

**INVESTBANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
(UNAUDITED)
31 MARCH 2023**

**INVESTBANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

31 MARCH 2023

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Independent Auditor's Report

The Chairman and Board of Directors Of Invest Bank
(Public Shareholding Company)
Amman – Hashemite Kingdom of Jordan

Review Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Invest Bank (a Public Shareholding Company) (the “Bank”) and its subsidiaries (the “Group”) as at 31 March 2023 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) “interim financial reporting” as amended by the Central Bank of Jordan instructions. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

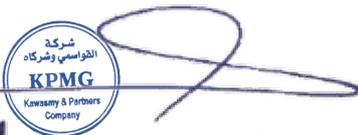
We conducted our review in accordance with the International Standard on Review Engagements (2410) "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at 31 March 2023 are not prepared, in all material respects, in accordance with International Accounting Standard (34) “Interim Financial Reporting” as amended by the Central Bank of Jordan instructions.

Kawasmy and Partners
KPMG

Hatem Kawasmy
License No, (656)



Amman – Jordan
April 27, 2023

INVESTBANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2023

	<u>Notes</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
		<u>JD</u> (Unaudited)	<u>JD</u> (Audited)
Assets			
Cash and balances at the Central Bank of Jordan	4	237,913,559	84,081,624
Balances at banks and financial institutions	5	153,136,523	73,657,044
Deposits at banks and financial institutions		38,281,761	3,544,932
Financial assets at fair value through statement of profit or loss		1	1
Direct credit facilities at amortized cost – net	6	828,853,136	849,619,656
Financial assets at fair value through other comprehensive income		64,108,572	61,794,622
Financial assets at amortized cost		230,802,228	231,184,848
Property and equipment- net		30,248,971	30,108,130
Intangible assets		2,941,866	3,063,082
Deferred tax assets		19,979,911	18,853,869
Other assets	7	56,521,518	67,858,837
Right of use of leased assets		4,359,125	4,108,272
		<u>1,667,147,171</u>	<u>1,427,874,917</u>
Assets held for sale	21	144,977	145,229
Total assets		<u>1,667,292,148</u>	<u>1,428,020,146</u>
Liabilities and Equity			
Liabilities			
Bank and financial institutions deposits		75,702,737	38,730,800
Customers deposits		1,009,668,918	881,704,812
Cash margins		94,361,611	36,433,056
Borrowed funds	8	230,958,298	224,968,902
Bonds	9	15,010,000	13,960,000
Lease liabilities		3,242,249	2,994,059
Sundry provisions		474,718	421,029
Provision for income tax	10	10,690,927	9,383,036
Deferred tax liabilities		1,394,126	3,981,771
Other liabilities		21,650,265	19,992,148
		<u>1,463,153,849</u>	<u>1,232,569,613</u>
Liabilities directly associated with assets held for sale	21	935	2,360
Total liabilities		<u>1,463,154,784</u>	<u>1,232,571,973</u>
Equity			
Bank's shareholders' equity			
Authorized share capital		100,000,000	100,000,000
Subscribed and paid in share capital		100,000,000	100,000,000
Statutory reserve		34,583,047	34,583,047
Financial asset revaluation reserve-net		9,236,035	6,435,777
Retained earnings	11	50,873,033	50,972,953
Net income for the period		5,914,210	-
Total equity attributable to the Bank's shareholders		<u>200,606,325</u>	<u>191,991,777</u>
Non-controlling interest		3,531,039	3,456,396
Total equity		<u>204,137,364</u>	<u>195,448,173</u>
Total Liabilities and Equity		<u>1,667,292,148</u>	<u>1,428,020,146</u>

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements and should be read with them and with the accompanying review report.

INVESTBANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS ENDED 31 MARCH 2023

	Notes	For the three months ended 31	
		March	
		2023	2022
		JD	JD
Continued operations		(Unaudited)	(Unaudited)
Interest income		26,329,319	18,280,123
Interest expense		(14,054,702)	(8,681,201)
Net Interest Income		12,274,617	9,598,922
Net commission income		5,280,112	3,151,323
Net Interest and Commissions Income		17,554,729	12,750,245
Gains from foreign currencies		201,138	173,311
Gains from financial assets at fair value through statement of profit or loss		115,924	143,389
Cash dividends from financial assets at fair value through other comprehensive income		1,604,290	622,839
Gains from acquisition on new subsidiaries	23	-	3,596,992
Other Revenue		930,035	1,222,616
Gross Income		20,406,116	18,509,392
Employees expenses		(4,598,617)	(3,989,836)
Depreciation and amortization		(844,350)	(727,211)
Other expenses		(2,872,379)	(2,042,451)
Recovered from the Provision of seized assets acquired in accordance with the instructions of the Central Bank of Jordan		775,562	-
Provision for Expected credit loss on direct credit facilities (Provision) recovered from provision for expected credit loss in financial assets and off-balance sheet items	6	(4,370,835)	(2,932,773)
Sundry provisions		(10,239)	92,940
		(60,998)	(52,645)
Total Expenses		(11,981,856)	(9,651,976)
Profit for the period before tax		8,424,260	8,857,416
Income tax for the period	10	(2,423,624)	(1,731,945)
Net Profit for the period from Continued operations		6,000,636	7,125,471
Discontinued operations			
Gain from discontinued operations – net after tax	22	-	71,195
Net profit for the period		6,000,636	7,196,666
Attributable to:			
Shareholders of the Bank		5,914,210	7,168,950
Non-controlling interest		86,426	27,716
		6,000,636	7,196,666
Basic and diluted earnings per share from net profit for the period attributable to the shareholders of the Bank	18	JD/ share 0.059	JD/ share 0.072

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements and should be read with them and with the accompanying review report.

**INVESTBANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2023**

	For the three months ended 31 March	
	2023	2022
	JD	JD
	(Unaudited)	(Unaudited)
Net Profit for the period	6,000,636	7,196,666
Other comprehensive income items that will not be reclassified to profit or loss on subsequent period:		
Net Changes in financial assets revaluation reserve – net after tax	2,785,661	(475,586)
Loss on sale of financial assets at fair value through other comprehensive income	(90,549)	(56,310)
Total Other Comprehensive Income items	2,695,112	(531,896)
Total comprehensive income for the period	8,695,748	6,664,770
Total Comprehensive Income Attributable to:		
Shareholders of the Bank	8,609,348	6,637,080
Non-controlling interest	86,400	27,690
	8,695,748	6,664,770

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INVESTBANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2023

