	42,285,897	52,634,250
Total assets	344,544,223	381,780,164	382,393,733	14,263,621	90,029,308	24,530,480	1,209,403	42,285,897	1,281,036,829	1,224,459,176
Segment of liabilities	501,756,369	335,669,618	70,223,684	944,745	71,271,020	20,363,320	50,615	-	1,000,279,371	977,561,746
Unallocated liabilities on segments	-	-	-	-	-	-	-	95,345,727	95,345,727	65,208,904
Total liabilities	-	-	-	-	-	-	-	95,345,727	1,095,625,098	1,042,770,650
Capital expenses	501,756,369	335,669,618	70,223,684	944,745	71,271,020	20,363,320	50,615	95,345,727	1,561,614	1,652,620
Depreciation and amortization	-	-	-	-	-	-	-	-	1,919,937	1,997,430

(B) Geographical distribution information

The Bank and its subsidiaries practice their activities mainly in the Kingdom. These activities represent the local business. Therefore, most of the income, assets and capital expenditures are within the Kingdom.

(43) Capital management

(A) Description of what is considered to be capital:

Regulatory qualified capital comprises the following elements:

- Tier 1 of capital (capital that guarantees the going concern). This comprises the following:

1-Common equity tier 1 (CET1).

2- Additional tier 1 (AT1).

- Tier 2 (T2) is the capital used in case of failure of going concern (liquidation)
- Each of the three types of capital (CET1, AT1, T2) has a specific set of criteria that a financial instrument must meet before including it in the relevant category.

The bank is also committed, according to Article (62) of the Banking Law, to deduct annually 10% of its net profit to the legal reserve account and continues to deduct it until the reserve reaches the equivalent of the Bank's subscribed capital.

(B) Regulatory requirements for capital, and how to meet these requirements:

Banks must meet the minimum capital requirements in relation to risk-weighted assets, and they should be as follows:

- 1- The minimum of (CET1) should not be less than (6%) of the risk weighted assets.
- 2- The minimum of (Tier 1) should not be less than (7.5%) of the risk weighted assets.
- 3- The minimum (CAR) should not be less than (12%) of the risk weighted assets.

(C) How to achieve the capital objectives:

The management of the Bank aims to achieve the goals of managing the Bank's capital, achieving a surplus in operating profits and revenues, and optimizing the operation of available sources of funds in order to achieve the targeted growth in shareholders' equity through growth in the legal reserve, realized profits and retained earnings.

When entering into investments, effects on the capital adequacy ratio are carried and capital and adequacy are monitored periodically as the capital adequacy ratio is calculated by the Risk Management.

The capital adequacy ratio is calculated according to the instructions of the Central Bank of Jordan based on Basel III decisions as at December 31, 2021 and December 31, 2020.

(D) Liquidity Coverage Ratio:

The liquidity coverage ratio as a gross for consolidated financial statements was (253.0%) as on December 31, 2021 against to (206.9%) as on December 31, 2020.

The liquidity coverage ratio as a in JOD for consolidated financial statements was (253.0%) as on December 31, 2021 against to (206.9%) as on December 31, 2020.

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(D) Below is the table of the amount that the bank considers as capital and capital adequacy ratio

	December 31, 2021	December 31, 2020
	JOD	JOD
Basic capital items for common shares		
Subscribed capital (paid in)	100,000,000	100,000,000
Retained earnings (less any restricted amounts)	39,186,857	35,938,069
Financial assets revaluation reserve - net, according to IFRS (9)	6,362,363	8,560,247
Statutory reserve	33,371,695	30,643,329
Total basic capital for common shares	178,920,915	175,141,645
Regulatory amendments (subtraction from capital):		
Goodwill and intangible assets	(3,003,777)	(2,766,093)
Deferred tax assets resulting from debt provisions	(15,801,272)	(17,118,215)
Proposed dividends	(10,000,000)	(12,000,000)
Investments affecting the capital of banks, financial companies and insurance companies in which the Bank owns less than 10%, as shown in the instructions	-	-
Net ordinary shareholders' equity	150,115,866	143,257,337
Tier 2 (T2) Capital:		
The balance of the required provisions against debt instruments included Stage 1, by no more than 1.25% of the total assets weighted by credit risk according to the standard method	3,265,252	2,294,522,522
Total cushion capital	3,265,252	2,294,522
Regulatory amendments (subtraction from capital):		
Investments affecting the capital of banks, financial companies and insurance companies in which the Bank owns less than 10%, as shown in the instructions	-	-
Net cushion capital (T2)	3,265,252	2,294,522
Total regulatory capital	153,381,118	145,551,859
Total risk-weighted assets	980,148,184	969,020,266
Adequacy capital ratio (%)	15.65%	15.02%
Percentage of ordinary shareholders' equity (%)	15.32%	14.78%
Basic capital percentage (%)	15.32%	14.78%

