JORDAN TRADE FACILITIES COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2021
TOGETER WITH THE INDEPENDENT
AUDITOR'S REPORT

JORDAN TRADE FACILITIES COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

KPMG

Independent Auditor's Report

To the Shareholders of Jordan Trade Facilities Company
Public Shareholding Company
Amman - Jordan

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Jordan Trade Facilities Company – Public sharholding Company - and its subsidiary (the "Group") which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of 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 the group as of December 31, 2021 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by Central Bank of Jordan Instructions.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the conselidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient 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:

1- Adequacy of the Expected Credit Losses Provision Against Financial Assets at Amortized Cost

Key audit matters description	Audit approach to address risks
Financial assets at amortized cost are considered one of the important assets of the Group, and the nature and characteristics of these assets granted to debtors differ from one sector to another, and therefore the methodology for calculating the provision for expected credit losses against these financial assets differs due to the different sectors and the different risk assessment related to those sectors. The calculation and accuracy of expected credit losses requires the Group's management to make assumptions and definitions, including "probability of default", "significant increase in credit risk"...etc. It also requires the use of estimates on the classification of financial assets on different stages and the adequacy of the	The audit procedures performed included a review and understanding of the nature of financial assets at amortized cost portfolio, Evaluating the Group's credit policy, internal control system adopted in granting and monitoring credit and evaluating the extent to which they comply with the requirments of IFRS and comparing the results with the instructions of the regulatory authorities. We completed our understanding of the Group's methodology for calculating expected credit losses by using experts where appropriate and assessing the expected credit losses model, which includes the following: - Review of the methodology used by the Group to calculate the expected credit losses and its confiramty with the requirments of IFRS (9).

collaterals then the suspension of interest in the event of default in accordance with the instructions of the regulatory authorities, such matters makes expected credit losses provision against financial assets at amortized cost a key audit matter. Net credit facilities granted by the Group to customers amounted to JOD 71 million, which represents 91% of the total assets as of December 31, 2021 (JOD 53.5million, which represents 87% of the total assets as of December 31, 2020). The expected credit losses provision against credit facilities amounted to JOD 6.4 million as of December 31, 2021(JOD 6.1 million as of December 31, 2020).	- Review of the expected credit losses methodology preparation of the models level. - Credit exposers stages classification of and their reasonableness and determining the significant increase in credit risk. - Review the validity and accuracy of the model used in the calculation process and its components (Probability of Default (PD), Loss Given Default (LGD), Exposure to Default (EAD) and effective interest rate and related accruals). - Review the assumptions used in the calculation of ECL including impact of COVID-19 over the forward looking and macroeconomics factors, LGD, PD and related weights. - Review and recalculate impairment provision over non-performing direct credit facilities in accordance to the Central Bank of Jordan instructions number (47/2009) - We have compared the expected credit losses provision calculated according to the International Financial Reporting Standard No. (9) as modified by the Central Bank of Jordan with the epected credit losses provision calculated in accordance with the instructions of the Central Bank of Jordan No. (47/2009) and ensured that the bank has recorded whichever is more strict accordaning to each stage, and classified in accordance with Central bank of Jordan requirements in this regard. - Review the assumptions used for the forward looking and macroeconomic factors. - Review of the expected credit losses calculations. - Review of the completeness of information used in the calculation of expected credit losses and review of the related maker-checker process and its related supporting documentation Review of the governance procedures related to the expected credit loss calculations.We also assessed the adequacy of the disclosures related to the credit facilities and the expected credit loss provision against credit facilities and related risks in the accompanying notes.

Other Information

Management is responsible for the other information. This comprises the other information in the annual report excluding the consolidated financial statements and the independent auditor's report thereon, in which we expected to be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statetments, our responsibility is to read the other information mentioned above when become available to us and, in doing so, consider whether the other information is materially inconsistenst with the consolidated financial statements or our knoweldege obtained in the audit, or therwise appears to be materially misstated.

Resposibilities of Management and Those Charged With Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as modified by Central Bank of Jordan Instructions and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, 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, disclousing, 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 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 scepticism 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.

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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 Board of Directors 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulations preclude 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 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

شركة القواسمي وشركاه
KPMG
Kawasmy & Partners Company

Hatem Kawasmy
License No.(656)

Amman – Jordan
February 10, 2022

JORDAN TRADE FACILITIES COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Jordanian Dinar	Note	As of December 31 2021	2020
Assets			
Cash on hand and at banks	5	317,063	129,040
Financial assets at fair value through other comprehensive income	6	211,937	212,541
Financial assets at amortised cost	7	70,938,392	53,464,038
Other debit balances		224,908	339,138
Right of use of leased assets	8	350,118	719,734
Investment property – net	9	374,400	397,800
Assets foreclosed in repayment of due debts	10	2,990,442	3,580,013
Property and equipment	11	141,168	185,759
Intangible assets	12	58,558	72,838
Deferred tax assets	18	2,555,175	2,333,317
Total Assets		**78,162,161**	**61,434,218**
Liabilities and Shareholders' Equity			
Liabilities			
Banks overdrafts	13	3,678,709	3,722,389
Loans	14	29,384,454	19,673,750
Bonds	15	5,280,000	2,300,000
Liabilities against operating leases	8	343,817	702,549
Other liabilities	16	738,157	566,720
Other provisions	17	391,541	373,826
Income tax provision	18	1,526,777	1,206,850
Total Liabilities		**41,343,455**	**28,546,084**
Shareholders' Equity			
Subscribed and paid in capital	1	16,500,000	16,500,000
Statutory reserve	19	4,125,000	4,083,875
Financial assets valuation reserve		16,773	17,377
Retained earnings		16,176,933	12,286,882
Total Shareholders' Equity		**36,818,706**	**32,888,134**
Total Liabilities and Shareholders' Equity		**78,162,161**	**61,434,218**

General Manager

Financial Manager

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements and shall be read in conjunction therewith and with the auditor's report.

JORDAN TRADE FACILITIES COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Jordanian Dinar	Note	For the Year Ended December 31 2021	2020
Revenues and commissions from commercial financing, murabaha and finance lease	20	9,154,281	7,431,605
Other operating revenue	21	813,648	641,142
Total Revenues		**9,967,929**	**8,072,747**
Salaries, wages and employees' benefits	22	(1,418,961)	(1,173,496)
Administrative expenses	23	(663,643)	(525,220)
Depreciations and amortisations	24	(265,615)	(317,717)
Provision of expected credit losses of financial assets at amortised cost	7	(418,472)	(844,133)
Finance expenses	25	(1,880,710)	(1,457,613)
Total Expenses		**(4,647,401)**	**(4,318,179)**
Income from Operating Activities		**5,320,528**	**3,754,568**
Profits on cash dividends of financial assets at fair value through other comprehensive income		9,362	23,004
Other revenues		210,145	70,440
Miscellaneous provisions expense	17	(36,048)	(88,677)
Profit for the Year Before Income Tax		**5,503,987**	**3,759,335**
Income tax expense	18	(1,572,811)	(1,118,778)
Profit for the Year		**3,931,176**	**2,640,557**
Other Comprehensive Income that will not be Subsequently Reclassified to Consolidated Statement of Profit or Loss:			
Net change in fair value of financial assets at fair value through other comprehensive income		(604)	766
Total Comprehensive Income for the Year		**3,930,572**	**2,641,323**
Basic and Diluted Earnings per Share (JOD/ share)	27	0.24	0.16

General Manager

Financial Manager

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JORDAN TRADE FACILITIES COMPANY
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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Jordanian Dinar	Subscribed and Paid in Capital	Statutory Reserve	Financial Assets Valuation Reserve	Retained Earnings*	Total
For the Year Ended December 31, 2021					
Balance as of January1, 2021	16,500,000	4,083,875	17,377	12,286,882	32,888,134
Profit for the year	-	-	-	3,931,176	3,931,176
Net change in financial assets valuation reserve	-	-	(604)	-	(604)
Total comprehsive income for the year	-	-	**(604)**	**3,931,176**	**3,930,572**
Transferred to statutory reserve	-	41,125		(41,125)	-
Balance as of December 31, 2021	**16,500,000**	**4,125,000**	**16,773**	**16,176,933**	**36,818,706**
For the Year Ended December 31, 2020					
Balance as of January1, 2020	16,500,000	3,707,940	16,611	10,022,260	30,246,811
Profit for the year	-	-	-	2,640,557	2,640,557
Net change in financial assets valuation reserve	-	-	766	-	766
Total comprehsive income for the year	-	-	**766**	**2,640,557**	**2,641,323**
Transferred to statutory reserve	-	375,935	-	(375,935)	-
Balance as of December 31, 2020	**16,500,000**	**4,083,875**	**17,377**	**12,286,882**	**32,888,134**

* Retained earnings as of December 31, 2021 include deferred tax assets amounted to JOD 2,555,175 (JOD 2,333,317 as of December 31, 2020), is restricted and cannot be distributed to shareholders in accordance with the instructions of the Securities Commission.

General Manager

Financial Manager

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JORDAN TRADE FACILITIES COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

Jordanian Dinar	Note	For the Year Ended December 31 2021	2020
Operating activities			
Profit for the year before income tax		5,503,987	3,759,335
Adjustments for:			
Depreciations and amortisations	24	265,615	317,717
(gain) loss on sale of property and equipment		(641)	405
Loss on disposal of intangible assets		27	-
Gains on sale asset seized against defaulted loans		(118,260)	(42,876)
Expected credit losses provision of financial assets at amortised cost	7	418,472	844,133
Cash dividends from financial assets at fair value through other comprehensive income		(9,362)	(23,004)
Gain on disposal right of use assets		(36,663)	-
Other provisions	17	17,715	82,722
Finance expenses		1,880,710	1,457,613
		7,921,600	**6,396,045**
Changes in working capital items:			
Financial assets at amortised cost		(17,892,826)	(8,580,001)
Other debit balances		114,230	(177,357)
Other liabilities		53,316	(226,568)
Cash flows (used in) operating activities before finance expenses and income tax paid		**(9,803,680)**	**(2,587,881)**
Finance expenses paid		(1,720,301)	(1,441,008)
Income tax paid	18	(1,474,742)	(1,496,254)
Net cash flows (used in) operating activities		**(12,998,723)**	**(5,525,143)**
Investing activities			
Purchases of property and equipment	11	(52,429)	(34,543)
Purchases of intangible assets	12	(13,607)	(28,530)
Additions to asset seized against defaulted loans	10	(331,103)	(206,598)
Proceeds from sale of asset seized against defaulted loans		1,038,934	617,647
Proceeds from sale of property and equipment		10,772	601
Cash dividends from financial assets at fair value through other comprehensive income		9,362	23,004
Net cash flows from investing activities		**661,929**	**371,581**
Financing activities			
Banks overdrafts		(43,680)	(869,986)
Loans		9,710,704	6,591,534
Bonds		2,980,000	(700,000)
Paid from operating lease obligations		(122,207)	(184,016)
Net cash flows from financing activities		**12,524,817**	**4,837,532**
Net change in cash and cash equivalents		188,023	(316,030)
Cash and cash equivalents as at January 1		129,040	445,070
Cash and cash equivalents as of December 31		**317,063**	**129,040**
Non-cash transactions			
Transferred from receivables to asset seized against defaulted loans		**331,103**	**206,599**

General Manager **Financial Manager**

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements and shall be read in conjunction therewith and with the auditor's report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) GENERAL INFORMATION

Jordan Trade Facilities Company (the Company) was established under the Companies Law No. (13) for the year 1964 as a Jordanian public shareholding company under No. (179) on 13 March 1983. The issued and paid-up capital of the Company is JD 16,500,000/ share; JOD 1 per share. The Company's head office is located in Amman -The Hashemite Kingdom of Jordan and its address is Shmeisani.

The consolidated financial statements for the year ended December 31, 2021 include the Company and Jordan Facilities for Leasing Company LLC (referred to as the Group).

The main objectives of the parent Company and its subsidiary are:

- Establish offices, agencies and stores to implement its objectives for which they were established in accordance with the laws and regulations inside and outside the Kingdom.
- Borrowing from banks and financial institutions the necessary funds for its businesses in matters related to the Company and to pledge their properties as a collateral.
- Managing and issuing credit cards and prepaid cards in a manner that serves the Company's bussines to take place through Invest bank.
- Granting loans and direct financing for services, and durable and consumer goods.
- Financing real estate in all forms of financing, including finance leasing.
- Issuing bank guarantees and letters of credit in the name of the Company for the benefit of clients through banks.
- Financing and managing projects.
- Finance leasing business.
- Buying, owning, leasing, renting, and pledging movable and immovable funds to achieve the Company's objective.
- Obtaining financing by offering bonds and to provide the necessary guarantees.
- To invest the Company's assets in government deposits and bonds in various ways, means and forms available within the borders of the Kingdom within the limits permitted by the regulations and laws applied in the Kingdom.
- Financing vehicles, university study, and family tourist trips.
- Performing finance leasing activities in accordance with the provisions of Islamic Sharia.
- Granting loans of all types in accordance with the provisions of Islamic Sharia.

The Company's shares are listed in Amman Stock Exchange.

The Company is affiliated to the Group of Invest bank, as its consolidated financial statements are consolidated with the Bank's consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on February 6, 2022.

2) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

A. Statement of compliance

- The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards modified by Central Bank of Jordan Instructions.
- The major differences between the International Financial Reporting Standards that must be applied and what has been modified according to the instructions of the Central bank of Jordan are as follows:

• Expected credit losses provisions are formed in accordance with the instructions of Central Bank of Jordan No. (13/2018) "Application of the International Financial Reporting Standard (9)" dated June 6, 2018, when calculating the provision for credit losses against credit exposures, the results of the calculation in accordance with the International Reporting Financial Standard No. (9) are compared with the instructions of the Central Bank of Jordan No. (47/2009) dated December 10, 2009 for each stage separately, and whichever is more strict results are taken. 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 clients in accordance with the instructions of the Central Bank of Jordan and Regulatory authorities which is stronger.

- Assets foreclosed by the Company in repayment of non-performing debts are presented in the consolidated statement of financial position at the value that has been aequired by the group or the fair value whichever is lower. And are re-evaluated individually in accordance with the instructions of Central Bank of Jordan, and any impairment in its value is recorded as a loss in the consolidated statement of profit or loss and other comprehsive income, and the increase is not recorded as revenue, the subsequent increase is taken in the consolidated statement of profit or loss and comprehensive income to the extent that does not exceed the value of the decline that was previously recorded.

B. Basis of consoldation of financial statements

The consolidated financial statements comprise the Company and its subsidiary, which is wholly owned and subject to its control, and control is achieved when the Company has:

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use power over the investee to affect the amount of the investor's returns.

The Company reassess whether it controls the investee if facts and circumstances indicate that there are changes to one or more of the above-mentioned control points.

In the voting rights decrease below the majority of the voting rights in any of the subsidiaries, it will have the control when its voting rights are sufficient to give the Company the ability to direct the activities of the subsidiary facilities from one side only. The Company considers all the facts and circumstances when assessing whether the Company has sufficient voting rights that enables the Company's control. Among those facts and circumstances:

- the size of voting rights that the Company posesses in relation to the size and distribution of other voting rights;
- Poissible voting rights that the Company posesses and any other parties that posess voting rights as such.
- Emerging rights from other contractual arrangements; and,
- Any other facts and circumstances that indicates that the Company may or may not become liable when its required to make decisions, including voting mechanism in previous general assembly meetings.

The subsidiary is consolidated when the Company has control of the subsidiary and stops when the Company loses control over the subsidiary. Specifically, the results of the operations of the subsidiary enterprises acquired or excluded during the year are included in the consolidated statement of profit or loss from the date control was achieved until the date of loss of control over the subsidiary.

Adjustments are made to the financial statements of subsidiaries, when necessary, to bring their accounting policies in line with the accounting policies used in the Company.

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

When the Company loses control over a subsidiary, the gain or loss resulting from disposal is computed in the statement of profit or loss as the difference between (1) the total fair value of the consideration received and the fair value of any remaining interests and (2) the previous 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 respect of that subsidiary are accounted for as if the Company had directly disposed of the assets or liabilities related to the subsidiary. The fair value of the investment that is retained in the previous subsidiary at the date of loss of control is considered a fair value upon initial recognition of subsequent accounting under IFRS 9 Financial Instruments when the provisions of the standard apply, or the cost of initial recognition of the investment in an affiliate company or Joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- The Company has the following subsidiary as of December 31, 2021:

Company's Name	Authorised capital	Paid-in capital	Company's ownership %	Company's activity nature	Registration centre	Date of acquisition
	JOD	JOD	%			
Jordan Facilities for Leasing Co. LLC	2,000,000	2,000,000	100	Finance lease	Amman	2010

The most important financial information for the subsidiaries for the years 2021, 2020 are as follows:

	December 31, 2021		For the Year 2021	
Company's Name	Total Assets	Total Liabilities	Total Revenues	Total Expenses
	JOD	JOD	JOD	JOD
Jordan Facilities for Leasing Co. LLC	4,547,482	138,077	345,087	(238,666)

	December 31, 2020		For the Year 2020	
Company's Name	Total Assets	Total Liabilities	Total Revenues	Total Expenses
	JOD	JOD	JOD	JOD
Jordan Facilities for Leasing Co. LLC	5,614,878	1,392,040	468,666	(328,275)

- The financial statements of the subsidiary Company are prepared for the same fiscal year of the Company, using the same accounting policies used by the Company. If the accounting policies used by the subsidiary are different, the necessary adjustments are made to the financial statements of the subsidiary to comply with the accounting policies used by the Company.
- The financial statements of the subsidiary are consolidated in the consolidated statement of profit or loss and comprehensive income from the date of its acquisition, which is the date on which the actual transfer of control of the Company over the subsidiary takes place, and its consolidation is stopped when the Company loses this control.
- In the event that separate financial statements are prepared for the company as an independent entity, the investment in the subsidiary company is shown at cost.

C. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial assets and liabilities at amortized cost and measured at fair value through statement of profit or loss and other comprehensive income.

D. The functional and presentation currency

The consolidated financial statements are shown in Jordanian dinar, which represents the Company's functional currency.

E. Use of estimates

Preparing the consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets and liabilities, revenues and expenses, and that actual results may differ from these estimates.

Estimates and assumptions applied are continually reviewed and changes in accounting estimates are recognized in the year in which the estimates are changed and in the future years affected by that change.

The following is a summary of the significant matters in which uncertain estimates and judgments are used in applying accounting policies that materially affect the amounts in the consolidated financial statements:

- **Judgments**

The following is a summary of the significant matters that materially affect the amounts of assets and liabilities in the consolidated financial statements:

- Classification of financial assets: evaluation of the business model in which assets are kept and determining whether the contractual terms of the financial assets are for the principal amount and the interest on the remaining and unpaid original amount.
- Setting new standards to determine whether financial assets have significantly declined since their initial recognition and determining the methodology for future aspirations and methods for measuring the expected credit loss.

- **Assumptions and estimations uncertainty**

- The management takes expected credit losses based on its estimates of recoverability of those receivables in accordance with international financial reporting standards.
- The management estimates the income tax expense in accordance with the applicable laws and regulations.
- The management re-estimates the useful lives of property and equipment periodically, depending on the general condition of these properties and equipment and the management's expectations for their future useful lives.
- Recognition and measurement of provisions and contingent liabilities: Key assumptions about the likelihood and volume of cash flows and outflows.
- The management reviews the lawsuits raised against the Company on an ongoing basis based on a legal study prepared by the Company's legal advisors, which shows the potential risks that the Company may incure in the future as a result of these lawsuits.
- Extension and termination options are included in several leases. These terms are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Company and the lessor.

In determining the term of the lease, the management considers all facts and circumstances that create economic incentive for the option of extension, or no termination option. Extension options (or periods following termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The valuation is reviewed in the event of a significant event or major change in the circumstances affecting this valuation that are within the control of the lessee.

Lease payments are discounted using the discount rate and yield curve. Management has applied judgments and estimates to determine the additional borrowing rate at the inception of the lease.

Fair value measurement:

A number of the Company's accounting policies and disclosures require measurement of fair values of financial and non-financial assets and liabilities.

The Company has a consistent control framework regarding the measurement of fair values.
Significant valuation problems are reported to the Company's board of directors.
When measuring the fair value of assets and liabilities, the Company uses observable market data as for as possible.
The Company determines fair value using valuation techniques. The Company also uses the following levels, which reflect the significance of the inputs used in determining the fair value:

- **Level 1:** Quoted (unadjusted) prices in an active market for identical assets or liabilities.
- **Level 2:** valuation techniques based on inputs other than qouted prices included in Level 1, which are determined directly or indirectly for assets and liabilities.
- **Level 3:** Inputs for the assets or liabilities that are not based on observable market data (un observable inputs). If the inputs used to measure the fair value of the assets.

If the inputs used to measure the fair value of an asset or liability are fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1- In the principal market for the asset or liability, or

2- In the absence of a principal market, in the most advantageous market for the asset or liability.The principal or the most advantageous market must be accessible to by the Company.

The asset or liability measured at fair value might be either of the following:

1- A stand-alone asset or liability; or

2- A group of assets, a group of liabilities or a group of assets and liabilities .

3- A number of a group accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company should establish control framework with respect to the measurement of fair values and a valuation team should oversee all significant fair value measurements, including Level 3 fair values.

- **The impact of (Covid-19)**

The Coronavirus (Covid- 19) pandemic has spread across different geographic regions of the world, leading to disruption of business and economic activities. The Coronavirus (Covid -19) pandemic has caused suspicion at the global level. Financial and monetary authorities, both local and international, announced various support measures around the world to counter the potential negative impacts, as at the present time there is a great increase in uncertainty in determining the economic impact that is reflected, for example, in the volume of liquidity and price volatility. Assets, foreign exchange rates, a noticeable decrease in long-term interest rates and a substantial increase in credit risk and various macroeconomic factors were evaluated. Accordingly, the Company's management closely monitored the situation and implemented its business continuity plan and other risk management practices to manage any potential disruptions that might cause the outbreak of Coronavirus (Covid-19) on the Company's business, operations and financial performance.

- **(Covid-19) and expected credit losses:**

When determining credit losses during the year 2021, the Company took into consideration (according to the best available information) the uncertainties about the Covid-19 pandemic, economic support measures and relief work from the Jordanian government and the Central Bank of Jordan, and the Company also took into account the instructions issued by the Central Bank of Jordan. No. 10/3/4375 issued on March 15, 2020, and the guidance issued by the International Accounting Standards Board on March 27, 2020 related to the classification of stages due to the existence of a substantial increase in credit risk (SICR). Below are some of the measures that have been taken by the Company:

1- When calculating the expected credit losses as at the end of the year, the Company excluded the best-case PD when calculating the Probability of Default PD and adopted the Worst-Case PD and the Base Case PD. This is in order to hedge the expected effects of the pandemic on the Company's financial position.

2- A minimum risk of default ratio (PD) has been set for customers classified under Stage 2, with no less than 2.4%, in order to hedge the expected credit risk.

3- Considering the correct movement of clients within the stages and ensuring that the affected or unaffected customers move to the appropriate stage.

Reasonability of forward looking and weighted probabilities:

Any changes made to the expected credit losses, resulting from the estimation of the impact of Covid-19 pandemic on macroeconomic indicators, are subject to very high levels of uncertainty, as there is currently limited information available on the outlook for these changes. Several positive factors were taken into consideration when studying the impact of the epidemic, including:

- Governmental initiatives and the Social Security Corporation.
- Reducing interest rates.

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

The Company has implemented a payment deferral program for its customers working in highly vulnerable sectors by postponing the interest amount and the princial instalment due for a period of one to three months. These postponements are short-term liquidity to handle borrowers' cash flow matters. Postponements made to customers may indicate a material increase in credit risk, however. The Company believes that extending this postponement period does not automatically mean that there is a material increase in credit risk, which calls for the transfer of the borrower to the next stage for the purposes of calculating expected credit losses. The deferred payment process aims to aid borrowers affected by the COVID-19 outbreak to regularly resume payments. This approach is consistent 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 related to the affected sectors during this period as rescheduling or restructuring credit facilities during the period for the purpose of evaluating significant increase in credit risk and consequently, these postponements were not considered to be an amendment of the contract terms.

We believe that our estimates approved in preparing the consolidated financial statements are reasonable and in line with the estimates approved in preparing the consolidated financial statements for the year ended December 31, 2020.

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2020, except for the new and amended standards or Standards amendments that become effective after January 1, 2021, and are as follows:

Amendments	Effective date
COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16 Leases.	April 1, 2021
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases.	January 1, 2021

The application of these amended standards did not have a significant effect on the Company's Consolidated financial statements.

The following are the accounting policies used:

(a) Financial assets and liabilities:

- ***Recognition and initial measurement***

Trade receivables, loans and debt securities issued are initially recognized when they are originated.
All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.
A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

- ***Classification***

Financial Assets:

Initial recognition, financial assets are classified as: at amortized cost, at fair value through profit or loss and other comprehensive income, or at fair value through profit or loss and other comprehensive income.
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss and other comprehensive income:
It's held within a business model whose objective is to hold assets to collect contractual cash flows.
Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss and other comprehensive income:
It's held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
Be on specific dates and these flows are only payments out of the amount and interest on the original amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets are measured at fair value through statement of profit or loss and other comprehnsive income.

Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL and FVTO .

Financial Assets - Evaluate whether contractual cash flows are payments of principal and interest only:

For the purposes of this evaluation, "principal amount" is defined as the fair value of the financial asset at the date of initial recognition. "Interest" is defined as the consideration of the time value of money and the credit risk associated with the principal amount outstanding during a given period of time and other basic lending costs (such as liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are only payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial assets have a contractual term that could change the timing or amount of contractual cash flows and accordingly do not meet the requirement for payments of principal and interest only. When making this assessment, the Company considers:

- Contingency events that would change the amount or timing of cash flows.
- Prepaid features and the possibility of extension.
- The conditions that determine the Company's claim to cash flows from the specified assets.

Financial assets - the subsequent measurement of profits and losses

Financial assets at fair value through profit or loss and other comprehensive income	Subsequent measurement of these assets is done at fair value.Net gains and losses,including any interest or dividends, are recognized in the consolidated statement of profit or loss.
Financial assets at amortized cost	Subsequent measurement of these assets is carried out at amortized cost using the effective interest method. The amortized cost is reduced by the value of the impairment loss. Interest income, foreign exchange gains and losses, and impairment are recognized in the consolidated statement of profit or loss. Any gain or loss on disposal of assets is recognized in the consolidated statement of profit or loss.
Debt investments at fair value through other comprehensive income	Subsequent measurement of these assets is done at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in the consolidated statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On disposal, the gains and losses are reclassified from other comprehensive income to the consolidated statement of profit or loss.
Equity investments at fair value through other comprehensive income	Subsequent measurement of these assets is done at fair value. Dividends are recognized as income in the consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in the consolidated statement of comprehensive income and are not reclassified to the consolidated statement of profit or loss.