	<u>Reserves</u>				profit for the period attributable to the bank's shareholders	Total shareholders' equity attributable to the bank's shareholders	Non-controlling interest	Total shareholders' equity
	Subscribed and Paid-up capital	Statutory	Financial Asset revaluation-net	Retained earnings				
	JD	JD	JD	JD				
(Unaudited)								
As of 31 December 2022	100,000,000	34,583,047	6,435,777	50,972,953	-	191,991,777	3,456,396	195,448,173
Profit for the period	-	-	-	-	5,914,210	5,914,210	86,426	6,000,636
Net changes in financial assets revaluation reserve – net after taxes	-	-	2,785,687	-	-	2,785,687	(26)	2,785,661
(Losses) on sale of financial assets at fair value through other comprehensive income transferred to the retained earnings-equity items-net after tax	-	-	14,571	(105,120)	-	(90,549)	-	(90,549)
Total comprehensive income	-	-	2,800,258	(105,120)	5,914,210	8,609,348	86,400	8,695,748
Effect of increase in investment in subsidiary	-	-	-	5,200	-	5,200	(11,757)	(6,557)
As of 31 March, 2023	100,000,000	34,583,047	9,236,035	50,873,033	5,914,210	200,606,325	3,531,039	204,137,364
(Unaudited)								
As of 31 December 2021	100,000,000	33,371,695	6,362,363	42,612,312	-	182,346,370	3,065,361	185,411,731
Profit for the period	-	-	-	-	7,168,950	7,168,950	27,716	7,196,666
Net changes in financial assets revaluation reserve – net after taxes	-	-	(475,560)	-	-	(475,560)	(26)	(475,586)
(Losses) on sale of financial assets at fair value through other comprehensive income transferred to the retained earnings-equity items-net after tax	-	-	(63,032)	6,722	-	(56,310)	-	(56,310)
Total comprehensive income	-	-	(538,592)	6,722	7,168,950	6,637,080	27,690	6,664,770
Effect of increase in investment in subsidiary	-	-	-	6,142	-	6,142	(19,109)	(12,967)
As of 31 March, 2022	100,000,000	33,371,695	5,823,771	42,625,176	7,168,950	188,989,592	3,073,942	192,063,534

- Retained earnings include an amount of JD 19,979,911 as of 31 March 2023 restricted by the Central Bank of Jordan against deferred tax assets amounted to JD 18,853,869 as of 31 December 2022.
- Retained earnings include a restricted amount of JD 1,039,200 as of 31 March 2023 and 31 December 2022, based on Central Bank of Jordan request, which represents the remaining balance of illegal transactions.
- Retained earnings include a restricted amount of JD 415,199 as of 31 March 2023 and 31 December 2022, which represents the effect of the early adoption of IFRS (9). Such amounts are restricted and cannot be utilized unless realized through actual sale as instructed by Jordan Securities Commission.
- The retained earnings don't include any amounts that represents unrealized gain from financial assets at fair value through statement of profit or loss as of 31 March 2023 and 31 December 2022.
- 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 of 31 December 2017 has been transferred to the retained earnings item to offset with the impact of the IFRS 9. Surplus from the amount after offset amounting to JD 1,971,056 is restricted.
- Use of financial assets revaluation reserve is restricted and require prior approval from the Central Bank of Jordan.

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements and should be read with them and with the accompanying review report

**INVESTBANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CASH FLOW
FOR THE THREE MONTHS ENDED 31 MARCH 2023**

	<u>Notes</u>	For the three months ended 31 March	
		2023	2022
		JD (Unaudited)	JD (Unaudited)
Operating activities			
Profit for the period before income tax		8,424,260	8,857,416
Adjustments:			
Depreciation and amortization		844,350	727,211
Provision for expected credit loss on direct credit facilities		4,370,835	2,932,773
Sundry provisions		60,998	52,645
Provision (recovered from) provision of expected credit loss in financial assets and off-balance sheet items		10,239	(92,940)
(Recovered from) provisions against seized asset over 4 years		(775,562)	-
Gain (losses) on sale of assets seized by the Bank		1,032,337	(570,612)
Interest expense from lease liabilities		42,908	23,381
Unrealized gains from revaluation financial assets at fair value through Statement of profit or loss		-	(12,143)
Net interest expense		3,556,785	2,125,010
Gain from the acquisition of a subsidiary		-	(3,596,992)
Effect of exchange rate fluctuations on cash and cash equivalents		(2,097)	(7,083)
		<u>17,565,053</u>	<u>10,438,666</u>
Changes in assets and liabilities			
Deposits at banks and financial institutions (maturing after more than 3 months)		(34,736,829)	-
Financial assets at fair value through Statement of Profit or loss		-	(261,444)
Direct credit facilities at amortized cost		16,395,685	(26,778,807)
Assets and liabilities held for sale		(1,173)	(11,997,282)
Other assets		9,398,209	(2,615,193)
Customers' deposits		127,964,106	32,981,757
Cash margin		57,928,555	2,137,856
Other liabilities		(916,578)	(312,631)
Net cash flows from operating activities before income tax and provisions paid		193,597,028	3,592,922
Paid from lawsuits provisions and end of services benefits		(7,309)	(31,245)
Income tax paid		(2,241,775)	(3,353,773)
Net cash flows from operating activities		191,347,944	207,904
Investing activities			
Purchases of financial assets at fair value through statement of other comprehensive income		(2,897,424)	(1,220,745)
Sale of financial assets at fair value through statement of other comprehensive income		901,207	489,457
Financial assets at amortized cost		382,620	(8,429,941)
Purchase of property, equipment, Advance payments and projects under construction		(636,967)	(332,083)
Purchase of intangible assets		3,024	(98,590)
Net cash flow used to purchase a subsidiary		-	(3,438,366)
Net cash flow used in purchase of new shares in subsidiary		(6,557)	(12,967)
Net cash flows (used in) investing activities		(2,254,097)	(13,043,235)
Financing activities			
Borrowed funds		5,989,396	3,425,399
Bonds		1,050,000	-
Payments of lease liabilities		205,282	628,125
Net cash flows from financing activities		7,244,678	4,053,524
Effect of exchange rate fluctuations on cash and cash equivalents		2,097	7,083
Net increase (decrease) in cash and cash equivalents		196,338,525	(8,781,807)
Cash and cash equivalents on 1 January	15	119,008,897	132,932,008
Cash and cash equivalents on 31 March	15	315,349,519	124,157,284

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements and should be read with them and with the accompanying review report

**INVESTBANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS NOTES
AS OF 31 MARCH 2023 (UNAUDITED)**

1) GENERAL INFORMATION

INVESTBANK (the “Bank”) was established as a Jordanian public shareholding company under registration No. (173) dated 12 August 1982 in accordance with the Companies Law No. (12) for the year 1964 with a paid in capital of JD 6 million distributed over 6 million shares with a par value of JD 1 per share. The Bank’s capital was increased several times to become JD 77,500,000 / JD 1 per share as of 31 December 2010. Furthermore, during 2011, the Bank’s capital was increased to JD 85,250,000 / JD 1 per share. Finally, the Bank’s capital was increased by JD 14,750,000 on 10 April 2012. Accordingly, the Bank’s authorized and paid in capital became JD 100 million / JD 1 per share.

The Bank’s Head Office is located in Amman, Abd Alhameed Sharaf Street, Shmesani, Tel: 06-5001500, P.O Box 950601, Amman – 11195 Jordan.

The Bank provides banking and related financial services through its Head Office and its twelve branches in the Hashemite Kingdom of Jordan, and through its subsidiaries.

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

These interim condensed consolidated financial statements were approved by the Board of Directors at its meeting number 02/2023 that held on 19 April 2023.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group in the preparation of these interim condensed consolidated financial statements.