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(44) Analysis of maturities of assets and liabilities

The following table shows the analysis of assets and liabilities according to the expected period of recovery or settlement:

	Up to 1 year	Over 1 year	Total
	JOD	JOD	JOD
2021			
Assets:			
Cash and balances at the Central Bank of Jordan	97,358,858	-	97,358,858
Balances at banks and financial institutions	64,351,278	-	64,351,278
Financial assets at fair value through statement of profit or loss	1	-	1
Direct credit facilities - net	298,991,628	489,643,649	788,635,277
Financial assets at fair value through other comprehensive income	-	37,815,983	37,815,983
Financial assets at amortized cost	29,986,180	157,404,338	187,390,518
Property and equipment- net	1,554,506	26,880,970	28,435,476
Intangible assets	457,159	2,546,618	3,003,777
Deferred tax assets	2,135,294	13,665,978	15,801,272
Other assets	12,634,710	41,725,061	54,359,771
Right of use assets	955,159	2,929,459	3,884,618
Total assets	508,424,773	772,612,056	1,281,036,829
Liabilities:			
Deposits at banks and financial institutions	28,778,165	-	28,778,165
Customers' deposits	745,338,879	47,179,125	792,518,004
Cash margins	12,100,720	19,486,808	31,587,528
Borrowed funds	84,181,343	112,791,958	196,973,301
Bonds	13,280,000	-	13,280,000
Operating lease liabilities	590,647	1,972,045	2,562,692
Sundry provisions	-	441,918	441,918
Provision for income tax	7,057,031	-	7,057,031
Deferred tax liabilities	3,490,066	-	3,490,066
Other liabilities	18,936,393	-	18,936,393
Total liabilities	913,753,244	181,871,854	1,095,625,098
Net	(405,328,471)	590,740,202	185,411,731

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	<u>Up to 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
	<u>JOD</u>	<u>JOD</u>	<u>JOD</u>
2020			
Assets:			
Cash and balances at the Central Bank of Jordan	90,377,554	-	90,377,554
Balances at banks and financial institutions	70,941,436	-	70,941,436
Deposits at banks and financial institutions	399,949	-	399,949
Financial assets at fair value through statement of profit or loss	5,961	-	5,961
Direct credit facilities – net	289,523,527	442,408,480	731,932,007
Financial assets at fair value through other comprehensive income	-	39,243,610	39,243,610
Financial assets at amortized cost	67,341,662	105,529,974	172,871,636
Property and equipment- net	1,565,104	27,465,037	29,030,141
Intangible assets	691,595	2,074,498	2,766,093
Deferred tax assets	973,617	16,144,598	17,118,215
Other assets	20,225,550	44,444,873	64,670,423
Right of use of leased assets	918,326	4,183,825	5,102,151
Total assets	542,964,281	681,494,895	1,224,459,176
Liabilities:			
Deposits at banks and financial institutions	30,489,935	-	30,489,935
Customers' deposits	720,823,607	45,991,016	766,814,623
Cash margins	14,163,966	21,486,823	35,650,789
Borrowed funds	77,929,347	88,867,860	166,797,207
Bonds	11,410,000	-	11,410,000
Operating lease liabilities	661,064	2,950,788	3,611,852
Sundry provisions	-	765,666	765,666
Provision for income tax	6,189,284	-	6,189,284
Deferred tax liabilities	5,117,743	-	5,117,743
Other liabilities	15,923,551	-	15,923,551
Total liabilities	882,708,497	160,062,153	1,042,770,650
Net	(339,744,216)	521,432,742	181,688,526

(45) Accounts managed for the interest of clients

There are no portfolios guaranteed by capital managed by the Bank or its subsidiaries for the interest of clients.