- **Financial liabilities – Classification, subsequent measurement and gains and losses**
- Financial liabilities are classified as either at amortized cost or at fair value through the consolidated statement of profit or loss. Financial liabilities are classified as fair value through consolidated statement of profit or loss if they are classified as held for trading and are derivatives or are designated as such upon initial recognition. Financial liabilities are measured at fair value through profit or loss, and profits and losses are recognized net, including any interest expense, in the consolidated statement of profit or loss and other comprehsive income.
- Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the consolidated profit or loss. Any gain or loss on sale is also recognized in consolidated profit or loss and other comprehsive income.
- **Derecognition**

  Financial assets

  The Company derecognizes financial assets when the contractual rights to cash flows from the financial assets expire, or it substantially transfers the rights to receive contractual cash flows and all the risks and benefits of ownership of the financial assets in a transaction to another party. Or in which the Company has not substantially transferred or retained all the risks and benefits of ownership and does not maintain control over the financial assets.

  Recognition is made in the consolidated statement of profit or loss and other comprehsive income with the difference between the carrying value of the assets that have been derecognized and the value acquired by the Company, and the part accumulated in the comprehensive income of profit or loss related to those assets is reversed.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

- **Modifications to financial assets and liabilities**

Adjusted financial assets

If the terms of the financial assets are modified, the Company evaluates whether the cash flows of the modified assets are significantly different. If the cash flows differ significantly, then the contractual rights to the cash flows are derecognised from the original financial assets, and new financial assets are recognized at fair value and any related costs are added to them. Any commissions received as part of the adjustment are calculated as follows:

- Fees for determining the fair value of new assets and fees that represent compensation for costs related to the new assets are included in the initial measurement of the new financial assets.
- Other fees are included in profit or loss as part of the profit or loss upon derecognition.

If the cash flows are modified if the borrower encounters financial difficulties, the goal of the adjustment is generally to maximize the recoverable value of the original contractual terms instead of creating a new asset on different terms. Whether an impairment will be calculated on a portion of the financial assets before making the adjustment to the financial assets. This approach affects the outcome of the quantitative evaluation and means that criteria for derecognition are not met in such cases.

Adjusted financial liabilities

The Company derecognizes financial liabilities when their terms are modified, and the cash flows of the modified financial liabilities differ materially. In this case, new financial liabilities are recognized at fair value. The difference between the carrying amount of the financial liabilities for which the recognitions are cancelled, and the amounts disbursed is recognized in the consolidated statement of profit or loss and other comprehensive income.

Impairment of financial assets

Financial instruments:

The Company recognizes expected credit losses on:

- Financial assets at amortized cost;
- Finance lease receivables.
- Contractual guarantees.

Impairment losses are not recognized on equity investments.

The Company measures loss allowances at an amount equal to the expected credit loss over the life of financial instruments.

Expected Credit Losses (ECL) is the portion of the expected credit loss that results from possible default on financial instruments over the life of the financial instrument.

Expected credit loss are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the date of the consolidated financial statements.
- Financial assets that are credit-impaired at the date of the consolidated financial statements.
- Undrawn loan commitments.
- Financial guarantee contracts.

The Company recognizes provisions for expected credit losses on the following financial instruments that have not been measured at fair value through the consolidated statement of profit or loss:

- Balances and deposits with Banks and financial institutions.
- Financial assets at amortized cost (customers' loans).

Impairment loss is not recognised in equity instruments.

Except for purchased or originated credit 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 realised within 12 months after the reporting date, referred to in Stage 1; or
- 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 Company under the contract and the cash flows that the Company expects to receive, which arise from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Company measures expected credit losses on an individual or portfolio basis for loans 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 original effective interest rate of the asset, regardless of whether it is measured on an individual or portfolio basis.

Expected credit loss provisions are formed according to the instructions of the Central Bank of Jordan No. (13/2018) "Application of the International Financial Reporting Standard (9)" on June 6, 2018, the material differences from the International Financial Reporting Standard No. (9) are as follows:

- Debt instruments issued by the Jordanian government or with their guarantee are excluded, so that credit exposures to the Jordanian government are treated and guaranteed without credit losses.
- When calculating credit losses against credit exposures, the results of the calculation are compared according to the International Financial Reporting Standard No. (9) with the instructions of the Central Bank of Jordan No. (47/2009) on December 10, 2009 for each stage separately, and the most severe results are approved.

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 has occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment
includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

If a single event cannot be identified, alternatively, the combined effect of several events may cause the financial assets to turn into assets with a poor credit value. The Company is assessing whether there has been a credit impairment of debt instruments that represent financial assets measured at amortized cost or FVOCI at each reporting date. To assess whether there is credit impairment in sovereign debt instruments and those of companies, the company takes into consideration factors such as bond yields, credit rating and the borrower's ability to increase financing.

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 unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.However, in cases where the assets impairment is not recognized after 90 days overdue are supported by reasonable information.

Purchased or Originated Credit-Impaired (POCI) Financial Assets
Purchased or (Originated Credit-impaired) financial assets, are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Company recognizes all changes in lifetime expected credit loss since initial recognition as a loss allowance with any changes recognized in the consolidated statement of profit or loss and other comprehsive income. A favourable change for such assets creates an impairment gain.

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

The Company considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Company; or
- The borrower is unlikely to pay its credit obligations to the Company in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing whether the borrower is unlikely to pay its credit obligation, the company takes into account both qualitative and quantitative indicators. The information evaluated depends on the type of asset, for example in lending to companies, the qualitative indicator used is breach of covenants, which is not suitable for retail lending. Quantitative indicators, such as late payment and non-payment of another obligation to the counterparty, are key inputs to this analysis. The company also uses a variety of information sources to assess default which are either developed internally or obtained from external sources.

Significant Increase in Credit Risk
The Company monitors all financial assets, issued loan commitments, and financial guarantee contracts that are subject to the 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 Company measures the loss allowance based on lifetime rather than 12-month expected credit loss.

The Company does not consider financial assets with "low" credit risk at the date of the financial report that no significant increase in credit risk has occurred. As a result, the Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment due to significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company 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 occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and future information that is available without undue cost or effort based on the Company's historical experience and expert credit assessment including future 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 lending, forward-looking information includes the prospects of the industries in which the Company's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking 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 behaviour. The Company allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime probability of default by comparing:

- The remaining lifetime probability of default at the reporting date; with
- The remaining lifetime probability of default for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The probability of default used is forward looking, and the Company uses the same methodologies and data used to measure the loss allowance for expected credit loss. The qualitative factors that indicate significant increase in credit risk are reflected in probability of default models on a timely basis.However, the Company still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is focus on assets that are included on a 'watch list'. 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 Company considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, companyruptcy, 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 probability of default will be more significant for a financial instrument with a lower initial probability of default than for a financial instrument with a higher probability of default.
As a backstop when an asset becomes more than 30 days past due, the Company 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 expected credit loss.

Modification and Derecognition 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 Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default, or default has already happened, and the borrower is expected to be able to meet 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 Company has an established forbearance policy, which applies for corporate and retail lending.

When a financial asset is modified, the Company assesses whether this modification results in derecognition. In accordance with the Company's policy, a modification results in derecognition when it gives rise to substantially different 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.

In the case where the financial asset is derecognised, 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 recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company 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 derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The probability of non-payment for the remaining period, estimated on the basis of data upon initial recognition and original contractual terms; With The remaining PD at the reporting date based on the revised terms.

For financial assets modified as part of the Company's forbearance policy, where modification did not result in de-recognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural 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 behaviour following modification leading to a reversal of the previous significant increase in credit risk.

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

The Company derecognises 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised 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 recognised in OCI and accumulated in equity is recognised in the consolidated statement of income, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/ loss previously recognised in OCI is not subsequently reclassified to the consolidated statement of profit or loss.

Write-off

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 Company. The Company 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 Company continues the enforcement activity to try to recover the outstanding receivables, which are recognised in the consolidated statement of income upon recovery.

ECL provision is presented in the consolidated statement of financial position:

ECL provision is presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at FVTOCI: no provsion is recognised 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;
- For loan commitments and financial guarantee contracts: as a provision; and

(b) <u>Realization of revenues and recognition of expenses</u>

Interest income and expense for all financial instruments, except for those classified as held for trading, or those measured or designated as at fair value through profit or loss and other comprehsive income, are recognized as 'Interest Income' and 'Interest Expense' in the consolidated statement of profit or loss and other comprehsive income using the effective interest method. Interest on financial instruments measured at fair value through the consolidated statement of profit or loss is included within the fair value movement during the period.

The effective interest rate is the rate that discounts the 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.

Interest income / interest expense is calculated by applying the effective interest rate 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 effective interest rate 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 credit-impaired, the effective interest rate reflects the expected credit losses in determining the future cash flows expected to be received from the financial asset.

Fees and commission income and expense include fees other than those that are an integral part of the effective interest rate. The fees included in this part of the Company's consolidated statement of profit or loss and other comprehsive income include, among other things, fees charged for servicing a loan, non-utilization fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement, and loan syndication fees.

Fee and commission expenses concerning services are accounted for as the services are received.

A contract with a customer that results in a recognized financial instrument in the Company's consolidated financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Company first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

- Expenses are recognize on accrual basis.

(c) <u>Foreign currencies transactions</u>

Transactions in foreign currencies in the equivalent of Jordanian dinars are recorded at exchange rates on the date of the transaction's execution and on the date of the consolidated statement of financial position. The financial assets and liabilities recognized in foreign currencies are converted into dinars at the end of the period using the exchange rates prevailing on December 31, and profits or losses from exchange appear in the consolidated statement of profit or loss and other comprehensive income.

(d) <u>Offsetting</u>

'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.

(e) <u>Provisions</u>

A provision is recognized if, as a result of a past event, the Company has a present (legal or contractual) obligation that can be estimated reliably.

(f) Property and equipment

Recognition and measurement

- Property and equipment are stated at cost, less the accumulated depreciation and any impairment. Property and equipment are depreciated (excluding lands).
- Cost includes expenditures directly related to the acquisition of property and equipment.
- When the useful life of items of property and equipment varies, they are accounted for as separate items.
- The gains and losses resulting from the exclusion of items of property and equipment are determined by comparing the receipts from disposal with the reported value of those items, and those gains and losses are recorded net under the item "other income or expenses" in the consolidated statement of profit or loss and other coprehnsive income.

Subsequent costs

- The cost of the replaced part of an item of property and equipment is recorded within the listed value of that item if it is possible to flow future economic benefits to the Company that lie in that part, in addition to the ability to reliably measure the cost of that part, and the listed value of the old replaced part is written off.
- The daily costs and expenses incurred by the Company in maintaining and operating property and equipment are recorded in the consolidated statement of profit or loss and other comprehsive income when incurred.

Depreciation

- Depreciation expense is recognized in the consolidated statement of profit or loss and other comprehsive income on a straight line basis over the estimated useful life of each item of property and equipment.

The main useful lives used for this purpose are as follows:

	Useful life (Years)
Furniture	5
Office machines and computers	3-5
Decorations	5
Vehicles	7

(g) Intangible Assets

Intangible assets acquired through business combination are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

Intangible assets are classified based on the assessment of their useful life to definite and indefinite. Intangible assets with definite lives are amortized over their useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date, and impairment loss is charged to the consolidated statement of profit or loss.

Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of profit or loss and other comprehensive income.

Any indications of impairment in the value of intangible assets are reviewed at the date of the consolidated financial statements. The estimate of the life span of those assets is also reviewed, and any adjustments are made for subsequent periods.

Computer systems and programs: They are amortized using the straight-line method within a period not exceeding four years from the date of purchase.

(h) Contract leases

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The Company determines the borrowing rate by analyzing its loans from various external sources and making some adjustments to reflect the lease terms and the type of leased assets.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option .

When lease liabilities are measured using this method, the adjustments are made to related right of use asset or in the consolidated statement of profit or loss and other comprehensive income if the net book value for the related right of use asset was fully depreciated

The right-of-use of assets are presented within property and equipment caption and the related lease liabilities are presented in other liabilities (Borrowed funds) in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, the Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As lessor

When the Company acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

(i) Assets foreclosed in repayment of due debts

Assets foreclosed in repayment of non-performing debts are presented at the consolidated statement of financial position at fair value or at the value of their ownership by the Company whichever is less, at the date of the consolidated financial statements these assets gets re-evaluated individually, and any impairment in their value is recorded as a loss in the consolidated statement of profit or loss and other comprehsive income but the increase is not recorded as revenue, Subsequent value increase is taken to the consolidated statement of profit or loss and other comprehsive income to the extent that it does not exceed the previously recorded impairment amount.

(j) Cash on hand and at banks

It is cash and cash balances that mature within a period of three months, and include: cash on hand and at banks, and the deposits of banks and financial institutions.

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

These financial assets represent investments in equity instruments for the purpose of holding them for the long term.

These assets are recognized at fair value plus acquisition costs upon purchase and are subsequently reassessed at fair value. The change in fair value appears in the consolidated statement of profit or loss and other comprehensive income and within the consolidated equity, including the change in fair value resulting from the differences in the conversion of non-monetary assets items in currencies. In the event that these assets are sold or part of them, the resulting profits or losses are taken in the consolidated statement of profit or loss and other comprehensive income and within the consolidated equity, and the balance of the reserves valuation of the sold financial assets is transferred directly to the retained profits and losses and not through the consolidated statement of profit or loss and other comprehsive income.