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

- The interim condensed consolidated financial statements of the Bank and its subsidiaries (together “the group”) have been prepared in accordance with the International Accounting Standards No. (34) (“interim financial reporting”), as amended by 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 calculate expected 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) Dated December 10, 2009 at each stage, the stricter results are used, and classified in accordance with Central bank of Jordan requirements in this regard.
- 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.
- According to the Central Bank of Jordan's instructions for the classification of credit facilities and the calculation of impairment provision number (2009/47) 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.

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C- Credit facilities listed under the watch-list (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 to 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) installments have been accrued, the principal and/or interest asset slackened, or the overdraft account has been freezing for the following terms:

<u>Classification</u>	<u>Number of Breach days</u>	<u>Ratio of the provision in to the first year</u>
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 2009/47 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.

- 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. 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 2022, so that the required percentage of 50% of these properties are reached by the end of the year 2030 Also, in accordance with the letter of the Central Bank of Jordan No. 10/3/13246 dated October 10, 2022, the calculation of the gradual provision against seized assets was stopped, provided that the allocations allocated against expropriated real estate in violations of the provisions pf the banking laws, and that the allocations allocates against any of the infringing properties that are disposed of.

The Jordanian Dinar is the presentation and functional currency for the interim condensed consolidated financial statements of the Group.

- 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 stricter.
- The consolidated interim condensed financial statements have been prepared in accordance with the historical cost principle, except for financial assets at fair value through the consolidated statement of profit or loss 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.

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- These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards as amended by Central Bank of Jordan and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended 31 December 2022. Furthermore, the results of operations for the three months ended 31 March 2023 do not necessarily reflect an accurate indicator about the expected results for the year ended 31 December 2023 and no appropriation has been made to the profit for the three months period ended 31 March 2023 which is usually performed at year end.

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, 2022, except for the adoption of new standards and amendments which became effective as of January 1, 2022 as mentioned below.

A. Applied Accounting Policies

New standards or amendments	Effective date
IFRS 17 Insurance Contracts, including amendments Initial Application of IFRS 17 and IFRS 9 – Comparative Information	January 1 st 2023
Definition of accounting estimates (Amendments to IAS 8)	January 1 st 2023
Disclosure of accounting policies (Amendments to IAS 1 and IFRS practice statement 2)	January 1 st 2023
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	January 1 st 2023

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 interim condensed consolidated financial statements:

New standards or amendments	Effective date
Classification of liabilities into current or non-current liabilities (amendments to IAS 1)	January 1 st 2024
Lease obligations in sale and leaseback (Amendments to IAS 16)	January 1 st 2024
Sale or grant of assets between an investor and an affiliate company or a joint venture (amendments to IFRS 10 and IAS 28)	Optional

2-3 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.

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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.

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 interim condensed consolidated financial statements include the financial statements of the Bank and its subsidiaries as of March 31, 2023:

Name of the Company	Paid-in Capital (JOD)	Bank's Ownership %	Company's Activity Nature	Company's Head Office	Date of Acquisition
Tamkeen Leasing Co	20,000,000	97.5%	Finance lease	Amman	2006
Al Istethmari Latemweel			Management and operation of bonded		
Selselat Al Imdad Company	3,000,000	94%	warehouses	Amman	2010
Jordanian Factoring Company*	208,000	100%	Factoring of receivable	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
Summit Auto trade Facilities company***	2,130,000	96.5%	Vehicles Finance lease	Amman	2022

* Based on the decision of the bank board of directors at its first meeting of 2022, it was approved to close the Jordanian factoring company, and based on the decision of the general assembly of the Jordanian factoring company (a subsidiary) in its extraordinary meeting held on November 16, 2022, it was approved to reduce the company's capital by an amount 1,292,000 JD, so that the authorized and paid – up capital becomes 208,000 JD, and the reduction procedures have been completed on December 15, 2022.

** Based on the decision of the board of directors of Bindar Trade and Investment Company (a subsidiary) No. 18/2022 held on October 3, 2022, it was approved to cease the operation of Bindar Financial leasing company (a subsidiary) and liquidate it voluntarily during the year 2023.

***Based on the decision of the general assembly of Bindar Trade and Investment Company (a subsidiary) on its extraordinary meeting held on November 23, 2022, it was approved to merge Summit Auto trade Facilities Company with Bindar Trade and Investment Company during the year 2023.

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.

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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.

3) ACCOUNTING ESTIMATES

Preparation of the interim condensed consolidated financial statements and the application of the accounting policies require the Group's management to perform assessments and assumptions that affect the amounts of financial assets and liabilities, and the disclosure of contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses, and provisions shown within the consolidated statement of comprehensive income. In particular, this requires the Group's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the mentioned assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to changes resulting from the conditions and circumstance of those assessments in the future.

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4) CASH AND BALANCES AT THE CENTRAL BANK OF JORDAN

This item consists of the following:

	<u>31 March 2023</u>	<u>31 December 2022</u>
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	11,710,175	15,634,069
Balances at the Central Bank of Jordan:		
Current and demand accounts and cash reserve requirements	50,003,384	46,047,555
Term and notice deposits	93,000,000	3,000,000
Certificate of deposit	83,200,000	19,400,000
Total	<u>237,913,559</u>	<u>84,081,624</u>

There are no restricted balances except for the statutory cash reserve which amounted to 48,176,093 as of March 31, 2023, and 44,861,860 as of December 31, 2022.

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).

5) BALANCE AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	<u>31 March 2023</u>	<u>31 December 2022</u>
	JD	JD
	(Unaudited)	(Audited)
Local banks and financial institution	43,410,172	11,122,178
Foreign banks and financial institutions	109,728,525	62,535,895
Provision for Expected Credit Loss per IFRS (9)	(2,174)	(1,029)
Total	<u>153,136,523</u>	<u>73,657,044</u>

Non-bearing interest Balances held at banks and financial institutions amounted to JD 29,504,024 as at 31 March 2023, against JD 26,608,622 as at 31 December 2022.

There are no restricted balances as at 31 March 2023 and 31 December 2022.

6) DIRECT CREDIT FACILITIES AT AMORTIZED COST

The details of this item are as follows:

	<u>31 March</u>	<u>31 December</u>
	2023	2022
	JD	JD
	(Unaudited)	(Audited)
Individuals (retail)		
Overdrafts	1,723,260	1,625,935
Loans and bills*	267,678,777	261,298,820
Credit cards/ loans	89,667,641	82,582,084
Mortgage	127,680,275	130,294,396
Corporate		
Large corporate		
Overdrafts	45,126,094	65,383,994
Loans and bills*	264,149,315	234,310,174
Small and Medium corporates		
Overdrafts	8,284,061	7,321,781
Loans and bills*	42,238,906	43,702,109
Government and public sector	58,526,475	93,599,640
Total	<u>905,074,804</u>	<u>920,118,933</u>
Less:		
Provision for expected credit losses	55,977,656	51,622,891
Interests in suspense**	20,244,012	18,876,386
Net direct credit facilities	<u>828,853,136</u>	<u>849,619,656</u>