(46) Fair value hierarchy

The following table represents financial instruments carried at fair value based on the valuation method, where different levels are defined as follows:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

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	Level 1	Level 2	Level 3*	Total
	JOD	JOD	JOD	JOD
2021				
Financial assets at fair value through statement of profit or loss	1	-	-	1
Financial assets at fair value through other comprehensive income	31,016,048	-	6,799,935	37,815,983
	31,016,049	-	6,799,935	37,815,984
	Level 1	Level 2	Level 3	Total
	JOD	JOD	JOD	JOD
2020				
Financial assets at fair value through statement of profit or loss	5,961	-	-	5,961
Financial assets at fair value through other comprehensive income	32,450,995	-	6,792,615	39,243,610
	32,456,956	-	6,792,615	39,249,571

Other assets include non-financial assets, which represent investments properties in subsidiaries (Jordan Trade facilities and Bindar for Trade and investment), and are not measured through fair value in financial statements, considering that the fair value of investments properties are within the level two which amounted to JD 3,234,644 as at December 31, 2021, against 3,183,695 JD as at December 31, 2020.

* Investments at fair value through other comprehensive income include JD 450,000, which is due to investments in a listed company, but the market price of the share has not been adopted in determining the fair value of the investment as there is no active trading on the company's shares, as the company distributed free shares during 2021 by increasing the company's capital and the impact on the market price of the share was not reflected as a result of the absence of any trading per share during the year.

(47) Fair value of financial instruments

The fair value of financial instruments that are not measured in the consolidated statement of financial position at fair value is not materially different from the carrying amount included in the consolidated financial statements. Also, the fair value of direct credit facilities, investments at amortized cost, banks' and financial institutions' deposits, clients' deposits, cash insurance, borrowed funds and loan bonds that are included at amortized cost are not fundamentally different from the book value included in the consolidated financial statements because there is no material difference in the market interest rates for similar financial instruments for the contracted rates, as well as due to the short periods in relation to the deposits of banks and financial institutions. The fair value stated at amortized cost is determined through the quoted prices in the market on availability or through assessment forms used with some bonds at a fixed commission.

(48) Contingent and commitments liabilities (off the statements of financial position)-Net

(A) Credit commitments and liabilities

	December 31, 2021	December 31, 2020
Letters of credit	5,272,173	3,588,732
Acceptances and time-drawings	5,790,817	5,340,792
Guarantees:		
Payment	18,897,905	23,507,677
Performance bonds	35,807,941	42,010,703
Other	16,996,179	19,448,868
unutilized direct credit facilities credit limits	21,607,956	18,518,711
unutilized indirect credit facilities credit limits	23,971,208	24,600,487
Total	128,344,179	137,015,970

(B) Contractual liabilities

Project construction contracts	241,133	328,831
	241,133	328,831

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**Movement of total contingent commitments
and liabilities by stage**

	Stage		Stage 2			
2021	Individual	Collective	Individual	Collective	Stage 3	Total
	JOD	JOD	JOD	JOD	JOD	JOD
Total balance as at the beginning of the year	109,224,470	2,226,555	23,916,904	14,530	2,097,355	137,479,814
New exposures during the year/Additions	25,646,306	267,442	875,763	-	-	26,789,511
Matured/ derecognized	(23,511,642)	(495,433)	(3,951,817)	(1,000)	(100,407)	(28,060,299)
Transferred to Stage 1	7,388,699	(1,754,064)	(5,519,235)	(11,050)	(104,350)	-
Transferred to stage 2	(4,961,817)	(9,000)	6,321,389	(2,480)	(1,348,092)	-
Transferred to stage 3	(153,568)	(14,500)	(10,000)	-	178,068	-
Changes resulting from adjustments	(6,248,074)	(221,000)	115,574	-	-	(6,353,500)
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	107,384,374	-	21,748,578	-	722,574	129,855,526

	Stage 1		Stage 2			
2020	Individual	Collective	Individual	Collective	Stage 3	Total
	JOD	JOD	JOD	JOD	JOD	JOD
Total balance as at the beginning of the year	115,727,633	2,001,845	2,4038,610	102,480	1,606,234	14,3476,802
New exposures during the year/Additions	36,686,310	510,473	5,215,457	-	103,611	42,515,851
Matured/ derecognized	(40,387,903)	(185,048)	(7,828,338)	-	(111,550)	(48,512,839)
Transferred to Stage 1	1,199,973	(66,765)	(1,109,908)	-	(23,300)	-
Transferred to stage 2	(3,988,542)	(16,000)	4,116,206	12,050	(123,714)	-
Transferred to stage 3	(13,000)	(17,950)	(515,124)	(100,000)	646,074	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	109,224,471	2,226,555	23,916,903	14,530	2,097,355	137,479,814