These assets are not subject to an impairment test.

Dividend is recorded in the consolidated statement of profit or loss and other comprehensive income.

(l) Financing costs

Finance charges include interest expense on borrowing. All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognized in the consolidated statement of profit or loss and other comprehsive income using the effective interest method.

(m) Income tax and national contribution

- Income tax expense includes current taxes and deferred taxes. Income tax expense is recognized in the consolidated statement of profit or loss, unless it relates to business combinations, and the tax related to items that have been recognized directly in property rights or in the consolidated statement of profit or loss and other comprehensive income.
- The current tax represents the expected tax payable on the tax profit for the year using the tax rate prevailing at the date of the consolidated financial statements, in addition to any adjustments in the tax payable related to previous years.
- Deferred taxes are recognized in accordance with the consolidated statement of financial position method, as a result of temporary differences between the amounts listed for assets and liabilities in the consolidated financial statements and the amounts specified for tax calculation purposes.
- Deferred tax is calculated on the basis of the tax rates expected to be applied to the temporary differences when they are reversed, based on the laws prevailing at the date of the consolidated financial statements.
- The set-off between the deferred tax assets and liabilities is done if there is a legal right that requires the set-off between the current tax assets and liabilities and is related to the income tax, which is collected by the same tax authorities on the same taxable Company or different taxable companies that have the right to settle the current tax liabilities and assets with net or that the tax assets and liabilities will be realized at the same time.
- Deferred tax assets are recognized when it is probable that future tax profits will be realized through which the temporary differences can be taken advantage of.
- Deferred tax assets are reviewed at the end of each financial year and are reduced when it is unlikely that the associated tax benefits will be realized.
- The current due taxes are calculated at an income tax rate of 24% in addition to 4% of the national contribution in accordance with the income tax law prevailing in the Hashemite Kingdom of Jordan.

(n) Employees' Benefits

Short term employee benefits

Employees short term benefits are recognised as expenses when delivering relevant services. Liability is recorded against the related commitment when the Company is legaly obliged implicitly or explicitly to pay for past services rendered by the employee and the liability can be estimated reliably.

Other long term employee benefits

The Company's liabilities relating to employees benefits are the future benefits amount that the employees received regardless of their prior and current service periods. There benefits are discounted to specify their current amount. Remeasurment is recognised in the consolidated statement for profit or loss and other comprehsive income in the period that they emerged.

(o) Investments property

Investment property is a real estate that is acquired either to gain rental income or to increase its value, or both, but not for the purpose of selling it through the Company's normal activities, and it is not used in production or the supply of goods or services or for administrative purposes.

Investments Property are initially shown at cost, and their fair value is disclosed in the notes to the consolidated financial statements, which are reassessed every two years individually by an independent real estate expert based on the market prices of those properties within an active real estate market.

(p) Earnings per Share

Earnings per share is calculated for basic and diluted shares related to ordinary shares. Basic earnings per share is calculated by dividing the amount profit or loss for the year attributable to the shareholders of the company by the weighted average number of ordinary shares during the year. The profit per diluted share is calculated by adjusting the profit or loss for the year attributable to the shareholders of the company and the weighted average number of ordinary shares so that the effect on the share of the earnings for all ordinary shares traded during the year that their return is likely to decline.

4) NEW AND REVISED IFRSS ISSUED AND NOT YEAT EFFECTIVE:

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

- New standards or amendments	Application Date
Annual improvement to IFRS standards 2018-2020	January1st 2022
Reference to the conceptual framework (Amendments to IFRS3)	
Property, Plant and Equipment: Proceeds before intended use (Amendments to IFRS16)	January1st 2022 January1st 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)	January 1st 2022
IFRS 17 Insurance Contracts*, including amendments Initial Application of IFRS 17 and IFRS 9 – Comparative Information	January 1st 2023
Classification of liabilities into current or non-current liabilities (amendments to IAS 1)	January 1st 2023
Definition of accounting estimates (Amendments to IAS 8)	January 1st 2023
Disclosure of accounting policies (Amendments to IAS 1 and IFRS practice statement 2)	January 1st 2023
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	January 1st 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.

5) CASH ON HAND AND AT BANKS

	As of December 31	
Jordanian Dinar	2021	2020
Cash on hand	114,166	30,934
Current accounts in Banks	202,897	98,106
	317,063	**129,040**

6) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As of December 31	
Jordanian Dinar	2021	2020
Outside the Kingdom		
Shares of unlisted companies	**211,937**	**212,541**

This investment represents shares in Al-Soor International Holding Company (Kuwait), which are unlisted shares. The number of shares owned is 500,000 shares, representing 0.1% of the Company's capital.
The fair value was calculated according to the method of the Company's share of the net assets based on the last Audited financial statements of the investee Company.

7) FINANCIAL ASSETS AT AMORTIZED COST

	As of December 31,	
Jordanian Dinar	2021	2020
Installment receivables (1) – net	68,466,860	50,084,432
Finance lease receivables (2) – net	2,463,408	3,317,450
Loans granted to clients - credit cards	8,124	62,156
	70,938,392	**53,464,038**

These assets were distributed according to their maturity date as follows:

	As of December 31,	
Jordanian Dinar	2021	2020
Due within less than one year	32,916,760	28,275,139
Due within more than one year and less than five years	57,138,890	42,136,388
Due within more than five years	4,271,470	1,148,932
	94,327,120	**71,560,459**
Provision of ECL in facilities contracts	(6,447,554)	(6,100,674)
Revenue from unearned facilities contracts	(14,671,126)	(10,162,232)
Interest in suspense within instalments payable	(2,270,048)	(1,833,515)
Net investment in instalment receivables	**70,938,392**	**53,464,038**

Non-performing loans as of December 31, 2021 amounted to JOD 9,166,490 (JOD 7,653,196 as of December 31, 2020)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A- Disclosure of movement on total facilities aggregate (installment receivables, finance lease receivables, and credit cards) minus revenues from unearned facilities contracts:

	As of December 31, 2021				As of December 31, 2020
	Stage One	Stage Two			
Item	**Individual Level**	**Individual Level**	**Stage Three**	**Total**	**Total**
Beginning Balance	48,033,070	5,711,961	7,653,196	61,398,227	52,356,771
New Facilities during the year	30,443,445	2,190,134	977,489	33,611,068	20,581,366
Paid Facilities	(11,853,191)	(1,794,903)	(1,311,951)	(14,960,045)	(8,270,702)
Transfer to stage one	708,044	(424,903)	(283,141)	-	-
Transfer to stage two	(2,820,284)	2,972,769	(152,485)	-	-
Transfer to stage three	(1,834,968)	(702,863)	2,537,831	-	-
Changes from adjustments	(138,807)	-	-	(138,807)	(3,102,866)
Written off balances	-	-	(254,449)	(254,449)	(166,342)
Gross Balance as at Year End	**62,537,309**	**7,952,195**	**9,166,490**	**79,655,994**	**61,398,227**

B- Disclosure of movement in a collective expected credit loss allowance (installment receivables and finance lease contracts receivables):

	As of December 31, 2021				As of December 31, 2020
	Stage One	Stage Two			
Item	**Individual Level**	**Individual Level**	**Stage Three**	**Total**	**Total**
Beginning Balance	481,425	304,957	5,314,292	6,100,674	5,311,840
Impairment loss on new balances during the year / additions	1,385,692	525,690	432,813	2,344,195	1,941,885
Recovered from impairment loss on outstanding balances	(133,610)	(121,009)	(1,671,104)	(1,925,723)	(1,002,021)
Transfer to stage one	74,617	(17,368)	(57,249)	-	-
Transfer to stage two	(38,482)	128,597	(90,115)	-	-
Transfer to stage three	(25,323)	(37,216)	62,539	-	-
Total impact on impairment loss due to classification change between stages	(860,000)	(237,711)	1,097,711	-	-
Changes from adjustments	-	-	-	-	(95,731)
Written off balances	-	-	(71,592)	(71,592)	(55,299)
Gross Balance as at Year End	**884,319**	**545,940**	**5,017,295**	**6,447,554**	**6,100,674**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Installment receivables

Installment receivables represent the installments incurred by the Company's clients from commercial financing operations and murabahah for cars and real estate, as these installments include the principal of the funds in addition to the revenue amounts calculated on these financing. The balances of installment receivables are as follows:

Jordanian Dinar	As of December 31 2021	2020
Due within less than one year	30,634,741	25,877,940
Due within more than one year and less than five years	56,210,878	40,455,370
Due within more than five years	4,271,470	922,708
	91,117,089	**67,256,018**
Provision of ECL in facilities contracts	(6,154,370)	(5,832,112)
Revenue from unearned facilities contracts*	(14,354,208)	(9,628,394)
Interest in suspense within instalments payable	(2,141,651)	(1,711,080)
Net Investment in Instalment Receivables	**68,466,860**	**50,084,432**

* This item includes deferred income for each of the commercial financing operations, Murabaha for purchase order, international Murabaha and deferred sale murabaha as on December 31, 2021 and 2020.

The sectorial distribution of instalment receivables is as follows:

Jordanian Dinar	As of December 31 2021	2020
Real-estates	10,251,353	6,477,346
Companies	23,544,539	25,870,315
Loans and bills	57,321,197	34,908,357
Total Instalment Receivables	**91,117,089**	**67,256,018**
Provision of ECL in facilities contracts	(6,154,370)	(5,832,112)
Revenue from unearned facilities contracts	(14,354,208)	(9,628,394)
Interest in suspense within instalments payable	(2,141,651)	(1,711,080)
Net Investment in Instalment Receivables	**68,466,860**	**50,084,432**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Installment receivables are distributed net after subtracting revenues from unearned facilities contracts in addition to loans granted to clients - credit cards in an aggregate manner according to credit stages in accordance with the requirements of International Financial Reporting Standard No. (9) as follows:

	December 31, 2021			
	Stage One	Stage Two	Stage Three	
	Individual Level	Individual Level	Individual Level	Total
Beginning Balance	45,007,231	5,530,393	7,152,156	57,689,780
New Facilities during the year	30,319,064	2,188,269	948,607	33,455,940
Paid Facilities	(11,025,949)	(1,737,120)	(1,250,773)	(14,013,842)
Transfer to stage one	667,410	(399,433)	(267,977)	-
Transfer to stage two	(2,668,124)	2,809,601	(141,477)	-
Transfer to stage three	(1,794,233)	(674,435)	2,468,668	-
Changes from adjustments	(110,131)	-	-	(110,131)
Written off balances	-	-	(250,742)	(250,742)
Gross Balance as at Year End	**60,395,268**	**7,717,275**	**8,658,462**	**76,771,005**

	December 31, 2020			
	Stage One	Stage Two	Stage Three	
	Individual Level	Individual Level	Individual Level	Total
Beginning Balance	32,422,498	6,862,241	7,901,707	47,186,446
New Facilities during the year	17,914,766	1,511,752	790,973	20,217,491
Paid Facilities	(4,011,855)	(1,591,134)	(1,130,380)	(6,733,369)
Transfer to stage one	552,488	(305,938)	(246,550)	-
Transfer to stage two	(169,346)	325,773	(156,427)	-
Transfer to stage three	(195,789)	(321,696)	517,485	-
Changes from adjustments	(1,505,531)	(950,605)	(358,873)	(2,815,009)
Written off balances	-	-	(165,779)	(165,779)
Gross Balance as at Year End	**45,007,231**	**5,530,393**	**7,152,156**	**57,689,780**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Disclosure of movement in the allowance for expected credit losses:

	December 31, 2021			
	Stage One	Stage Two	Stage Three	
	Individual Level	Individual Level	Individual Level	Total
Beginning Balance	449,444	291,538	5,091,130	5,832,112
Impairment loss on new balances during the year / additions	1,364,823	520,636	390,708	2,276,167
Recovered from impairment loss on outstanding balances	(118,705)	(108,972)	(1,655,211)	(1,882,888)
Transfer to stage one	70,588	(15,079)	(55,509)	-
Transfer to stage two	(35,610)	122,353	(86,743)	-
Transfer to stage three	(24,440)	(36,096)	60,536	-
Total impact on impairment loss due to classification change between stages	(836,662)	(240,585)	1,077,247	-
Changes from adjustments	-	-	-	-
Written off balances	-	-	(71,021)	(71,021)
Gross Balance as at Year End	**869,438**	**533,795**	**4,751,137**	**6,154,370**

	December 31, 2020			
	Stage One	Stage Two	Stage Three	
	Individual Level	Individual Level	Individual Level	Total
Beginning Balance	713,737	267,409	4,046,947	5,028,093
Impairment loss on new balances during the year / additions	291,328	312,790	1,279,441	1,883,559
Recovered from impairment loss on outstanding balances	(370,411)	(110,102)	(476,199)	(956,712)
Transfer to stage one	33,697	(16,346)	(17,351)	-
Transfer to stage two	(3,418)	25,397	(21,979)	-
Transfer to stage three	(7,331)	(18,120)	25,451	-
Total impact on impairment loss due to classification change between stages	(100,305)	(143,793)	244,098	-
Changes from adjustments	(107,853)	(25,697)	66,021	(67,529)
Written off balances	-	-	(55,299)	(55,299)
Gross Balance as at Year End	**449,444**	**291,538**	**5,091,130**	**5,832,112**

Scheduled debts:

They are those debts that were previously classified as non-performing credit facilities and were excluded from the framework of non-performing credit facilities according to a basic schedule and were classified as debts under supervision or transferred to working, amounted to JOD 1,275,963 as of December 31, 2021 (JOD 1,156,332 as of December 31, 2020).