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- * The balance is presented on a net basis, after deducting the commissions and interest received in advance amounted to JD 59,117,442 as at 31 March 2023, against JD 55,472,581 as at 31 December 2022.
- ** Interest in suspense includes an amount of JD 4,938,484 as at 31 March 2023, against 3,983,337 JD as at 31 December 2022, which represents interest in suspense against some performing accounts classified within stage 2 and 3.
- Non-performing facilities according to the instructions of Central Bank of Jordan amounted to JD 63,606,922 equivalent to 7% of total direct credit facilities balance, as at 31 March 2023 against JD 59,292,495 equivalent to 6.4% of total direct credit facilities balance, as at 31 December 2022.
 - Non-performing credit facilities after deducting interest in suspense amounted to JD 48,301,393 equivalent to 5.5 % of total direct credit facilities balance after deducting interest in suspense, as at 31 March 2023 against JD 44,399,486 equivalent to 4.9% of direct credit facilities balance, as at 31 December 2022.
 - Credit facilities granted to the Jordanian government and/or under its guarantee amounted to 9,596,583 equivalent to 1.1% of total direct credit facilities as at 31 March 2023 against 12,181,771 equivalent to 1.3 % of total direct credit facilities as at 31 December 2022.
 - The value of non-performing credit facilities which were transferred to off balance sheet items was JD 10,541 during the first three months of 2023 compared to JD 892,493 in 2022.
 - The value of non-performing credit facilities transferred to off balance sheet items was JD 61,385,521 as of March 31, 2023 against JD 61,374,980 as at 31 December 2022.
 - The bank has not calculated and recorded an allowance for expected credit loss on facilities granted to Government and public sector and in its guarantee in accordance with the instructions of the Central Bank of Jordan regarding the implementation of IFRS (9).

The movement of direct credit facilities:
For the period ended 31 March 2023
(Unaudited)

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance at the beginning of the period	732,850,366	109,509,781	77,758,786	920,118,933
New balances during the period	93,506,479	4,037,087	1,887,167	99,430,733
Repaid Balances	(67,180,551)	(3,441,125)	(3,715,116)	(74,336,792)
Transferred to stage 1	25,102,457	(25,102,457)	-	-
Transferred to stage 2	(41,883,574)	44,140,315	(2,256,741)	-
Transferred to stage 3	(2,326,625)	(5,770,431)	8,097,056	-
Changes due to amendments	(39,204,783)	(1,347,050)	517,860	(40,033,973)
Written off balances	-	-	(104,097)	(104,097)
Adjustments due to changes in exchange rates	-	-	-	-
Total Balances at the end of the period	<u>700,863,769</u>	<u>122,026,120</u>	<u>82,184,915</u>	<u>905,074,804</u>

For the year ended 31 December 2022
(Audited)

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance at the beginning of the year	644,682,736	122,320,781	76,211,605	843,215,122
New balances from investing in subsidiary	7,053,922	936,845	6,849,445	14,840,212
Impact of selling Subsidiary	(8,585,741)	(85,611)	(660,820)	(9,332,172)
Impact of liquidation of subsidiary	(830,922)	-	-	(830,922)
New balances during the year	228,762,199	8,713,955	5,932,826	243,408,980
Repaid Balances	(103,798,297)	(21,896,137)	(7,973,241)	(133,667,675)
Transferred to stage 1	41,459,296	(40,757,727)	(701,569)	-
Transferred to stage 2	(37,841,466)	51,790,390	(13,948,924)	-
Transferred to stage 3	(7,370,290)	(7,192,445)	14,562,735	-
Changes due to amendments	(30,681,071)	(4,320,270)	(637,272)	(35,638,613)
Written off balances	-	-	(1,875,999)	(1,875,999)
Adjustments due to changes in exchange rates	-	-	-	-
Total Balance at the end of the year	<u>732,850,366</u>	<u>109,509,781</u>	<u>77,758,786</u>	<u>920,118,933</u>

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The movement of provision for expected credit losses on direct credit facilities in aggregate:

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
For the period ended 31 March 2023				
(Unaudited)				
Balance at the beginning of the period	2,529,397	4,377,530	44,715,964	51,622,891
Impairment loss over new balances during the period	2,350,160	993,092	6,291,033	9,634,285
Reversal from impairment loss over settled balances (Repaid/ Derecognized)	(81,776)	(693,241)	(5,846,550)	(6,621,567)
Transferred to stage 1	750,507	(750,507)	-	-
Transferred to stage 2	(182,358)	1,088,107	(905,749)	-
Transferred to stage 3	(9,426)	(235,917)	245,343	-
Impact on provision – as at period end – due to reclassification between the 3 stages during the period	(2,473,118)	389,999	2,083,119	-
Changes due to amendments	1,126,648	607,953	(376,484)	1,358,117
Written off balances	-	-	(16,070)	(16,070)
Adjustments due to changes in exchange rates	-	-	-	-
Total Balances at the end of the period	4,010,034	5,777,016	46,190,606	55,977,656
For the year ended 31 December 2022				
(Audited)				
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	2,885,428	2,812,451	34,697,192	40,395,071
New balances from investing in subsidiary	351,913	174,657	4,346,473	4,873,043
Impact of selling Subsidiary	(215)	(1,346)	(254,412)	(255,973)
Impact of liquidation of subsidiary	(729)	-	-	(729)
Impairment loss over new balances during the year	4,608,278	5,183,167	4,599,202	14,390,647
Reversal from impairment loss over settled balances (Repaid/ Derecognized)	(430,511)	(1,381,094)	(4,774,842)	(6,586,447)
Transferred to stage 1	1,357,164	(1,003,638)	(353,526)	-
Transferred to stage 2	(213,820)	694,705	(480,885)	-
Transferred to stage 3	(96,099)	(393,199)	489,298	-
Impact on provision – as at the year-end – due to reclassification between the 3 stages during the year	(5,198,008)	(1,525,257)	6,723,265	-
Changes due to amendments	(734,004)	(182,916)	839,659	(77,261)
Written off balances	-	-	(1,115,460)	(1,115,460)
Adjustments due to changes in exchange rates	-	-	-	-
Total Balance at the end of the year	2,529,397	4,377,530	44,715,964	51,622,891

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The movement on the provision for expected credit losses in Direct Credit Facilities per sector was as follows:

	Corporates				
	Individuals	Real estate Loans	Large Corporate	SMEs	Total
(Unaudited)					
For the period ended 31 March 2023	JD	JD	JD	JD	JD
Balance at the beginning of the period	19,729,466	4,454,694	13,248,467	14,190,264	51,622,891
Deducted from revenue during the period	377,651	677,456	2,599,849	715,879	4,370,835
Provision utilized during the period (written off debts) *	(9,472)	(507)	(731)	(5,360)	(16,070)
Balance at the end of the period	20,097,645	5,131,643	15,847,585	14,900,783	55,977,656
(Audited)					
For the year ended 31 December 2022					
Balance at the beginning of the year	14,685,741	2,716,848	15,332,634	7,659,848	40,395,071
Balances from investment in subsidiaries	1,106,575	-	-	3,766,468	4,873,043
Impact of selling Subsidiary	(255,854)	-	-	(119)	(255,973)
Impact of liquidation of subsidiary	-	-	(22)	(707)	(729)
Deducted from (reversed to) revenue during the year	4,365,427	2,106,596	(2,079,074)	3,333,990	7,726,939
Provision utilized during the year (debts written off)	(172,423)	(368,750)	(5,071)	(569,216)	(1,115,460)
Balance at the end of the year	19,729,466	4,454,694	13,248,467	14,190,264	51,622,891