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Allowances for total credit losses for commitments and liabilities

2021	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD		
Balance as at the beginning of the year	165,155	967	207,413	235	90,074	463,844
Impairment loss new exposures during the year/ Additions	342,455	15,771	30,169	54	389,322	777,771
Repaid/ derecognized balances	(377,789)	(282)	(68,021)	(229)	(19,212)	(125,542)
Transferred to Stage 1	60,685	-	(60,002)	(227)	(456)	-
Transferred to stage 2	(39,481)	-	79,495	-	(40,014)	-
Transferred to stage 3	(27)	-	-	-	27	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(236,474)	(16,456)	166,258	167	86,505	-
Changes resulting from adjustments	79,504	-	250,673	-	65,097	395,274
Written off balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	334,019	-	605,985	-	571,343	1,511,347

2020	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD		
Balance at beginning of the year	158,801	1,218	197,739	19	94,872	452,649
Impairment loss on new exposures during the/ year Additions	86,401	831	142,118	1,785	13,849	244,984
Recoveries from impairment loss on repaid exposures (repaid/ derecognized)	(78,349)	(529)	(91,565)	-	(63,346)	(233,789)
Transferred to Stage 1	25,722	969	(25,722)	-	(969)	-
Transferred to stage 2	(28,530)	(20)	81,930	42	(53,422)	-
Transferred to stage 3	(3)	(3)	(2,020)	(18)	2,044	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	1,113	(1,499)	(95,067)	(1,593)	97,046	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	165,155	967	207,413	235	90,074	463,844

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**Movement of contingent commitments
and liabilities – letter of credit**

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
2021						
balance as at the beginning of the year						
Additions/	3,208,251	-	381,435	-	-	3,589,686
New exposures during the year/Additions	3,847,840	-	-	-	-	3,847,840
Matured/ derecognized	(1,876,883)	-	(274,603)	-	-	(2,151,486)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-	-	-
Changes resulting from adjustments	(1,710)	-	-	-	-	(1,710)
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	5,177,498	-	106,832	-	-	5,284,330
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
2020						
Total balance as at the beginning of the year	11,097,184	-	2,664,274	-	-	13,761,458
New exposures during the year						
Additions	2,924,402	-	381,435	-	-	3,305,837
Matured/ derecognized	(10,813,335)	-	(2,664,274)	-	-	(13,477,609)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	3,208,251	-	381,435	-	-	3,589,686

INVESTBANK (PUBLIC SHAREHOLDING COMPANY LIMITED)
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Movements of expected credit losses – Letter of Credit

2021	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
Total balance as at the beginning of the year	707	-	247	-	-	954
New exposures during the year	10,523	-	849	-	-	11,372
Matured/ derecognized	(7)	-	(162)	-	-	(169)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	11,223	-	934	-	-	12,157

2020	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
Total balance as at the beginning of the year	9,153	-	2,838	-	-	11,991
Impairment loss on New exposures during the year/Additions	706	-	247	-	-	953
Matured/ derecognized	(9,152)	-	(2,838)	-	-	(11,990)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	707	-	247	-	-	954

INVESTBANK (PUBLIC SHAREHOLDING COMPANY LIMITED)
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Movements of contingent commitments and liabilities - discounted Acceptances

	Stage 1		Stage 2		Stage 3	Total
	Individual JOD	Collective JOD	Individual JOD	Collective JOD		
<u>2021</u>						
Total balance as at the beginning of the year	5,112,240	-	230,070	-	-	5,342,310
New exposures during the year/Additions	5,610,117	-	-	-	-	5,610,117
Matured/ derecognized	(5,060,134)	-	(78,940)	-	-	(5,139,074)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	5,662,223	-	151,130	-	-	5,813,353
	Stage 1		Stage 2		Stage 3	Total
	Individual JOD	Collective JOD	Individual JOD	Collective JOD		
<u>2020</u>						
Total balance as at the beginning of the year	1,429,177	-	137,789	-	-	1,566,966
New exposures during the year						
Additions	5,112,241	-	230,069	-	-	5,342,310
Matured/ derecognized	(1,429,177)	-	(1,377,89)	-	-	(1,566,966)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	5,112,241	-	230,069	-	-	5,342,310