Restructured debt:

Restructuring means re-arranging the status of credit facilities in terms of modifying installments, extending the life of credit facilities, postponing some installments or extending the grace period, and they were classified as debts under supervision, amounted to JOD 31,052 as of December 31, 2021 (JOD 815,447 as of December 31, 2020).

The Installments receivable balances include installments cases filed by the company against customers to collect the unpaid amounts is as follow:

	December 31, 2021		December 31, 2020	
	Total debt balance	Due and past due instalment receivables	Total debt balance	Due and past due instalment receivables
In Jordanian Dinar				
Customers balances – Legal cases	12,887,777	6,197,353	9,006,189	6,041,405

Interest in suspense within due instalment

The following is the movement in interest in suspense within due instalments:

December 31, 2021	Real Estates	Companies	Loans and Bills of Exchange	Total
Balance at the beginning of the year	110,981	896,323	703,776	1,711,080
Add: interest suspended during the year	44,948	491,530	227,938	764,416
Reduces: Transferred benefits to revenue	(55,370)	(34,266)	(64,488)	(154,124)
Decreases: Outstanding revenue that has been written off *	(19,247)	(86,000)	(74,474)	(179,721)
Total balance as at the end of the year	**81,312**	**1,267,587**	**792,752**	**2,141,651**

December 31, 2020	Real Estates	Companies	Loans and Bills of Exchange	Total
Balance at the beginning of the year	100,354	540,116	574,409	1,214,879
Add: interest suspended during the year	34,298	453,995	228,749	717,042
Reduces: Transferred benefits to revenue	(17,827)	(42,212)	(50,322)	(110,361)
Decreases: Outstanding revenue that has been written off *	(5,844)	(55,576)	(49,060)	(110,480)
Total balance as at the end of the year	**110,981**	**896,323**	**703,776**	**1,711,080**

*Based on the decision of the Company's board of directors, an amount of JOD 71,021 was written off during the year ending December 31, 2021 (2020: JOD 55,299) from the provision for expected credit losses, and an amount of JOD 179,721 was written off from the suspended interest during the year ended December 31, 2021 (JOD 110,480 as of December 31, 2020).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(2) Finance lease contract receivables

The following table shows the maturity periods of finance lease contracts receivables before deducting the deferred revenue:

Jordanian Dinar	As of December 31 2021	As of December 31 2020
Maturity within less than a year	2,273,895	2,335,043
Maturity within more than a year and less than five years	928,012	1,681,018
Maturity within more than five years	-	226,224
	3,201,907	**4,242,285**
Expected credit loss provision of finance lease contracts	(293,184)	(268,562)
Deferred revenue	(316,918)	(533,838)
Interest in suspense within due instalments	(128,397)	(122,435)
Net Investment in Finance Lease Contracts	**2,463,408**	**3,317,450**

The Company grants real estate finance to its customers through closed end leasing contract, with average terms of 5 years, the sectorial distribution of finance lease contracts receivables is as follows:

Jordanian Dinar	As of December 31 2021	As of December 31 2020
Real-estates	1,276,053	1,805,821
Companies	1,168,665	1,054,075
Borrowings	757,189	1,382,389
Total Investment in Finance Lease contracts	**3,201,907**	**4,242,285**
Provision of ECL of finance leases contracts	(293,184)	(268,562)
Deffered revenue	(316,918)	(533,838)
Interest in suspense within due instalments	(128,397)	(122,435)
Net Investment in Finance Lease contracts	**2,463,408**	**3,317,450**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The finance lease contract receivables are distributed in net after subtracting the revenue in suspense and the deferred revenue in a grouped manner according to the credit stages according to the requirements of IFRS 9 as follows:

	December 31, 2021			
	Stage One	Stage Two	Stage Three	
	Individual Level	Individual Level	Individual Level	Total
Beginning Balance	3,025,839	181,568	501,040	3,708,447
New Facilities During the year	124,381	1,865	28,882	155,128
Paid Facilities	(827,242)	(57,783)	(61,178)	(946,203)
Transfer to stage one	40,634	(25,470)	(15,164)	-
Transfer to stage two	(152,160)	163,168	(11,008)	-
Transfer to stage three	(40,735)	(28,428)	69,163	-
Changes from adjustments	(28,676)	-	-	(28,676)
Written off balances	-	-	(3,707)	(3,707)
Gross Balance as at Year End	**2,142,041**	**234,920**	**508,028**	**2,884,989**

	December 31, 2020			
	Stage One	Stage Two	Stage Three	
	Individual Level	Individual Level	Individual Level	Total
Beginning Balance	4,327,942	158,523	683,860	5,170,325
New Facilities During the year	307,913	13,449	42,513	363,875
Paid Facilities	(1,414,932)	(31,861)	(90,540)	(1,537,333)
Transfer to stage one	132,509	(19,502)	(113,007)	-
Transfer to stage two	(46,175)	77,363	(31,188)	-
Transfer to stage three	-	(9,965)	9,965	-
Changes from adjustments	(281,418)	(6,439)	-	(287,857)
Written off balances	-	-	(563)	(563)
Gross Balance as at Year End	**3,025,839**	**181,568**	**501,040**	**3,708,447**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Disclosure of movement in the allowance for expected credit losees:

	December 31, 2021			
	Stage One Individual Level	Stage Two Individual Level	Stage Three Individual Level	Total
Beginning Balance	31,980	13,420	223,162	268,562
Impairment loss over the new balances during the year	20,870	5,053	42,105	68,028
Recovered from a loss of impairment on the outstanding balances	(14,905)	(12,037)	(15,893)	(42,835)
Transfer to stage one	4,029	(2,289)	(1,740)	-
Transfer to stage two	(2,872)	6,244	(3,372)	-
Transfer to stage three	(883)	(1,120)	2,003	-
Total impact on impairment loss due to classification change between stages	(23,338)	2,874	20,464	-
Changes from adjustments	-	-	-	-
Written off balance	-	-	(571)	(571)
Gross Balance as at Year End	**14,881**	**12,145**	**266,158**	**293,184**

	December 31, 2020			
	Stage One Individual Level	Stage Two Individual Level	Stage Three Individual Level	Total
Beginning Balance	45,721	12,987	225,039	283,747
Impairment loss over the new balances during the year	19,804	5,802	32,720	58,326
Recovered from a loss of impairment on the outstanding balances	(7,777)	(4,669)	(32,863)	(45,309)
Transfer to stage one	12,779	(2,748)	(10,031)	-
Transfer to stage two	(2,135)	5,567	(3,432)	-
Transfer to stage three	-	(979)	979	-
Total impact on impairment loss due to classification change between stages	(15,337)	(4,587)	10,750	-
Changes from adjustments	(21,075)	(7,127)	-	(28,202)
Gross Balance as at Year End	**31,980**	**13,420**	**223,162**	**268,562**

Scheduled debts:

They are those debts that were previously classified as non-performing credit facilities and were excluded from the framework of non-performing credit facilities according to a basic schedule and were classified as debts under supervision or transferred to working, and amounted to JOD 35,785 as of December 31, 2021 (JOD 198,736 as of December 31 2020).

Restructured debt:

Restructuring means re-arranging the status of credit facilities in terms of modifying installments, extending the life of credit facilities, postponing some installments or extending the grace period, and they were classified as debts under supervision, amounted to JOD 1,168,66 as of December 31, 2021 (JOD 1,049,507 as of December 31, 2020).

Balances of finance lease contracts include accounts for which the Company has filed legal cases against customers in order to collect unpaid and due amounts are as follows:

	December 31, 2021		December 31, 2020	
Jordanian Dinar	Total debt balance	Due and past due instalment receivables	Total debt balance	Due and past due instalment receivables
Customers balances – Legal cases	640,789	334,123	613,821	286,252

Interest in suspense within due instalments

The following is the movement in interest in suspense within due instalments:

December 31, 2021	Real Esstates	Companies	Loans	Total
Balance at the beginning of the year	91,265	-	31,170	122,435
Added: interest outstanding during the year	21,023	24	5,253	26,300
Reduces: Transferred benefits to revenue	(13,869)	-	(3,333)	(17,202)
Decreases:Outstanding revenue that has been written off	-	(24)	(3,112)	(3,136)
Total balance as at the end of the year	**98,419**	-	**29,978**	**128,397**

December 31, 2020	Real Esstates	Companies	Loans	Total
Balance at the beginning of the year	61,422	-	40,460	101,882
Added: interest outstanding during the year	31,590	-	11,073	42,663
Reduces: Transferred benefits to revenue	(1,747)	-	(19,800)	(21,547)
Decreases:Outstanding revenue that has been written off	-	-	(563)	(563)
Total balance as at the end of the year	**91,265**	-	**31,170**	**122,435**

- There are no bills deposited with any of the lending agencies as guarantees against the credit balances of loans and banks granted to the company as on December 31, 2021 (1,253,302 Jordanian dinars as of December 31, 2020).
- Based on the decision of the Company's board of directors, an amount of JOD 571 was written off during the year ending December 31, 2021 (2020: zero) from the provision for expected credit losses, and an amount of JOD 3,136 was written off from the suspended interest during the year anded December 31, 2021 (2020: JOD 563).

8) RIGHT TO USE OF LEASED ASSETS / LIABILITIES AGAINST OPERATING LEASES

The Company has lease liability represented in eight contracts during year 2021 and nine contracts during 2020 (the Company's branches in Jordan and the subsidiary Company).

Right of use leased assets:

Jordanian Dinar

	Rented Real Estate
December 31, 2021	
Cost	
Balance as of January 1, 2021	1,019,547
Additions	165,119
Disposals	(625,212)
Balance as of December 31, 2021	**559,454**
Accumulated depreciation	
Balance as of January 1, 2021	299,803
Depreciation for the year (Note24)	127,466
Disposals	(217,933)
Balance as of December 31, 2021	**209,336**
Net Book Value as of December 31, 2021	**350,118**

Jordanian Dinar

	Rented Real Estate
December 31, 2020	
Cost	
Balance as of January 1, 2020	1,019,547
Additions	-
Balance as of December 31, 2020	**1,019,547**
Accumulated depreciation	
Balance as of January 1, 2020	149,911
Depreciation for the year (Note24)	149,892
Balance as of December 31, 2020	**299,803**
Net Book Value as of December 31, 2020	**719,734**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Lease liabilities - against the right of use the leased assets:

Jordanian Dinar	As of December 31 2021	2020
Maturity Analysis - Contractual undiscounted cash flows		
Less than one year	103,386	189,337
One to five years	255,270	616,318
more than five years	59,400	74,276
Total undiscounted lease liabilities	**418,056**	**879,931**
Discounted lease liabilities included in the consolidated statement of financial positionas of December 31		
Short term	81,967	141,065
Long term	261,850	561,484
Total discounted lease liabilities	**343,817**	**702,549**

** The lease liabilities has been discounted using an interest rate of 7.33%.

Jordanian Dinar	For the year ended December 31 2021	2020
Amounts recognized in the consolidated statement of the profit or loss statement and other comprehsive income		
Interest on liabilities against operating leases (Note 25)	**42,287**	**57,038**
Amounts recognized in the cosolidated statement of the cash flow:		
Total cash out flow for leases	**122,207**	**184,016**

9) INVESTMENT PROPERTY -NET

Jordanian Dinar	As of December 31 2021	2020
Buildings on lands *	585,000	585,000
Accumulated depreciation	(210,600)	(187,200)
	374,400	**397,800**

* This item represents the allocation of 24 housing units in Al Majd Residential City Project for the benefit of the Company based on the agreement concluded with the developer, Tameer International Real Estate Company, bearing in mind that the Company acquired the apartments and issued registration bonds in its name. The fair value of the properties investments reached by an accredited valuer amounted to JOD 593,465, according to the latest real estate valuation available with the Company on 16 June 2020.

