

INVEST BANK
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

31 MARCH 2016

**INVEST BANK
(PUBLIC SHAREHOLDING COMPANY)**

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	<u>PAGE</u>
CONTENTS	
REVIEW REPORT	1
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
INTERIM CONSOLIDATED STATEMENT OF INCOME	3
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7 – 20



**REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE CHAIRMAN AND BOARD OF DIRECTORS OF INVEST BANK
(PUBLIC SHAREHOLDING COMPANY)**

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Invest Bank as of 31 March 2016 and the related interim consolidated statements of income and comprehensive income, interim consolidated statements of changes in equity and cash flows for the three months then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "interim financial reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matters

The interim condensed consolidated financial statements have been prepared in accordance with the listing instructions of Amman Stock Exchange and for management purposes and they are not subject to the approval of the Central Bank of Jordan.


PricewaterhouseCoopers "Jordan" L.L.C.

Amman, Jordan
20 April 2016

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2016

	<u>Notes</u>	<u>31 March 2016</u>	<u>31 December 2015</u>
		JD (Unaudited)	JD (Audited)
Assets			
Cash and balances at the Central Bank of Jordan	4	67,618,044	102,527,791
Balances at banks and financial institutions	5	42,212,540	45,854,292
Deposits at banks and financial institutions	6	5,000,000	5,000,000
Financial assets at fair value through statement of income		2,076,132	2,556,397
Direct credit facilities - net	7	457,755,282	454,704,268
Financial assets at fair value through other comprehensive income		21,039,613	20,581,461
Financial assets at amortized cost		126,683,559	119,079,954
Property and equipment-net		28,641,515	28,727,750
Intangible assets		1,852,993	1,955,925
Deferred tax assets		5,063,908	5,365,915
Other assets	8	57,040,202	59,066,138
Total assets		814,983,788	845,419,891
Liabilities And Equity			
Liabilities			
Banks and financial institutions deposits		13,981,307	9,018,275
Customers deposits		545,257,901	584,076,355
Cash margins		32,803,451	32,157,407
Borrowed funds	9	43,490,091	42,322,037
Sundry provisions		668,095	1,082,090
Income tax provision	10	5,221,197	6,208,287
Deferred tax liabilities		2,266,201	2,073,433
Other liabilities		13,103,572	13,835,700
Total Liabilities		656,791,815	690,773,584
Equity			
Authorized capital		100,000,000	100,000,000
Subscribed and paid-in capital		100,000,000	100,000,000
Statutory reserve		21,332,948	21,332,948
General banking risks reserve		4,610,132	4,603,049
Fair value reserve – net		4,195,490	3,839,176
Retained earnings	11	23,665,062	23,984,252
Net income for the period attributable to the shareholders of the bank		3,470,172	-
Total equity attributable to the shareholders of the bank		157,273,804	153,759,425
Non-controlling interest		918,169	886,882
Total equity		158,191,973	154,646,307
Total liabilities and equity		814,983,788	845,419,891

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	For the three months ended		
	31 March		
	Notes	2016	2015
	JD	JD	
	(Unaudited)	(Unaudited)	
Interest income		11,642,337	11,646,678
Interest expense		(4,012,942)	(5,629,098)
Net Interest Income		<u>7,629,395</u>	<u>6,017,580</u>
Net commission revenue		1,518,980	1,454,609
Net Interest and Commissions Income		<u>9,148,375</u>	<u>7,472,189</u>
Gains from foreign currencies exchange		34,132	179,036
Gains from financial assets at fair value through statement of income		(28,033)	560,913
Cash dividends from financial assets at fair value through other comprehensive income		1,384,996	795,267
Other revenue		693,148	251,577
Gross Income		<u>11,232,618</u>	<u>9,258,982</u>
Employee-related expenses		(3,043,473)	(2,594,960)
Depreciation and amortization		(691,725)	(650,376)
Other expenses		(1,914,229)	(1,781,528)
Impairment loss on direct credit facilities	7	(609,542)	(808,168)
Sundry provisions		(75,184)	(53,386)
Total Expenses		<u>(6,334,153)</u>	<u>(5,888,418)</u>
Income for the period before income tax		<u>4,898,465</u>	<u>3,370,564</u>
Income tax for the period		(1,397,006)	(1,070,049)
Net income for the period		<u>3,501,459</u>	<u>2,300,515</u>
Attributable to :			
Shareholders of the Bank		3,470,172	2,291,896
Non-controlling interest		31,287	8,619
		<u>3,501,459</u>	<u>2,300,515</u>
Basic and diluted earnings per share from net income for the period attributable to the shareholders of the Bank	18	<u>0,035</u>	<u>0,023</u>