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Movements of expected credit losses – discounted Acceptance

2021	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
balance as at the beginning of the year	1,369	-	149	-	-	1,518
Impairment loss on new exposures during the year/ Additions	21,211	-	1,175	-	-	22,386
Matured/ derecognized	(1,368)	-	-	-	-	(1,368)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	21,212	-	1,324	-	-	22,536

2020	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
Total balance as at the beginning of the year	825	-	422	-	-	1,247
New exposures during the year	1,368	-	149	-	-	1,517
Matured/ derecognized	(824)	-	(422)	-	-	(1,246)
Transferred to Stage 1	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	1,369	-	149	-	-	1,518

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Movement of contingent commitments and liabilities – guarantees:

	Stage 1		Stage 2		Stage 3	Total
<u>2021</u>	Individual JOD	Collective JOD	Individual JOD	Collective JOD	JOD	JOD
Total balance as at the beginning of the year	63,516,510	2,175,725	17,320,388	14,530	2,097,355	85,124,508
Impairment loss on new exposures during the year						
Additions	9,247,359	58,410	362,077	-	-	9,667,846
Matured/ derecognized	(11,221,835)	(494,867)	(3,504,968)	(1,000)	(100,407)	(15,323,077)
Transferred to Stage 1	5,778,676	(1,494,768)	(4,168,508)	(11,050)	(104,350)	-
Transferred to stage 2	(2,979,868)	(9,000)	4,339,440	(2,480)	(1,348,092)	-
Transferred to stage 3	(153,568)	(14,500)	(10,000)	-	178,068	-
Changes resulting from adjustments	5,346,045	(221,000)	(1,326,814)	-	-	(6,893,859)
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	58,841,229	-	13,011,615	-	722,574	72,575,418

	Stage 1		Stage 2		Stage 3	Total
<u>2020</u>	Individual JOD	Collective JOD	Individual JOD	Collective JOD	JOD	JOD
balance as at the beginning of the year	62,233,851	1,988,926	1,5398,990	102,480	1,519,858	81,244,105
Impairment loss on new exposures during the year	14,883,587	467,108	3,652,400	-	103,611	19,106,706
Matured/ derecognized	(12,748,787)	(179,594)	(2,240,602)	-	(57,320)	(15,226,303)
Transferred to Stage 1	227,189	(66,765)	(137,124)	-	(23,300)	-
Transferred to stage 2	(1,066,330)	(16,000)	1,161,848	12,050	(91,568)	-
Transferred to stage 3	(13,000)	(17,950)	(515,124)	(100,000)	646,074	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	63,516,510	2,175,725	17,320,388	14,530	2,097,355	85,124,508

INVESTBANK (PUBLIC SHAREHOLDING COMPANY LIMITED)
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Movement of expected credit losses – guarantees:

2021	Stage 1		Stage 2		Stage 3	Total
	Individual JOD	Collective JOD	Individual JOD	Collective JOD	JOD	JOD
Total balance as at the beginning of the year	11,887	823	54,241	235	90,074	157,260
New exposures during the year						
Additions	175,353	15,679	19,544	54	389,322	599,952
Matured/ derecognized	(2,086)	(219)	(2,555)	(229)	(19,212)	(24,301)
Transferred to Stage 1	4,151	-	(3,468)	(227)	(456)	-
Transferred to stage 2	(397)	-	40,411	-	(40,014)	-
Transferred to stage 3	(27)	-	-	-	27	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(123,527)	(16,283)	53,138	167	86,505	-
Changes resulting from adjustments	11,921	-	63,464	-	65,097	140,482
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	77,275	-	224,775	-	571,343	873,393

2020	Stage 1		Stage 2		Stage 3	Total
	Individual JOD	Collective JOD	Individual JOD	Collective JOD	JOD	JOD
Total balance as at the beginning of the year	13,668	1,192	55,801	19	44,153	114,833
Impairment loss new exposures during the year/ Additions	4,887	701	60,227	1,785	13,849	81,449
Matured/ derecognized	(6,005)	(517)	(18,207)	-	(14,293)	(39,022)
Transferred to Stage 1	18	969	(18)	-	(969)	-
Transferred to stage 2	(277)	(20)	12,906	42	(12,651)	-
Transferred to stage 3	(3)	(3)	(2,020)	(18)	2,044	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(401)	(1,499)	(54,448)	(1,593)	57,941	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	11,887	823	54,241	235	90,074	157,260