Interest in suspense

The movement on interest in suspense was as follows:

	Corporates				
	Individuals	Real estate Loans	Large Corporate	SMEs	Total
For the period ended 31 March 2023					
(Unaudited)					
Balance at the beginning of the period	4,924,316	2,420,654	8,056,007	3,475,409	18,876,386
Interest in suspense during the period	448,287	173,458	1,059,688	286,057	1,967,490
Interest transferred to revenues	(210,569)	(164,431)	(54,716)	(82,121)	(511,837)
Interest in suspense written off*	(32,660)	(8,110)	-	(47,257)	(88,027)
Balance at the end of period	5,129,374	2,421,571	9,060,979	3,632,088	20,244,012
For the year ended 31 December 2022					
(Audited)					
Balance as at beginning of the year	3,852,831	1,771,634	5,646,871	2,913,438	14,184,774
Balances from investment in subsidiaries	215,181	-	-	702,681	917,862
Impact of selling Subsidiary	(144,433)	-	(22,129)	-	(166,562)
Interest in suspense during the year	1,425,609	790,851	2,595,513	598,409	5,410,382
Interests transferred to revenues	(201,432)	(73,115)	(164,237)	(270,747)	(709,531)
Interest in suspense written off*	(223,440)	(68,716)	(11)	(468,372)	(760,539)
Balance at the end of the year	4,924,316	2,420,654	8,056,007	3,475,409	18,876,386

* According to the Board of Directors decision and the general assembly of the Subsidiaries, non-performing credit facilities with their related interest, against which provisions and interest in suspense were booked, were written off by an amount of JD 104,097 during the three months ended 31 March 2023 against JD 1,875,999 for the year ended 31 December 2022.

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7) OTHER ASSETS

The details of this item are as follows:

	<u>31 March 2023</u>	<u>31 December 2022</u>
	JD	JD
	(Unaudited)	(Audited)
Accrued revenues and interest	2,794,845	3,776,935
Prepaid expenses	2,031,587	1,381,865
Assets seized by bank in repayment of debt*	27,170,461	41,917,423
Refundable deposits	546,907	738,939
Clearance Cheques	381,445	198,086
Balances related to illegal transaction -net	1,039,200	1,039,200
Purchased acceptances	13,288,004	12,542,345
Others	9,269,069	6,264,044
Total	<u>56,521,518</u>	<u>67,858,837</u>

* According to the banks' law, assets seized by the bank in repayment of debt from clients should be disposed of within two years from the foreclosure date. However, the Central Bank of Jordan may extend this period for a maximum of two more years in exceptional cases. These properties are presented in net, after deducting any impairment in its value. These properties appear net after deducting the provision for impairment of JD 72,457 as on March 31, 2023 against 62,758 JD as at 31 December 2022 and the provision for Assets seized in accordance with the instructions of the Central Bank of Jordan in the amount of JD 1,262,568 as on March 31, 2023 against 2,051,951 JD as at 31 December 2022.

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8) BORROWED FUNDS

The details of this item are as follows:

	Amount	Number of instalments		Frequency of instalments	Guarantees	Loan interest rate
		Total	Remaining			
31 March 2023 (Unaudited)	JD					
Loans borrowed from Central Bank of Jordan	12,219,807	2,153	1,450	Monthly	Promissory notes	0 to 1%
Loans borrowed from banks/ Local financial institutions	207,909,934	556	306	Monthly, quarterly, semi-annually and at maturity	Cash deposits/ Mortgage Bonds / Property and equipment /promissory notes	4.5% to 6.5%
Borrowing from foreign institutions	10,828,557	21	15	Semi-annually and at maturity	-*	5% to 6%
Total	230,958,298					
31 December 2022 (Audited)						
Loans borrowed from Central Bank of Jordan	11,324,276	2,069	1,470	Monthly	Promissory notes	0 to 1.0%
Loans borrowed from banks/ Local financial institution	202,816,069	594	283	Monthly, quarterly, semi-annually and at maturity	Cash deposits/ Mortgage Bonds / Property and equipment /promissory notes	4.5% to 6.5%
Borrowing from foreign institutions	10,828,557	21	15	Semi-annually and at maturity	-*	3.1% to 6%
Total	224,968,902					

- Borrowed funds from Central Bank of Jordan amounted to JD 12,219,807, which represent funds borrowed to refinance customers' facilities through medium term financing programs and Central Bank of Jordan program to assist SMEs in facing COVID-19, refinanced with an average interest rate amounted to 3.34%

-The number of beneficiaries from Central Bank of Jordan program which aims to assist SMEs in facing COVID-19 was 45 clients as of 31 March 2023. These loans are matured within a period of 52 months and repaid on a monthly basis with a grace period.

-Borrowed funds represent amounts borrowed from local banks amounted to JD 177,409,934 which are presented by overdraft accounts and revolving loans granted to the subsidiaries (Tamkeen Leasing Company, Al-Istethmari Letamweel Selselat Al Imdad, Jordan Trade Facilities Company and Bindar Trading and Investment Company).

- Borrowed funds from local institutions represent amounts borrowed from Jordan Mortgage refinancing company amounted to JD 30,500,000 as of 31 March 2023 and 31 December 2022. Also, Housing loans are refinanced with an interest rate amounted to 9.8% as at 31 March 2023 against 8.5% as at 31 December 2022.

- Borrowed funds from foreign institutions represent amounts borrowed from Sanad fund to finance small projects by an amount of USD 15.3 million, equivalent to JD 10,828,557 granted to the Bank and its subsidiary (Jordan Trade Facilities Company) as at 31 March 2023 and 31 December 2022.

- Fixed interest loans and floating interest loans are amounted to JD 65,335,418 and JD 165,622,880 respectively, as at 31 March 2023 against JD 70,064,986 fixed interest loans and 154,903,916 floating interest loans as at 31 December 2022.

* There is a letter of comfort from the bank.

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9) BONDS

This item represents bonds issued by the subsidiaries and as follow:

<u>Subsidiary</u>	<u>Amount of issued bonds</u>	<u>Interest rate</u>	<u>Total number of instalments</u>	<u>Remaining number of instalments</u>	<u>Frequency of instalments</u>	<u>Guarantees</u>	<u>Issuance date</u>	<u>Maturity date</u>
	JD							
31 March 2023 (Unaudited)								
Tamkeen Leasing Company	1,050,000	7.5%	1	1	One payment at the date of maturity	None	06 February 2023	06 February 2024
Tamkeen Leasing Company	7,500,000	6.5%	1	1	One payment at the date of maturity	None	02 October 2022	01 November 2023
Jordan Trade Facilities Company	6,460,000	7.0%	1	1	One payment at the date of maturity	None	14 December 2022	14 December 2023
Total	15,010,000							
31 December 2022 (Audited)								
Tamkeen Leasing Company	7,500,000	6.5%	1	1	One payment at the date of maturity	None	02 October 2022	01 November 2023
Jordan Trade Facilities Company	6,460,000	7.0%	1	1	One payment at the date of maturity	None	14 December 2022	14 December 2023
Total	13,960,000							

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10) INCOME TAX

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 recognized 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, 2020 and 2021 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 is sufficient to meet tax liabilities Up to March 31, 2023.