10) ASSETS FORECLOSED IN REPAYMENT OF DUE DEBTS

Jordanian Dinar	As of December 31, 2021	2020
Balance at the beginning of the year	3,580,013	3,948,186
Additions	331,103	206,598
Disposals	(920,674)	(574,771)
Balance at the year end	**2,990,442**	**3,580,013**

Expropriated assets appear in the consolidated statement of financial position at the value it devolved to the Company or the fair value whichever is lower, and are re-evaluated at fair value individually, and any decrease in its 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 in the consolidated statement of profit or loss and other comprehensive income is taken to the extent that it does not exceed the previously recognized impairment value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11) PROPERTY AND EQUIPMENT

Jordanian Dinar	Furniture and Fixtures	Office Devices, Tools and Computer	Decorations	Vehicles	Total
2021					
Cost					
Balance as of January 1, 2021	110,942	388,535	342,398	84,500	926,375
Additions	2,094	31,518	18,817	-	52,429
Disposals	(36,067)	(37,958)	(145,275)	-	(219,300)
Balance as of December 31, 2021	**76,969**	**382,095**	**215,940**	**84,500**	**759,504**
Accumulated depreciation					
Balance as of January 1, 2021	101,410	271,147	287,987	80,072	740,616
Depreciation expense (Note 24)	4,210	54,655	23,600	4,424	86,889
Disposals	(34,686)	(30,983)	(143,500)	-	(209,169)
Balance as of December 31, 2021	**70,934**	**294,819**	**168,087**	**84,496**	**618,336**
Net book value as of December 31, 2021	**6,035**	**87,276**	**47,853**	**4**	**141,168**

Jordanian Dinar	Furniture and Fixtures	Office Devices, Tools and Computer	Decorations	Vehicles	Total
2020					
Cost					
Balance as of January 1, 2020	110,787	367,655	337,388	84,500	900,330
Additions	1,608	27,925	5,010	-	34,543
Disposals	(1,453)	(7,045)	-	-	(8,498)
Balance as of December 31, 2020	**110,942**	**388,535**	**342,398**	**84,500**	**926,375**
Accumulated depreciation					
Balance as of January 1, 2020	93,452	222,261	246,948	71,222	633,883
Depreciation expense (Note 24)	9,390	54,946	41,039	8,850	114,225
Disposals	(1,432)	(6,060)	-	-	(7,492)
Balance as of December 31, 2020	**101,410**	**271,147**	**287,987**	**80,072**	**740,616**
Net book value as of December 31, 2020	**9,532**	**117,388**	**54,411**	**4,428**	**185,759**

Property and equipment include an amount of JOD 617, 915 as of December 31, 2021, which is the value of fully depreciated assets, compared to an amount of JOD 740,075 as of December 31, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12) INTANGIBLE ASSETS

The movement on intangible assets (software ,website and project under construction) during the year is as follows:

Jordanian Dinar	Software and Website	Project under Construction	Total
2021			
Cost			
Balance as of January 1, 2021	351,515	30,469	381,984
Additions	13,607	-	13,607
Transfers	30,469	(30,469)	-
Disposals	(37,372)	-	(37,372)
Balance as of December 31, 2021	**358,219**	-	**358,219**
Accumulated Amortization			
Balance as of 1 January 2021	309,146	-	309,146
Amortization for the year (Note24)	27,860	-	27,860
Disposals	(37,345)	-	(37,345)
Balance as of December 31, 2021	**299,661**	-	**299,661**
Net Book Value 2021	**58,558**	-	**58,558**

Jordanian Dinar	Software and Website	Project under Construction	Total
2020			
Cost			
Balance as of January 1, 2020	348,915	4,539	353,454
Additions	2,600	25,930	28,530
Balance as of December 31, 2020	**351,515**	**30,469**	**381,984**
Accumulated Amortization			
Balance as of 1 January 2020	278,946	-	278,946
Amortization for the year (Note24)	30,200	-	30,200
Balance as of December 31, 2020	**309,146**	-	**309,146**
Net Book Value 2020	**42,369**	**30,469**	**72,838**

13) BANKS OVERDRAFTS

The facilities granted to the Company are in the form of overdraft from local Banks against of letters of guarntee issued by the Invest Bank. The interest rate during the years 2021and 2020 ranged between 5.5% - 6% .The main objective of these facilities is to finance the Company's activities. All these facilities are due within a year.

14) LOANS

Jordanian Dinar	As of December 31, 2021	2020
Loans payable within one year	14,381,271	8,738,731
Loans payable within more than one year	15,003,183	10,935,019
	29,384,454	**19,673,750**

* The table below shows the loans granted by local banks or financial institutions to finance the Companys's activity:

Type of facilities	Maturity date	Facilities limit	Currency	Balance as of December 31, 2021	2020
		JOD		JOD	JOD
Renewal loan	October 2024	6,000,000	JOD	3,753,323	3,460,434
Renewal loan	October 2023	3,000,000	JOD	2,694,965	1,037,606
Revolving loan	January 2025	3,000,000	JOD	2,894,150	2,420,756
Renewal loan	December 2023	1,700,000	JOD	1,505,787	791,311
Renewal loan	Novmber 2024	1,500,000	JOD	1,395,969	1,221,942
Renewal loan	June 2023	2,000,000	JOD	-	1,235,484
Renewal loan	Augest 2025	2,000,000	JOD	1,832,151	1,829,306
Renewal loan	Novmber 2024	2,000,000	JOD	1,844,190	924,577
Renewal loan	October 2023	1,000,000	JOD	945,387	72,934
Renewal loan	October 2024	2,000,000	JOD	1,829,197	2,000,000
Renewal loan	Novmber 2025	9,000,000	JOD	6,853,335	-
Renewal loan	February 2025	4,000,000	JOD	1,000,000	-
Loan*	October 2021	2,836,000	USD	-	1,134,400
Loan**	October 2023	3,545,000	USD	2,836,000	3,545,000
				29,384,454	**19,673,750**

All these loans are in Jordanian Dinar and U.S Dollar and granted from local Banks and international financial instituation with letters of guarantees issued by Invest Bank.

The interest rate on the above loans ranges from 5.5% to 6.25% as of December 31, 2021 and as of December 31, 2020

*The Company obtained a loan of JOD 2,836,000 from (Sanad Fund for Micro, Small and Medium Enterprises) on August 27, 2018, at an interest rate of 6.6%, which is adjustable, and the interest is due every six months, starting from October 5, 2018. The terms have been amended to make the interest at 5% and to be due every three months, starting from July 5, 2020, to which this loan is payable in semi-annual installments, so that the first installment is due on October 5, 2019, and the last installment paid on October 5, 2021

**The Company obtained a loan of JOD 3,545,000 from (Sanad Fund for Micro, Small and Medium Enterprises) on December 10, 2020 at an interest rate of 5% adjustable, and the interest is due every three months starting January 5, 2021, and to be paid in semi-annual payments, to which the first installment is due on October 5, 2021, and the last installment on October 5, 2023.

15) BONDS

	As of December 31 2021	2020
Jordanian Dinar		
Bonds payable within one year	5,280,000	2,300,000
	5,280,000	**2,300,000**

1. During the year 2021, the Company issued bonds of a loan amounting to 5,280,000 dinars, with a nominal value of 10,000 dinars, for a single non-transferable bond for a period of 365 days. The interest rate on bonds is 5.25%, due every six month on May 26, 2022 and November 24, 2022 while the bonds are due for repayment on November 24, 2022.
2. During the year 2020, the Company issued bonds of a loan amounting to 2,300,000 dinars, with a nominal value of 10,000 dinars, for a single non-transferable bond for a period of one year. The interest rate on bonds is 5%, due on December 2, 2021 while the bonds are due for repayment on December 2, 2021.

16) OTHER LIABILITIES

Jordanian Dinar	As of December 31, 2021	2020
Interest payable	212,554	94,433
Deposits	347,847	303,432
Dividends unpaid	35,879	37,826
Due and unpaid expenses	84,133	50,876
Other payable	57,744	80,153
	738,157	**566,720**

17) OTHER PROVISIONS

Jordanian Dinar	As of December 31, 2021	2020
Lawsuits provision	279,173	240,521
Vacation provision	28,355	16,305
Other provisions	84,013	117,000
	391,541	**373,826**

* The movement on other provisions during the year was as follows:

Jordanian Dinar	Beginning Balance	Additions	Used During the Year	Reversed to Revenues during the Year	Ending Balance
2021					
Lawsuits provision	240,521	58,100	(16,448)	(3,000)	279,173
Vacation provision	16,305	13,827	(898)	(879)	28,355
Other provisions	117,000	60,000	(987)	(92,000)	84,013
	373,826	**131,927**	**(18,333)**	**(95,879)**	**391,541**

Jordanian Dinar	Beginning Balance	Additions	Used During the Year	Reversed to Revenues of the Year	Ending Balance
2020					
Lawsuits provision	220,000	20,521	-	-	240,521
Vacation provision	27,104	-	(5,955)	(4,844)	16,305
Other provisions	44,000	73,000	-	-	117,000
	291,104	**93,521**	**(5,955)**	**(4,844)**	**373,826**

18) INCOME TAX

A- Deferred tax assets

	For the year ended December 31, 2021				
Jordanian Dinar	Balance at Beginning of the Year	Additions	Released Amounts	Balance as of December 31, 2021	Deferred Tax Assets as of December 31, 2021
Items included as at December 2021					
Provision of ECL of financial assets at amortized cost	6,100,674	2,344,195	(1,997,315)	6,447,554	1,805,315
Outstanding revenues	1,833,515	790,716	(354,183)	2,270,048	635,614
Vacation provision	16,305	13,827	(1,777)	28,355	7,940
Accurued expenses provisions	2,369	-	-	2,369	663
Lawsuits porvision	240,521	58,100	(19,448)	279,173	78,169
Other provision	117,000	60,000	(92,987)	84,013	23,524
Interests on obligations against operating leases	22,887	14,107	(22,887)	14,107	3,950
	8,333,271	**3,280,945**	**(2,488,597)**	**9,125,619**	**2,555,175**

	For the year ended December 31, 2020				
Jordanian Dinar	Balance at Beginning of the Year	Additions	Released Amounts	Balance as of December 31, 2021	Deferred Tax Assets as of December 31, 2020
Items included as at December 2020					
Provision of ECL of financial assets at amortized cost	5,311,840	1,725,835	(937,001)	6,100,674	1,708,189
Outstanding revenues	1,316,762	759,705	(242,951)	1,833,515	513,384
Vacation provision	27,104	-	(10,799)	16,305	4,566
Provision for employee bonuses	2,412	16,888	(19,300)	-	-
Accurued expenses provisions	10,912	-	(8,543)	2,369	663
Lawsuits provision	220,000	20,521	-	240,521	67,346
Other provisions	44,000	73,000	-	117,000	32,760
Interests on obligations against operating leases	28,086	22,887	(28,086)	22,887	6,409
	6,961,116	**2,618,836**	**(1,246,680)**	**8,333,271**	**2,333,317**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movement on deferred tax assets account during the year is as follows:

Jordanian Dinar	As of December 31 2021	2020
Balance at 1 January	2,333,317	1,949,113
Additions during the year	918,665	733,274
Released during the year	(696,807)	(349,070)
Balance at 31 December	**2,555,175**	**2,333,317**

B – Income tax provsion

The movement on the income tax provision during the year is as follows:

Jordanian Dinar	As of December 31 2021	2020
Balance at 1 January	1,206,850	1,200,122
Income tax paid	(1,474,742)	(1,496,254)
Tax payable on the year's profit	1,794,669	1,468,449
Tax payable in respect of previous years	-	34,533
Balance at 31 December	**1,526,777**	**1,206,850**

Income tax expense presented in the consolidated statement of profit and loss and other comprehensive income consists of the following:

Jordanian Dinar	2021	2020
Tax payable on the year's profit	1,794,669	1,468,449
Prior years income tax	-	34,533
Effect of deferred tax differences	(221,858)	(384,204)
	1,572,811	**1,118,778**

* The deferred tax was calculated as at December 31, 2021 at 28% (2020: 28%) according to the new Income Tax Law for the year 2018, which came into effect as of January 1, 2019.

C – Summary of reconciliation between accounting profit and taxable profit:

In Jordanian Dinar	2021	2020
Accounting profit	5,503,987	3,759,335
Non-taxable profits	(123,574)	(42,256)
Non-acceptable expenses in terms of tax	1,024,439	1,515,879
Taxable profit	**6,404,852**	**5,232,958**
Tax due on the profit for the year except for dividends from financial assets at fair value through other comprehensive income (Shares outside Jordan)	1,793,358	1,465,228
Tax due on dividends of financial assets at fair value through other comprehensive income (shares outside Jordan) at 14%	1,311	3,221
Tax due from profits for the year	**1,794,669**	**1,468,449**
Effctive tax rate	%33	%39
Income tax rate	%28	%28
Deferred tax rate	%28	%28

D- Tax Status of Jordan Trade Facilities Company (the parent):

- A final clearance with the Income and Sales Tax Department was reached until the end of the year 2014.
- The tax returns for the years 2015 and 2016 were submitted and approved.
- The Company has submitted its tax return for the year 2017 and 2018 and was accepted by the Income and Sales Tax Department with the samples system without modification no tax obligations until to date.
- The Company has submitted the tax return for the year 2019 and 2020 in accordance to law and on time.
- The Company submitted the general sales tax returns on the date specified by the law, and the Income and Sales Tax Department audited the returns submitted up to th end of 2016, and the tax returns related to subsequent periods were submitted on time and according to the law.
- The subsidiary Company (Jordan Facilities for Leasing Company) submitted its tax returns up to the end of 2018 and was accepted by the Income and Sales Tax Department with the sample system without modification.
- The subsidiary Company (Jordan Facilities for Leasing Company) submitted the tax return for the years 2019 and 2020 in accordance to the law and on time.
- The subsidiary Company (Jordan Facilities for Leasing Company) submitted the general sales tax returns on the date specified by law, and the Income and Sales Tax Department audited the returns until 2013, noting that the returns submitted for the tax periods for the years 2014, 2015 and 2016 is considered acceptable according to the provisions of the law, and the tax returns for subsequent periods were submitted on time and according to the rules.
- In the opinion of the Company's management and the tax advisor, the Jordan Trade Facilities Company and its subsidiary will not have any obligations in excess of the provision taken until December 31, 2021.

19) STATUTORY RESERVE

The amount accumulated in this account is transferred at 10% from the annual net income before tax during the year and previous years according to the Companys Law and Companies Law. This reserve cannot be distributed to shareholders.