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Movements of non-utilized direct credit limits

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
2021	JOD	JOD	JOD	JOD	JOD	JOD
Balance as at the beginning of the year	16,195,066	8,030	2,517,025	-	-	18,720,121
New exposures during the year/Additions	4,287,904	26,132	111,331	-	-	4,425,367
Matured/ derecognized	(1,260,977)	(566)	(56,942)	-	-	(1,318,485)
Transferred to Stage 1	348,127	(33,596)	(314,531)	-	-	-
Transferred to stage 2	(985,285)	-	985,285	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Changes resulting from adjustments	726,176	-	(573,434)	-	-	152,742
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	19,311,011	-	2,668,734	-	-	21,979,745

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
2020	JOD	JOD	JOD	JOD	JOD	JOD
Total balance as at the beginning of the year	14,703,674	12,919	993,175	-	29,616	15,739,384
New exposures during the year/Additions	7,838,736	565	810,543	-	-	8,649,844
Matured/ derecognized	(5,069,265)	(5,454)	(566,918)	-	(27,470)	(5,669,107)
Transferred to Stage 1	518,462	-	(518,462)	-	-	-
Transferred to stage 2	(1,796,541)	-	1,798,687	-	(2,146)	-
Transferred to stage 3	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	16,195,066	8,030	2,517,025	-	-	18,720,121

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2020	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
1 balance as at the beginning of the year	69,865	26	67,888	-	38,231	176,010
Impairment loss new exposures during the year/Additions	58,014	63	74,867	-	-	132,944
Matured/ derecognized	(32,850)	(12)	(37,988)	-	(36,695)	(107,545)
Transferred to Stage 1	18,735	-	(18,735)	-	-	-
Transferred to stage 2	(2,416)	-	36,587	-	(34,171)	-
Transferred to stage 3	-	-	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(1,484)	-	(31,151)	-	32,635	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	109,864	77	91,468	-	-	201,409

Movements of expected credit losses – non-utilized direct credit limits:

2021	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
Total balance as at the beginning of the year	109,864	77	91,468	-	-	201,409
Impairment loss on new exposures during the year	106,737	10	8,601	-	-	115,348
Matured/ derecognized	(22,557)	(63)	(42,742)	-	-	(65,362)
Transferred to Stage 1	31,044	-	(31,044)	-	-	-
Transferred to stage 2	(34,018)	-	34,018	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(74,489)	(24)	74,513	-	-	-
Changes resulting from adjustments	62,459	-	57,935	-	-	120,394
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	179,040	-	192,749	-	-	371,789

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Movement of non-utilized indirect facilities limits:

	Stage 1		Stage 2		Stage 3	Total
	Individual JOD	Collective JOD	Individual JOD	Collective JOD		
2021						
Total balance as at the beginning of the year	21,192,404	42,800	3,467,986	-	-	24,703,190
New exposures during the year /Additions	2,653,085	182,900	402,355	-	-	3,238,340
Matured/ derecognized	(4,091,813)	-	(36,364)	-	-	(4,128,177)
Transferred to Stage 1	1,261,896	(225,700)	(1,036,196)	-	-	-
Transferred to stage 2	(996,664)	-	996,664	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(1,626,495)	-	2,015,822	-	-	389,327
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	18,392,413	-	5,810,267	-	-	24,202,680
	Stage 1		Stage 2		Stage 3	Total
	Individual JOD	Collective JOD	Individual JOD	Collective JOD		
2020						
Balance as at the beginning of the year	26,263,747	-	4,844,382	-	56,760	31,164,889
New exposures during the year /Additions	5,927,345	42,800	141,010	-	-	6,111,155
Matured/ derecognized	(10,327,339)	-	(2,218,755)	-	(26,760)	(12,572,854)
Transferred to Stage 1	454,322	-	(454,322)	-	-	-
Transferred to stage 2	(1,125,671)	-	1,155,671	-	(30,000)	-
Transferred to stage 3	-	-	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	-	-	-	-	-	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off Balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	21,192,404	42,800	3,467,986	-	-	24,703,190

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Movement of expected credit losses – non-utilized indirect limits:

2021	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
Balance at beginning of the year	41,328	67	61,308	-	-	102,703
Impairment loss on new exposures during the year	28,631	82	-	-	-	28,713
Recoveries from impairment loss on repaid exposures (repaid/ derecognized)	(11,780)	-	(22,562)	-	-	(34,342)
Transferred to Stage 1	25,490	-	(25,490)	-	-	-
Transferred to stage 2	(5,066)	-	5,066	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	(38,458)	(149)	38,607	-	-	-
Changes resulting from adjustments	5,124	-	129,274	-	-	134,398
Written off balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	45,269	-	186,203	-	-	231,472

2020	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JOD	JOD	JOD	JOD	JOD	JOD
Balance as at the beginning of the year	65,290	-	70,790	-	12,488	148,568
New exposures during the year	21,426	67	6,628	-	-	28,121
Repaid/ derecognized balances	(29,518)	-	(32,110)	-	(12,358)	(73,986)
Transferred to Stage 1	6,969	-	(6,969)	-	-	-
Transferred to stage 2	(25,837)	-	32,437	-	(6,600)	-
Transferred to stage 3	-	-	-	-	-	-
Effect on the provision -as at the end of the year- from the classification change among the three stages during the year	2,998	-	(9,468)	-	6,470	-
Changes resulting from adjustments	-	-	-	-	-	-
Written off balances	-	-	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-	-	-
Total Balance as at the end of the year	41,328	67	61,308	-	-	102,703

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(49) Lawsuits against the Bank

The value of lawsuits against the Bank amounted to JD 3,591,232 as of December 31, 2021, compared to JD 4,655,510 as of December 31, 2019, while the balance of provisions to address these cases was JD 17,537 as at December 31, 2021 compared to JD 359,000 as at December 31, 2020. In the estimates of the management and its legal consultant, the Bank will not incur any additional obligations for these lawsuits.

The value of the cases against Al-Mward Brokerage company amounted to JD 10,001 as of December 31, 2021, against 0 dinars as of December 31, 2020, company against these cases.

There is also a case against the investment company to finance Imdad, as of December 31, 2021, and December 31, 2020, and at the discretion of the management and legal counsel of the company, there is no need to take provisions for this case at this stage.

There are no lawsuits Jordanian Factoring Company as of December 31, 2021 and December 31, 2020.

The cases against Tamkeen Finance Lease amounted to JD 221,540 as of December 31, 2021, and December 31, 2020, and at the discretion of the company's management and legal counsel, the company will not have any obligations in exchange for these cases.

The value of the cases against The Jordanian Commercial Facilities Company was JD 117,311 as of December 31, 2021, compared to JD 136,549 as of December 31, 2020. As of December 31, 2021, while the balances of previous to address these case was 279,173 JD, compared to 240,521 JD as of December 31, 2020. In the discretion of the management and legal counsel of the company, the company will not incur any additional obligations in exchange for these cases.

The value of the cases against the Commercial Facilities Company for Financing Leasing (a subsidiary of the Commercial Facilities Company) amounted to JD 12,301 as of December 31, 2021, compared to JD 31,047 as of December 31, 2020, and in the discretion of the company's management and legal counsel, the company will not have any obligations in exchange for these cases.

The value of cases against Bindar Trading and Investment Company was 42,840 dinars as of December 31, 2021, compared to JD 47,840 as of December 31, 2020, while the balance of provision to address these case was for these cases was JD 32,840 as of December 31, 2021, and December 31, 2020. In the discretion of the management and legal counsel of the company, the company will not incur any additional obligations in exchange for these cases.

There are no cases against Bindar Finance Leasing, East Estate Company and Rakeen Real Estate (subsidiaries of Bindar Trading and Investment Company) as of December 31, 2021, and December 31, 2020.

(50) Comparative figures

Some comparative figures of the year ended December 31, 2020, have been reclassified to conform with the presentation of the financial statements for the year ended December 31, 2021.

(51) Subsequent events

Based on the decision of the General Authority of Bindar Trading and Investment Company (a subsidiary) at its extraordinary meeting held on January 4, 2022, acquisition of the full shares of Al-Summit Auto Trade Facilities company was approved for 3,438,366 JD, where The Central Bank of Jordan approved the acquisition under their book No. (16687/2/10) on October 31, 2021, as the acquisition is expected to be completed during the first quarter of 2022.