Tax status of Tamkeen Leasing Company (Subsidiary)

- The company didn't submit its self-assessment statements for the period since inception on 31 October 2006 till 31 December 2009 as it did not operate during those years.
- The Company has reached to a final settlement with the income and sales tax department regarding income tax for the years 2010 to 2017.
- The company has submitted its tax return for the year 2018 upon the legal due date, which was accepted using the sampling system.
- The company has submitted its tax return for the years 2019, 2020 and 2021 upon the legal due date.
- The Company has submitted its returns on general sales tax upon the legal due date .The income and sales tax department has audited the returns on general sales tax up to 31 December 2017. The company has submitted the subsequent returns upon the legal due date in addition of paying the related tax due up to the date of the preparation of these interim condensed consolidated Financial statements.
- As per the opinion of the company's management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as at 31 March 2023.

Tax status of Al Istethmari Letamweel Selselat Al Imdad Company (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 2018, when the tax return for 2018 was accepted within the sampling system.
- The company submitted the tax return for the years 2019, 2020 and 2021 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 condensed consolidated financial statements.
- As per the opinion of the company's management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as at 31 March 2023.

Tax status of Jordan Trade Facilities Company and its subsidiaries (Subsidiary)

- A final clearance was conducted with the Income and Sales Tax Department until the end of 2017, when the tax return for 2018 was accepted within the sampling system.
- The company has submitted its tax return for the years 2019, 2020 and 2021 upon the legal due 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 taking into consideration the returns submitted for the tax periods up to end of 2017 are considered accepted according to the law and the returns of subsequent periods were submitted on time.
- The subsidiary (Trade Facilities for Finance Leasing Company) has submitted its self-assessment statements up to the end of 2018 and was accepted by the Income and Sales Tax Department using the sampling system without any amendments.
- The subsidiary (Trade Facilities for Finance Leasing Company) has submitted its tax return for the years 2019, 2020 and 2021 upon the legal due date.
- The subsidiary (Trade Facilities for Finance Leasing Company) has submitted returns on general sales tax upon the legal due date. The income and sales tax department has audited the returns submitted up to 2013, Noting

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that the returns submitted for the tax period until 2017 is considered accepted according to the tax law and tax returns related to the subsequent periods are submitted upon their legal due date.

- As per the opinion of the company's management and its tax consultant, Trade Facilities Company and its subsidiary will not have any tax liabilities exceeding the booked provision as of 31 March 2023.

Tax status of Bindar Trade and Investment Company (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 2021 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 condensed 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 2020 in additions the company has submitted the tax return until end of the year 2021 on the legally specified date and has no tax obligation until the date of preparing condensed consolidation financial statements.
- The subsidiary (Bindar Financial Leasing Company) has register for sales tax as of January 1, 2017 the subsequent tax returns has submitted and tax due was paid up until the date of preparing condensed consolidated financial statements.
- The subsidiary (Robou Al Sharq Real Estate) has reached to a final settlement with the income and sales tax department up to the end of the year 2018 and 2020.
- The subsidiary (Robou Al Sharq Real Estate) has submitted its tax return for the year 2019 and 2021 upon the legal due date.
- The subsidiary (Rakeen Real Estate Company) has reached to a final settlement with the income and sales tax department until the end of the year 2018, 2020 and 2021.
- The subsidiary (Rakeen Real Estate Company) has submitted its tax return for the years 2019 and 2021 upon the legal due date.
- The subsidiary (Summit Auto Trade Facility Company) made a final settlement with the Income and Sales Tax Department of the company until the end of 2019, and the tax return for 2020 and 2021 was submitted within the legal period and the tax due was paid on the legally specified date.
- The subsidiary (Summit Auto Trade Facility Company) has audited the general sales tax returns until the end of the year 2015, the subsequent returns submitted on legal due date, and the tax due was paid up to the date of preparing these interim condensed consolidated financial statements.
- As per the opinion of the company's management and its tax consultant, the company and its subsidiary will not have any tax liabilities exceeding the booked provision as of 31 March 2023.

Tax status of Jordan factoring Company (Subsidiary – Under liquidation)

- The company has submitted its tax returns for years 2012- 2021 upon the legal due date, which were accepted for the year 2012, 2013 and 2021 using the sampling system.
- The subsidiary has registered in the sales tax as of 7th of July 2020. The subsequent tax returns have been submitted and the due tax has been paid up to the date of the preparation of these interim condensed consolidated financial statements.
- As per the opinion of the company's management and its tax consultant, the company does not have to calculate income tax provisions as of 31 March 2023, since the company is under liquidation.

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11) RETAINED EARNINGS

The movement on retained earnings is as follows:

	<u>31 March 2023</u>	<u>31 December 2022</u>
	JD	JD
	(Unaudited)	(audited)
Balance at the beginning of the period/ year	50,972,953	42,612,312
Profit for the year	-	19,826,223
Transferred to reserves	-	(1,211,352)
Dividend distributed*	-	(10,000,000)
Losses on sale of financial assets at fair value through other comprehensive income	(105,120)	(262,448)
Effect of increase in investment in subsidiaries	5,200	8,218
Balance at the end of the period/ year	<u>50,873,033</u>	<u>50,972,953</u>

- Retained earnings include an amount of JD 19,979,911 restricted against deferred tax assets according to the instructions of the Central Bank of Jordan as of 31 March 2023 against JD 18,853,869 as of 31 December 2022.
- Retained earnings include an amount of JD 1,039,200 as of 31 March 2023 and 31 December 2022 restricted according to the instructions of the Central Bank of Jordan, which represents the remaining of the balances of illegal operations.
- Retained earnings Includes an amount of JD 415,199 as of 31 March 2023 and 31 December 2022, which represents the effect of the early adoption of IFRS (9). Such amount is restricted and cannot be utilized unless realized through actual sale as instructed by Jordan Securities Commission.
- 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 of 31 December 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.

12) PROPOSED DIVIDENDS

The Board of Directors decided in its meeting NO 01/2023 held on February 8, 2023 to recommend to the General Assembly to distribute JD 10 million of retained earnings during the year 2023 for the year 2022, equivalent to 10% of the Bank's capital

13) SECTOR ANALYSIS

A- Information on the Bank and the subsidiaries:

The Bank is organized for management purposes and is used by the General Manager and decision makers at the Bank through three main business segments described below. The Bank also has subsidiaries, specialized in financial brokerage services, financing lease services, operation and management of bonded warehouses and factoring receivables.

- Individual's accounts: include following up on individual customers deposits, and granting them credit facilities, credit cards, and other services.
- Corporate accounts: include following up on deposits, credit facilities granted to customers and other banking services related to corporate customers.
- Treasury: includes providing dealing services, treasury, and management of the Bank's funds.