20) REVENUES AND COMMISSIONS FROM COMMERCIAL FINANCING, MURABAHAH AND FINANCE LEASE

The details of this item are as follows:

	For the Year Ended December 31	
Jordanian Dinar	**2021**	**2020**
Interest income	7,292,286	6,269,220
Commissions	1,861,995	1,162,385
	9,154,281	**7,431,605**

21) OTHER OPERATING REVENUE

	For the Year Ended December 31	
Jordanian Dinar	**2021**	**2020**
Collection fees, delay fines, return checks and others	344,730	277,544
Fees of opening files	326,008	218,050
Installment postponement fees	116,022	106,873
Credit cards revenues	26,888	38,675
	813,648	**641,142**

22) SALARIES, WAGES AND EMPLOYEES' BENEFITS

	For the Year Ended December 31	
	2021	**2020**
Jordanian Dinar		
Salaries and wages	919,545	875,316
Company's share in social security	122,212	115,148
Bonuses and incentives	267,330	76,973
Health insurance	101,443	102,815
Miscellaneous	8,431	3,244
	1,418,961	**1,173,496**

23) ADMINISTRATIVE EXPENSES

Jordanian Dinar	For the Year Ended December 31 2021	2020
Sales tax	32,685	27,335
Professional fee	30,916	26,397
Maintenance	75,623	51,445
Telecommunication and post expenses	47,924	36,414
Commercial commissions	55,299	48,127
Fees and subscriptions	28,597	30,084
Leases	8,513	6,436
Advertisement	20,554	13,143
Water and electricity	10,115	13,176
Hospitality	11,484	10,563
Stationary and printing	26,685	22,663
Cases fees	7,127	45,314
Traveling and transportation	17,589	12,164
General assembly meetings expenses	1,190	3,480
Board of Directors transportation fees and remunerations	25,000	25,000
Board of Director Chairman fees	35,000	-
Life insurance – clients	110,177	42,380
Miscellaneous	119,165	111,099
	663,643	**525,220**

24) DEPRECIATIONS AND AMORTIZATIONS

Jordanian Dinar	For the Year Ended December 31 2021	2020
Depreciation of property and equipment (Note 11)	86,889	114,225
Amortization of intangible assets (note 12)	27,860	30,200
Depreciation of investments property (Note 9)	23,400	23,400
Amortization expense of the right to use leased assets (Note 8)	127,466	149,892
	265,615	**317,717**

25) FINANCE EXPENSES

Jordanian Dinar	For the Year Ended December 31, 2021	2020
Finance expenses of borrowing facilities	1,838,423	1,400,575
Interest expense of liabilities against operating leases	42,287	57,038
	1,880,710	**1,457,613**

26) RELATED PARTY TRANSACTIONS AND BALANCES

26-1) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Jordanian Dinar	Related Party: Parent Company	Related Party: Employees, relatives, board members and their relatives	December 31, 2021	December 31, 2020
Financial assets at amortised cost	-	72,464	72,464	56,387
Borrowings	2,516,218	-	2,516,218	2,400,715
Bonds	-	-	-	190,000
Current accounts	128,721	-	128,721	67,664

26-2) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

Jordanian Dinar	Related Party: Sister Company	Related Party: Parent Company	Related Party: Employees, relatives, board members and their relatives	2021	2020
Instalments revenue	-	-	8,822	8,822	15,176
Expenses of financing borrowings	-	143,778	-	143,778	150,516
An operating-investment lease contract to finance the supply chain	8,271	-	-	8,271	6,436
Commissions for financial investments of an associate company - Mawarid Financial Brokerage Company	10,000	-	-	10,000	5,000
Commissions for financial investments -Invest Bank	-	5,000	-	5,000	2,300
An operating lease contract – Invest Bank	-	31,300	-	31,300	3,300

The balance of guarantees with the parent Company as of December 31, 2021 is JOD 27,300(2020: JOD 31,300).

26-3) EXECUTIVE MANAGEMENT SALARIES AND REMUNERATION

Salaries and remuneration of the executive management of the Company amounted to JOD 332,074 for the year ended December 31, 2021 (against an amount of JOD 267,601 for the year ended December 31, 2020).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27) BASIC AND DILUTED EARNINGS PER SHARE FROM PROFIT OF THE YEAR

Jordanian Dinar	2021	2020
Profit for the year (JOD)	3,931,176	2,640,557
Weighted average number of outstanding shares (share)	16,500,000	16,500,000
	0.24	0.16

The basic earnings per share from the net profit for the year equals the diluted earnings as the Company did not issue any financial instruments that may have an impact on the basic earnings per share.

28) CONTINGENT LIABILITIES

At the consolidated financial statements date, the Company has contingent liabilities as follows:

Jordanian Dinar	2021	2020
Letters of guarantee	53,800	127,300
Secured by cash deposits represented as follows:		
Cash deposits	-	5,750

29) LAWSUITS AGAINST THE COMPANY AND ITS SUBSIDIARY

Lawsuits filed against the Company amounted to JOD 117,311 as of December 31, 2021 compared to JOD 136,549 as of December 31, 2020, while the balance of provisions recorded against these cases amounted to JOD 279,173 as of December 31, 2021 compared to JOD 240,521 as of December 2020, in the estimates of the management and it's legal consultant ,the Company will not incur any additional obligations for these lawsuits.

Lawsuits filed against the subsidiary (Jordan Facilities for Leasing Company) amounted to JOD 12,301 as of December 31, 2021 compared to JOD 31,047 as of December 31, 2020, in the estimate of the management and it's legal consultant, the Company will not have any obligations for these lawsuits.

30) FINANCIAL RISK MANAGEMENT

the Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Risks of currency fluctuation
- Capital management

This note provides information about the Company's exposure to each of the above risks, the Company's objectives, policies, methods of measuring and managing risks and the Company's management of capital.

General framework for risk management

The entire responsibility for setting up and monitoring risk management rests with the Company's management.

The Company's risk management policies are designed to identify and analyze the risks that the Company faces, and to set appropriate controls and limits for the extent of exposure to those risks, and then monitor them to ensure that the set limits are not exceeded.

Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Company's management aims, through training, standards and procedures set by the administration, to develop a constructive and organized control environment so that every employee understands his role and duties assigned to him.

The Company's audit committee monitors the management's performance in monitoring the extent of compliance with the Company's policies and procedures in risk management. It also reviews the adequacy of the risk management framework in relation to the risks facing the Company. The internal audit department assists the Company's audit committee in the monitoring process. The Internal Audit Department undertakes the regular and ad-hoc review of risk management procedures and controls, so that the results are reported to the Audit Committee.

Credit risk

Credit risk represents the risk of the Company being exposed to a financial loss due to the failure of the customer or the party dealing with the Company with a financial instrument to fulfill its contractual obligations. This risk results mainly from loans granted, other debit balances and accounts at Banks.

The carrying value of financial assets represents the maximum value that the assets could be exposed to credit risk as at the date of the consolidated financial statements, and it is as follows

	As of December 31	
Jordanian Dinar	**2021**	**2020**
Cash at Banks	202,897	98,106
Financial assets at amortized cost	70,938,392	53,464,038
Other debit balances	224,908	339,138
	71,366,197	**53,901,282**

The Company maintains balances with leading financial institutions, so the Company believes that it is not exposed to a significant degree of credit risk related to balances with banks.

The General Framework for Implementing the Requirements of the International Financial Reporting Standard (9):

As Jordan Trade Facilities Company cares to comply with the requirements of the International Financial Reporting Standards related to the International Financial Reporting Standard (9) and based on the instructions of the Central Bank of Jordan regarding the application of the International Standard for Financial Reporting (9), the Company, in cooperation with the ultimate parent company, applied the standard within the following data:

1. Through the ultimate parent company, a specialized company was contracted to provide the necessary advice on the implementation of the standard.
2. A specialized automated system was purchased to implement the requirements of the standard through the ultimate parent company.
3. Include (classify) all credit exposures / debt instruments that are subject to measuring and computing ECL within one of the following stages:

   - Stage 1: The expected credit loss weighted by the possibility of default for the credit exposure / debt instrument during the next (12) months, as credit exposures / debt instruments that have not had a significant or significant increase in their credit risk since the initial recognition were included in this item. Exposure / instrument or that it has low credit risk at the date of preparing the financial statements. The credit risk is considered low if the conditions included in the instructions of the Central Bank of Jordan based on the requirements of the standard are met.

   Examples of these indicators are the following:

• Low risk of default.
• The debtor has a high capacity in the short term to fulfill his obligations.

- Stage 2: This stage includes credit exposures / debt instruments that have had a significant increase in their credit risks since their initial recognition, but have not yet reached the default stage due to the absence of objective evidence confirming the occurrence of default. The ECL is calculated for the entire life of the credit exposure / debt instrument and it represents the expected credit loss resulting from all the potential for default over the remaining period of the life of the credit exposure / debt instrument.

Note that the Company takes into consideration the indicators included in the instructions of the Central Bank of Jordan based on the requirements of the standard when classifying credit exposures / debt instruments within this stage, and examples of these indicators include the following:

- Failure to comply with contractual terms, such as having dues equal to or greater than (90) days.
- There are clear indications that the debtor's bankruptcy is imminent
- In addition to the indicators mentioned in the instructions of the Central Bank No. 47/2009.

4. The approved mechanism for calculating expected credit losses (ECLs) on financial instruments and for each item separately:

   The calculation of expected credit losses depends on the probability of default (Probability of Default), which is calculated according to credit risks and economic factors, and the percentage of loss under the assumption of default (loss given default), which depends on the collection value of guarantees, and the value of exposure at default, and accordingly The Company has adopted the following mathematical model to calculate the expected credit loss according to criterion (9), where the following equation is applied to all exposures as follows:

   ECL = PD% x EAD (JOD) x LGD%
   ECL: Expected Credit Loss
   PD: Probability to falter
   EAD: credit exposure upon default
   LGD: Loss ratio assuming default Scope of Application /

- Expected Credit Loss:
- In accordance with the requirements of Standard (9), the expected credit loss measurement model is applied within the following framework (except for those measured at fair value through the statement of profit or loss and other comprehensive income):
  - Loans and credit facilities.
  - Debt instruments recorded at amortized cost.
  - Debt instruments recorded at fair value through other comprehensive income.
  - Financial guarantees stipulated in accordance with the requirements of Standard (9).
  - Receivables related to lease contracts within the requirements of International Accounting Standard (17) and IFRS (16).
  - Trade receivables.
  - Credit exposures to banks and financial institutions [with the exception of current balances that are used to cover the Company's operations such as transfers, guarantees and credits during a very short period of time (days)].

5. Calculation of Probability of Default (PD), where the Company has calculated the probability of default according to the following data:
   - Economic indicators and macroeconomic factors (gross domestic product, unemployment rates, inflation, real interest rates) were taken into consideration for the purposes of their use in computing the expected credit loss (PD).
   - With regard to clients who are dealt on an individual basis and classified through the credit rating system, the possibility of default extracted from the credit rating system has been relied upon, whereby a calibration of default rates on the system were carried out in accordance with the requirements of the standard and after taking into account the Company's historical default lists

6. Calculating credit exposure on default (EAD), as the Company took the following data into consideration when calculating credit exposure upon default:
   - Type of credit exposure.
   - Balance of credit exposure

7. Calculating the loss ratio assuming default (LGD), where the Company carried out the calculation process by analyzing the historical lists of the Company's recovery rates (recovery rates), after taking into account a set of factors, the most important of which are the nature of guarantees, products and customer classification. Accordingly, (LGD) ratios have been developed either on An individual level for customers classified by the credit rating system or at a collective level for exposures that have similar characteristics to customers that are not classified on the credit rating system.

- **Liqudity Risk:**

Liquidity risk is the risk arising from the Company's inability to meet its financial obligations as they fall due and associated with its financial liabilities that are settled by providing cash or other financial assets. The Company's management of liquidity lies in ensuring, as much as possible, that the Company always maintains sufficient liquidity to meet its obligations when it becomes payable in normal and emergency circumstances without incurring unacceptable losses or risks that may affect the Company's reputation.

The Company is keen to have sufficient cash available to cover the expected operational expenses, including covering financial obligations, but without including any potential impact of severe conditions and It is difficult to predict as natural disasters, in addition to that, the Company maintains a source of credit from the banks that deal with it to meet any sudden cash needs.

The contractual maturities of financial liabilities including estimated interest payments are as follows:

Financial liabilities

December 31, 2021

Jordanian Dinar	Book Value	Contracted Cash Flow	One year or less	More than one year
Banks overdrafts	3,678,709	3,890,970	3,890,970	-
Loans	29,384,454	31,071,121	15,206,755	15,864,366
Bonds	5,280,000	5,557,200	5,557,200	-
Liabilities against operating leases	343,817	418,056	103,386	314,670
Other liabilities	738,157	738,157	702,278	35,879
Other provisions	391,541	391,541	391,541	-
Income tax provision	1,526,777	1,526,777	1,526,777	-
	41,343,455	**43,593,822**	**27,378,907**	**16,214,915**

December 31, 2020

Jordanian Dinar	Book Value	Contracted Cash Flow	One year or less	More than one year
Banks overdrafts	3,722,389	3,938,660	3,938,660	-
Loans	19,673,750	20,804,392	9,241,115	11,563,277
Bonds	2,300,000	2,415,000	2,415,000	-
Liabilities against operating leases	702,549	879,931	189,337	690,594
Other liabilities	566,720	566,720	528,894	37,826
Other provisions	373,826	373,826	373,826	-
Income tax provision	1,206,850	1,206,850	1,206,850	-
	28,546,084	**30,185,379**	**17,893,682**	**12,291,697**

- **Market risk**

Market risk is the risk that arises as a result of fluctuation in the fair value or future cash flows of financial instruments as a result of a change in market prices (such as interest rates, exchange rates, and equity prices). Market risks arise as a result of having open positions in interest rates, currencies, and investment in stocks. Each of the following risks includes:

-Interest rate risk.