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The following table represents information on the Bank's sectors distributed in accordance with the activities:

	Individuals JD	Corporate JD	Treasury JD	Financial Lease JD	Bonded Management JD	Factoring receivables JD	Others JD	Total for the three months period ended 31 March	
								2023	2022
								JD (Unaudited)	JD (Unaudited)
Gross income	10,829,872	6,411,266	3,186,000	175,332	500,018	-	(696,372)	20,406,116	18,509,392
Provision for Expected credit loss on direct credit facilities	(850,167)	(3,239,940)	-	(204,314)	(76,414)	-	-	(4,370,835)	(2,932,773)
(Provision) recovered from provision for expected credit loss in financial assets and off-balance sheet items	-	-	691,149	-	-	-	(701,388)	(10,239)	92,940
Sundry provisions	-	-	-	-	-	-	(60,998)	(60,998)	(52,645)
Results of business sector	9,979,705	3,171,326	3,877,149	(28,982)	423,604	-	(1,458,758)	15,964,044	15,616,914
Unallocated expenditures on sectors	-	-	-	(319,472)	(425,377)	-	(6,794,935)	(7,539,784)	(6,759,498)
Profit for the period before taxes	9,979,705	3,171,326	3,877,149	(348,454)	(1,773)	-	(8,253,693)	8,424,260	8,857,416
Income tax	-	-	-	28,160	6,153	-	(2,457,937)	(2,423,624)	(1,731,945)
Gain from discontinued operations – net after tax	-	-	-	-	-	-	-	-	71,195
Net Income for the period	9,979,705	3,171,326	3,877,149	(320,294)	4,380	-	(10,711,630)	6,000,636	7,196,666
	Individuals JD	Corporate JD	Treasury JD	Financial Lease JD	Bonded Management JD	Factoring receivables JD	Other JD	31 March 2023 JD	31 December 2022 JD
Sector's assets	405,488,116	403,372,980	722,458,263	-	96,462,901	27,927,800	-	1,655,710,060	1,407,192,417
assets not distributed on sectors	-	-	-	-	-	-	11,437,111	11,437,111	20,682,500
Assets held for sale	-	-	-	144,977	-	-	-	144,977	145,229
Total assets	405,488,116	403,372,980	722,458,263	144,977	96,462,901	27,927,800	11,437,111	1,667,292,148	1,428,020,146
Sector's liabilities	612,379,067	508,821,669	108,859,294	-	74,393,158	23,931,718	-	1,328,384,906	1,101,105,462
liabilities not distributed on sectors	-	-	-	-	-	-	134,768,943	134,768,943	131,464,151
Liabilities directly related to assets held for sale	-	-	-	935	-	-	-	935	2,360
Total liabilities	612,379,067	508,821,669	108,859,294	935	74,393,158	23,931,718	134,768,943	1,463,154,784	1,232,571,973
								Total for the three months period ended 31 March	
								2023	2022
								JD	JD
								(Unaudited)	(Unaudited)
Capital expenditures								633,946	434,627
Depreciation and amortization								844,350	731,165

B- Information on the geographical distribution.

The Bank and its subsidiaries performs most of its activities and operations in Jordan which represent local activities. Accordingly, most of the Bank's revenues, assets and capital expenditures are in Jordan.

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14) TRANSACTIONS WITH RELATED PARTIES

The Bank entered into transactions with subsidiaries, Board of Directors, executive management major shareholders and in the course of ordinary banking activities at commercial rates of interests and commissions.

The following represents a summary of balances and transactions with related parties during the period/year:

	Subsidiaries	Board of directors' members & executive management	Other (employees and their relative, relative of members of the board of directors and executive management and controlled companies)	31 March 2023	31 December 2022
	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Balance sheet items:					
Credit facilities	2,467,263	2,603,361	24,595,691	29,666,315	30,115,759
Provision for impairment of direct credit facilities**	-	-	34,000	34,000	33,591
Financial assets at amortized cost	-	-	-	-	-
Deposits, current accounts and cash margin	4,950,400	4,682,171	11,327,036	20,959,607	19,460,996
Deposits at banks and financial institutions	-	15,605,682	-	15,605,682	16,260,413
Off balance sheet items:					
Guarantees	144,000	632,363	838,400	1,614,763	1,290,393
				For the three months ended 31 March	
				2023	2022
				JD	JD
				(Unaudited)	(Unaudited)
Statement of profit or loss Items:					
Interest and commission Income	52,947	47,494	393,175	493,616	965,859
Interest and commission Expense	23,119	303,502	88,206	414,827	309,138
Provision for impairment on credit facilities **	-	-	409	409	(1,917)
Maximum interest rate on direct credit facilities in Jordanian dinar		%21	Minimum interest rate on direct credit facilities in Jordanian dinar		%2
Maximum interest rate on direct credit facilities in foreign currency		%12	Minimum interest rate on direct credit facilities in foreign currency		%8.9
Maximum interest rate on deposits in Jordanian dinar		%6.25	Minimum interest rate on deposits in Jordanian dinar		Zero
Maximum interest rate on deposits in foreign currency		%3.5	Minimum interest rate on deposits in foreign currency		Zero
Maximum commission rate on credit facilities		%1	Minimum commission rate on credit facilities		Zero

The executive management salaries and benefits for the bank and its subsidiaries amounted to JD 1,337,246 for the three months ended 31 March 2023 against JD 1,351,743 in the same period in 2022.

The number of related parties' clients reached 932 clients as of 31 March 2023, against 936 as at 31 December 2022.

The value of the collaterals provided by the related clients against the granted credit facilities amounted to JD 21,815,904 as at 31 March 2023 against JD 20,322,863 as at 31 December 2022.

* The amounts and transactions with subsidiaries are eliminated in the consolidated financial statements and are shown for explanatory purpose only.

** Presents the provisions prepared according to the Central Bank of Jordan instructions no. (47/2009).

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15) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	31 March 2023	31 March 2023
	JD	JD
	(Unaudited)	(Unaudited)
Cash and balances at Central Bank of Jordan maturing within three months	237,913,559	108,860,655
Add: Balances at banks and financial institutions maturing within three months	153,138,697	42,447,314
Deduct: banks and financial institutions' deposits maturing within three months	75,702,737	27,150,685
	<u>315,349,519</u>	<u>124,157,284</u>

16) FAIR VALUE HIERARCHY

The below table analyse the financial instruments carried at fair value by the valuation method. The different levels have been defined as follows:

Level 1: inputs that are derived from quoted (unadjusted) prices of an identical asset or liability in active markets. What the entity can obtain at the measurement date.

Level 2: Inputs that are derived from data other than the quoted prices used in Level 1 that are observed for the asset or liability, either directly or indirectly.

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

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
(Unaudited)				
31 March 2023				
Financial assets at fair value through profit and loss	1	-	-	1
Financial assets at fair value through other comprehensive income	39,154,740	-	24,953,832	64,108,572
	<u>39,154,741</u>	<u>-</u>	<u>24,953,832</u>	<u>64,108,573</u>
(Audited)				
31 December 2022				
Financial assets at fair value through profit and loss	1	-	-	1
Financial assets at fair value through other comprehensive income	36,840,529	-	24,954,093	61,794,622
	<u>36,840,530</u>	<u>-</u>	<u>24,954,093</u>	<u>61,794,623</u>

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, considering that the fair value of investments properties is within the level two which amounted to 3,196,894 JD as of 31 March 2023, against 3,204,444 JD as of 31 December 2022.