-Exchange rate risk.

-Risk of change in stock price.

-Market risk: it is the risk that positions inside and outside the consolidated financial statements of the Company will suffer losses due to price fluctuations in the market. It includes the risks arising from interest rate volatility, and from equity price volatility in investment portfolios, whether for trading or trading purposes.

Market risk from:

-The area that occurs in the economic zones in the markets.
- Interest rate fluctuations.
- Fluctuations in the prices of forward financial aid in buying and selling.
- Foreign currency fluctuations.
- Gaps in maturity of assets and liabilities and re-pricing.

Interest Rate Risks

Interest rate risks arise from the probable impact of changes in interest rates on the value of other financial assets. The Company is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities, according to the various time limits or review of interest rates in a certain period. Moreover, the Company manages these risks through reviewing the interest rates on assets and liabilities based on the risk management strategy. The Company follows a policy of hedging all financial assets and financial liabilities whenever the need arises. Hedging is against anticipated future risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Interest repricing gap

Classification is done on the basis of interest or accrual repricing periods

Jordanian Dinar

the year 2021	Less than a month	One month to 3 months	More than 3 months up to 6 months	More than 6 months to a year	More than a year to 3 years	More than 3 years	Components without advantage	Total
Assets								
Cash on hand and at banks	-	-	-	-	-	-	317,063	317,063
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	211,937	211,937
Financial assets at amortized cost	5,222,764	4,035,567	3,023,891	5,918,455	30,549,958	22,187,757	-	70,938,392
Other debit balances	-	11,884	-	114,222	98,802	-	-	224,908
Right to use of leased assets	-	21,246	21,246	42,492	132,472	132,662	-	350,118
Investment property – net	-	-	-	-	-	-	374,400	374,400
Assets foreclosed in repayment of due debts	-	-	-	-	-	-	2,990,442	2,990,442
Property and equipment	-	-	-	-	-	-	141,168	141,168
Intangible assets	-	-	-	-	-	-	58,558	58,558
Deferred tax assets	-	-	-	-	-	-	2,555,175	2,555,175
Total assets	**5,222,764**	**4,068,697**	**3,045,137**	**6,075,169**	**30,781,232**	**22,320,419**	**6,648,743**	**78,162,161**
Liabilities								
Banks overdrafts	-	-	834,472	2,844,237	-	-	-	3,678,709
Loans	-	3,222,013	3,955,173	7,204,085	14,353,080	650,103	-	29,384,454
Bond	-	-	-	5,280,000	-	-	-	5,280,000
Liabilities against operating leases	-	30,671	23,210	28,086	120,972	140,878	-	343,817
Other liabilities	-	557,694	55,780	88,804	35,879	-	-	738,157
Other provision	-	-	-	391,541	-	-	-	391,541
Income tax provision	496,202	-	1,030,575	-	-	-	-	1,526,777
Total liabilities	**496,202**	**3,810,378**	**5,899,210**	**15,836,753**	**14,509,931**	**790,981**	**-**	**41,343,455**
Interest repricing gap	**4,726,562**	**258,319**	**(2,854,073)**	**(9,761,584)**	**16,271,301**	**21,529,438**	**6,648,743**	**36,818,706**
For the year 2020								
Total assets	**5,569,942**	**2,944,336**	**3,181,426**	**7,006,159**	**30,614,342**	**5,206,706**	**6,911,307**	**61,434,218**
Total liabilities	**392,226**	**2,853,255**	**4,445,045**	**9,307,142**	**11,028,206**	**520,211**	**-**	**28,546,084**
Interest repricing gap	**5,177,716**	**91,081**	**(1,263,619)**	**(2,300,983)**	**19,586,136**	**4,686,495**	**6,911,307**	**32,888,134**

Foreign currency risk:

These risks arise from changing the value of financial instruments as a result of fluctuating currency exchange rates. The Company follws a deliberate policy in managing its positions in foreign currencies.

The following is a summary of the quantitative data related to the Company's exposure to currency risk of volatility, provided to the management of the Company based on the risk management :

Jordanian Dinar	Jordanian Dinar	U.S Dollar	Kuwaiti Dinar	Total
As of December 31, 2021				
Cash on hand and at banks	317,063	-	-	317,063
Financial assets at fair value through other comprehensive income	-	-	211,937	211,937
Financial assets at amortized cost	70,938,392	-	-	70,938,392
Other debit balances	224,908	-	-	224,908
Right of use of leased assets	350,118	-	-	350,118
Investment property - net	374,400	-	-	374,400
Assets foreclosed in repayment of due debts	2,990,442		-	2,990,442
Property and equipment	141,168	-	-	141,168
Intangible assets	58,558	-	-	58,558
Deferred tax assets	2,555,175	-	-	2,555,175
Total assets	**77,950,224**	**-**	**211,937**	**78,162,161**
Banks overdrafts	3,678,709	-	-	3,678,709
Loans	24,705,054	4,679,400	-	29,384,454
Bonds	5,280,000	-	-	5,280,000
Libilities against operating leases	343,817	-	-	343,817
Other liabilities	738,157	-	-	738,157
Other provisions	391,541	-	-	391,541
Income tax provision	1,526,777	-	-	1,526,777
Total liabilities	**36,664,055**	**4,679,400**	**-**	**41,343,455**
Net	**41,286,169**	**(4,679,400)**	**211,937**	**36,818,706**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Jordanian Dinar	Jordanian Dinar	U.S Dollar	Kuwaiti Dinar	Total
As of December 31, 2020				
Cash on hand and at banks	129,040	-	-	129,040
Financial assets at fair value through other comprehensive income	-	-	212,541	212,541
Financial assets at amortized cost	53,464,038	-	-	53,464,038
Other debit balances	339,138	-	-	339,138
Right of use of leased assets	719,734	-	-	719,734
Investment property - net	397,800	-	-	397,800
Assets foreclosed in repayment of due debts	3,580,013	-	-	3,580,013
Property and equipment	185,759	-	-	185,759
Intangible assets	72,838	-	-	72,838
Deferred tax assets	2,333,317	-	-	2,333,317
Total assets	**61,221,677**	**-**	**212,541**	**61,434,218**
Banks overdrafts	3,722,389	-	-	3,722,389
Loans	16,837,750	2,836,000	-	19,673,750
Bonds	2,300,000	-	-	2,300,000
Libilities against operating leases	702,549	-	-	702,549
Other liabilities	566,720	-	-	566,720
Other provisions	373,826	-	-	373,826
Income tax provision	1,206,850	-	-	1,206,850
Total liabilities	**25,710,084**	**2,836,000**	**-**	**28,546,084**
Net	**35,511,593**	**(2,836,000)**	**212,541**	**32,888,134**

Sensitivity analysis

As indicated below, the strength (weakness) of the Jordanian Dinar against the Kuwaiti Dinar on December 31 resulted in an increase (decrease) in property rights and profit or loss in the amounts shown below. This analysis is based on foreign exchange rate differences, as the Group considers these differences reasonable at the reporting date. The analysis assumes that all other variables, especially those related to interest rates, remain constant and ignore any effect of expected sales and purchases. The analysis is performed on the same basis for 2020, even if the reasonable spreads in the foreign exchange rate are different, as shown below.

The exchange rates as of December 31 are as follows:

	As of December 31,	
Jordanian Dinar	**2021**	**2020**
Dollar	0,709	0,709
Kuwaiti Dinar	0,427	0,429

An increase in the Jordanian dinar exchange rate by 10% against the U.S Dollar and Kuwaiti dinar will lead to an increase (decrease) in profits and losses and equity as follows:

	As of December 31,	
Currency	**2021**	**2020**
Dollar	467,940	283,600
Kuwaiti Dinar	(21,194)	(21,254)

The decrease in the Jordanian Dinar exchange rate of 10% against U.S Dollar and Kuwaiti dinar will lead to an increase (decrease) in profits and losses and equity as follows:

	As of December 31,	
Currency	2021	2020
Dollar	(467,940)	(283,600)
Kuwaiti Dinar	21,194	21,254

Equity price risk

Equity price risk arises from the change in the fair value of equity investments. The Company works to manage these risks by diversifying investments in several geographical regions and economic sectors.

31) MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following table shows the analysis of assets and liabilities according to the expected period to recover or settle them:

	December 31, 2021		
Assets	**Up to a year**	**More than a year**	**Total**
Cash on hand and at banks	317,063	-	317,063
Financial assets at fair value through other comprehensive income	-	211,937	211,937
Financial assets at amortized cost	18,200,677	52,737,715	70,938,392
Other debit balances	126,106	98,802	224,908
Right to use leased assets	84,984	265,134	350,118
Investment property – net	-	374,400	374,400
Assets foreclosed in repayments of due debts	-	2,990,442	2,990,442
Property and equipment	73,405	67,763	141,168
Intangible assets	25,931	32,627	58,558
Deferred tax assets	-	2,555,175	2,555,175
Total assets	**18,828,166**	**59,333,995**	**78,162,161**
Liabilities			
Banks overdrafts	3,678,709	-	3,678,709
Loans	14,381,271	15,003,183	29,384,454
Bonds	5,280,000	-	5,280,000
Libilities against operating leases	81,967	261,850	343,817
Other liabilities	702,278	35,879	738,157
Other provisions	391,541	-	391,541
Income tax provision	1,526,777	-	1,526,777
Total liabilities	**26,042,543**	**15,300,912**	**41,343,455**
Net	**(7,214,377)**	**44,033,083**	**36,818,706**

	December 31, 2020		
Assets	**Up to a year**	**More than a year**	**Total**
Cash on hand and at banks	-	129,040	129,040
Financial assets at fair value through other comprehensive income	-	212,541	212,541
Financial assets at amortized cost	18,372,471	35,091,567	53,464,038
Other debit balances	179,500	159,638	339,138
Right to use leased assets	149,892	569,842	719,734
Investment property – net	-	397,800	397,800
Assets foreclosed in repayments of due debts	-	3,580,013	3,580,013
Property and equipment	114,225	71,534	185,759
Intangible assets	30,200	42,638	72,838
Deferred tax assets	-	2,333,317	2,333,317
Total assets	**18,846,288**	**42,587,930**	**61,434,218**
Liabilities			
Banks overdrafts	3,722,389	-	3,722,389
Loans	8,738,731	10,935,019	19,673,750
Bonds	2,300,000	-	2,300,000
Libilities against operating leases	126,977	575,572	702,549
Other liabilities	528,895	37,825	566,720
Other provisions	373,826	-	373,826
Income tax provision	1,206,850	-	1,206,850
Total liabilities	**16,997,668**	**11,548,416**	**28,546,084**
Net	**1,848,620**	**31,039,514**	**32,888,134**

32) FAIR VALUE LEVELS

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

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets.

Level 2: Quoted prices in active markets for similar financial assets and liabilities, or other price assessment methods for which the material data are based on market information.

Level 3: Pricing methods in which not all material data are based on observable market information. The Group has used book value, which is the best tool available to measure the fair value of these investments.

A- Financial assets and financial liabilities that are measured at fair value on a recurring basis:

	December 31, 2021			
Jordanian Dinar	**Book Value**	**Fair Value**		
		Level 1	**Level 2**	**Level 3**
Financial assets at fair value through other comprehensive income	211,937	-	-	211,937

	December 31, 2020			
Jordanian Dinar	**Book Value**	**Fair Value**		
		Level 1	**Level 2**	**Level 3**
Financial assets at fair value through other comprehensive income	212,541	-	-	212,541

The carrying value of the financial assets shown in the consolidated financial statements approximates their fair value.

There were no transfers between Level 1 and Level 2 during the year ending December 31, 2021.

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B- Financial assets and financial liabilities that are not measured at fair value on a recurring basis:

Jordanian Dinar	December 31, 2021			
	Book Value	Fair Value		
		Level 1	Level 2	Level 3
Cash at banks	202,897	-	-	-
Financial assets at amortized cost	70,938,392	-	-	-
Banks overdrafts	3,678,709	-	-	-
Loans	29,384,454	-	-	-
Bonds	5,280,000	-	-	-
Libilities against operating leases	343,817	-	-	-

Jordanian Dinar	December 31, 2020			
	Book Value	Fair Value		
		Level 1	Level 2	Lvel 3
Cash at banks	98,106	-	-	-
Financial assets at amortized cost	53,464,038	-	-	-
Banks overdrafts	3,722,389	-	-	-
Loans	19,673,750	-	-	-
Bonds	2,300,000	-	-	-
Libilities against operating leases	702,549	-	-	-

Management believes that the carrying value of the financial assets and liabilities approximates their fair value.

There were no transfers between Level 1 and Level 2 during the year ending December 31, 2021

C- Non-financial assets that are measured at fair value in the consolidated financial statements

Jordanian Dinar	December 31, 2021			
	Book Value	Fair Value		
		Level 1	Level 2	Level 3
Investment property - net	374,400	-	593,465	-
Assets foreclosed in repayment of due debts	2,990,442	-	4,344,860	-

Jordanian Dinar	December 31, 2020			
	Book Value	Fair Value		
		Level 1	Level 2	Level 3
Investment property - net	397,800	-	593,465	-
Assets foreclosed in repayment of due debts	3,580,013	-	5,035,689	-

The above items describe the fair value of non-financial assets that are determined based on prices of similar financial instruments in an inactive market.

33) COMPARATIVE FIGURES

The comparative figures represent the consolidated financial statements as of and for the year ended December 31, 2020.

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