* 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.

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17) FAIR VALUE OF FINANCIAL INSTRUMENTS

There are no material differences between the fair value of financial instruments not measured at fair value on Consolidated Statement of Financial Position and their carrying value recognized in the consolidated financial statements. Moreover, there are no material differences between the fair value and the carrying value of the direct credit facilities, financial assets at amortized cost, banks and financial institutions deposits, customer deposits, cash margins and borrowed funds stated at amortized costs in consolidated financial statements, due to the immaterial difference in the market interest rates for similar financial instruments of the contractual prices and due to the short terms of maturity of the banks and financial institutions deposits. The fair value of financial assets at amortized cost is determined through the quoted prices if available or through the valuation models used for fixed price bonds.

18) EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS

The details of this item are as follows:

	For the three months period ended 31 March	
	2023	2022
	JD (Unaudited)	JD (Unaudited)
Net Profit for the period attributable to the bank's shareholders	5,914,210	7,168,950
Weighted average number of shares	100,000,000	100,000,000
Basic and diluted earnings per share from the net profit for the period	<u>0.059</u>	<u>0.072</u>

Basic earnings per share from the net profit for the period related to the Bank's shareholders equal to the diluted earnings per share, as the bank did not issue any financial instruments that would have an impact on the basic earnings per share

19) CONTINGENT LIABILITIES

	31 March 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Letters of credit	8,592,918	14,019,628
Acceptances and time withdrawals	10,000,355	5,490,386
Letters of guarantee:		
Payments	17,267,847	17,727,592
Performance	31,068,480	27,585,564
Others	19,375,967	16,854,664
Unutilized direct credit facilities limits	36,379,994	24,771,030
Unutilized indirect credit facilities limits	31,531,817	31,395,217
Total	<u>154,217,378</u>	<u>137,844,081</u>

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20) LAWSUITS AGAINST THE BANK AND IT'S SUBSIDIARIES

Lawsuits held against the bank are amounted to JD 4,015,713 as of 31 March 2023 against JD 4,646,217 as of 31 December 2022. The total booked provisions against these lawsuits amounted to 17,537 JD as of 31 March 2023 and 31 December 2022. Based on the management's assessment and the Bank's legal consultant, the Bank will not incur any additional liabilities with regard to these lawsuits.

There is one lawsuit against Al-Istethmari for financing Selselat Imdad as of 31 March 2023, and 31 December 2022. Based on the opinion of the Bank's management and the Company's legal consultant, the company will not incur any additional liabilities with regard to these lawsuits.

There are no lawsuits raised against the Jordanian Factoring Company as of March 31, 2023, and December 31, 2022.

The value of lawsuits raised against Tamkeen for finance leasing Company amounted to JD 166,669 as of 31 March 2023 against 167,979 as of December 2022, in the opinion of the Company's management and the legal advisor, the Company will not have any additional obligations to meet these cases.

The lawsuits held against Jordan Trade Facilities amounted to JD 125,910 as of 31 March 2023 against JD 79,090 as of 31 December 2022. The total booked provisions against these lawsuits amounted to JD 220,000 as of 31 March 2023 and 31 December 2022. Based on the management's assessment and the Company's legal consultant, the company will not incur any additional liabilities with regard to these lawsuits.

Lawsuits held against Trade Facilities for Financial Leasing (Subsidiary of Jordan Trade Facilities) amounted to JD 10,001 as of 31 March 2023 against JD 10,601 as of 31 December 2022, the total booked provisions against these lawsuits amounted to JD 51,520 as of 31 March 2023 against JD 12,357 as of 31 December 2022. Based on the management's assessment and the Company's legal consultant, the company will not incur any additional liabilities with regard to these lawsuits.

Lawsuits held against Bindar Trading and Investment Company amounted to JD 74,995 as of 31 March 2023 against JD 64,995 as of 31 December 2022, the total booked provisions against these lawsuits amounted to JD 78,913 as of 31 March 2023 against JD 64,995 as of 31 December 2022, based on the management's assessment and the Company's legal consultant; the company will not incur any additional liabilities with regard to these lawsuits.

No lawsuits were raised against Bindar for Financial Leasing, Robou Alsharq, and Rakeen Investment Company, and Summit for trade facilities company (Subsidiaries of Bindar for Trading and Investments) as of 31 March 2023 and 31 December 2022.

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21) ASSETS AND LIABILITIES HELD FOR SALE

During the last quarter of the year 2022, the Board of Director of Bindar trading and investment company (a subsidiary) decided to liquidate Bindar financial leasing company (a subsidiary), accordingly each of the company's assets and liabilities classified under separate item in accordance with requirements of (IFRS5) . The total assets of the company amounted to 1,093,750 JD as of March 31, 2023, and the total liabilities amounted to 935 JD as of March 31, 2023.

Details of each company's assets and liabilities:-

	March 31, 2022	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Assets		
Cash and balances at Banks	144,393	144,396
Due from related parties	948,773	950,301
Other assets	584	833
Total Assets held for sale	1,093,750	1,095,530
Elimination as a result of transactions between the company and the bank	(948,773)	(950,301)
Total Assets held for sale	144,977	145,229
Liabilities		
Other liabilities	935	2,360
Total liabilities related to assets held for sale	935	2,360
eliminated as a result of transactions between the company and the bank	-	-
Total liabilities are directly related to assets held for sale	935	2,360

22) GAINS FROM DISCONTINUED OPERATIONS:

A- Al-Mawared financial brokerage company

	For the three months period ended 31 March	
	2023	2022
	JD	JD
	(Unaudited)	(Unaudited)
Revenues	-	458,204
Eliminations from operations between company and Bank	-	(2,669)
Total Revenues	-	455,535
Expenses	-	(328,454)
Eliminations from operations between company and Bank	-	2,800
Total Expenses	-	(325,654)
Gross Profit from discontinued operation	-	129,881
Income Tax	-	(36,366)
Net profit from discontinued operation	-	93,515

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B- Jordan factoring company

	For the three months period ended 31 March	
	2023	2022
	JD	JD
	(Unaudited)	(Unaudited)
Revenues	184	25,253
Eliminations from operations between company and Bank	(184)	(676)
Total Revenues	-	24,578
Expenses	-	(53,437)
Eliminations from operations between company and Bank	-	621
Total Expenses	-	(52,816)
Gross Profit from discontinued operation	-	(28,239)
Income Tax	-	5,919
Net profit from discontinued operation	-	(22,320)

23) GAINS FROM ACQUISITION ON A NEW SUBSIDIARIES:

During the year, and through its subsidiary company (Bindar for Trade and Investment), the Bank acquired 100% of the Summit Auto Trade Facilities Company, through the purchase of 2,130,000 shares at a nominal value of 1.6 Jordanian dinars per share, where the investment cost was 3,438,366 Jordanian dinars and the fair value of the net assets acquired upon acquisition are 7,035,358 dinars, which resulted in a profit of 3,596,992 dinars.

24) COMPARATIVE FIGURES

Certain comparative figures for the period ended March 31, 2022, and December 31, 2022, were reclassified to conform to the classification of the period ended 31 March 2023.