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	For the three months ended 31 March	
	2016	2015
	JD	JD
	(Unaudited)	(Unaudited)
Net income for the period	3,501,459	2,300,515
Other Comprehensive Income Items:		
Changes in fair value reserve – net of tax	59,468	350,411
Losses from sale of financial assets at fair value through other comprehensive income	(15,261)	-
Total comprehensive income for the period	<u>3,545,666</u>	<u>2,650,926</u>
Total Comprehensive Income Attributable to:		
Shareholders of the Bank	3,514,379	2,642,307
Non-controlling interest	31,287	8,619
	<u>3,545,666</u>	<u>2,650,926</u>

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements

**INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	Reserves								
	Paid-in capital JD	Statutory JD	General banking risks JD	Financial Assets valuation reserve JD	Retained earnings JD	Net income for the period Attributable to the Bank's shareholders JD	Total Shareholders' Equity Attributable to the Bank's shareholders JD	Non- controlling interest JD	Total JD
(Unaudited)									
Balance at 31 December 2015	100,000,000	21,332,948	4,603,049	3,839,176	23,984,252	-	153,759,425	886,882	154,646,307
Net income for the period	-	-	-	-	-	3,470,172	3,470,172	31,287	3,501,459
Net changes in fair value reserve – net of tax	-	-	-	59,468	-	-	59,468	-	59,468
Losses from sale of financial assets through other comprehensive income	-	-	-	296,846	(312,107)	-	(15,261)	-	(15,261)
Total comprehensive income	-	-	-	356,314	(312,107)	3,470,172	3,514,379	31,287	3,545,666
Transferred to reserve	-	-	7,083	-	(7,083)	-	-	-	-
Balance at 31 March 2016	100,000,000	21,332,948	4,610,132	4,195,490	23,665,062	3,470,172	157,273,804	918,169	158,191,973
(Unaudited)									
Balance at 31 December 2014	100,000,000	19,272,464	4,374,922	2,762,658	19,052,742	-	145,462,786	831,224	146,294,010
Net income for the period	-	-	-	-	-	2,291,896	2,291,896	8,619	2,300,515
Net changes in fair value reserve – net of tax	-	-	-	350,411	-	-	350,411	-	350,411
Total comprehensive income	-	-	-	350,411	-	2,291,896	2,642,307	8,619	2,650,926
Transferred to reserve	-	-	69,337	-	(69,337)	-	-	-	-
Balance at 31 March 2015	100,000,000	19,272,464	4,444,259	3,113,069	18,983,405	2,291,896	148,105,093	839,843	148,944,936

- Included in retained earnings an amount of JD 5,063,908 as of 31 March 2016 restricted by the Central Bank of Jordan against deferred tax assets amounted to JD 5,365,915 as of 31 December 2015.
- Included in the retained earnings a restricted amount of JD 1,039,200 as of 31 March 2016 and 2,539,200 as of 31 December 2015 based on Central Bank of Jordan request, which represents the remaining balance illegal transactions.
- Included in the retained earnings a restricted amount of JD 426,919 as of 31 March 2016 and 31 December 2015, which represents the effect of the early adoption of IFRS (9). Such amount is restricted and cannot be utilized unless realized through actual sale as instructed by Jordan Securities Commission.
- No amounts included in the retained earnings which represents a revaluation difference of financial assets at fair value through income statement.
- Use of general banking risks reserve is restricted and requires prior approval from the Central Bank of Jordan.
- Use of fair value of financial assets reserve-net is restricted and requires prior approval from Central bank of Jordan.

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Notes	For the three month ended 31 March	
		2016	2015
		JD (Unaudited)	JD (Unaudited)
Operating activities			
Income for the period before income tax		4,898,465	3,370,564
Adjustments for non-cash items:			
Depreciation and amortization		691,725	650,376
Impairment gain (loss) on direct credit facilities		609,542	808,168
Sundry provisions		75,184	53,388
Gain on sale of assets seized by the Bank		(50,052)	-
Unrealized loss (gain) from financial assets at fair value through Statement of income		24,712	(37,324)
Dividends received from financial assets at fair value through other comprehensive income		(1,384,996)	(795,267)
Net interest income		(34,132)	1,643,169
Effect of exchange rate fluctuations on cash and cash equivalents		(45,539)	(5,656)
		<u>4,784,909</u>	<u>5,687,418</u>
Changes in assets and liabilities			
Deposits at banks and financial institutions (maturing after more than 3 months)		-	69,823
Deposits at banks and financial institutions (Restricted Balances)		(2,546)	-
Financial assets at fair value through Statement of Income		455,553	(1,489,611)
Direct credit facilities		(3,660,556)	(2,585,976)
Other assets		1,948,979	152,656
Customers' deposits		(38,818,454)	48,728,731
Cash margin		646,044	(2,029,114)
Other liabilities		(559,580)	(3,439,651)
Net cash from operating activities before income tax paid and paid provisions		<u>(35,205,651)</u>	<u>45,094,276</u>
Income tax paid		(2,569,274)	(1,194,094)
Net cash from operating activities		<u>(37,774,925)</u>	<u>43,900,182</u>
Investing activities			
Purchase of financial assets at fair value through OCI		(347,404)	(101,223)
Sale of financial assets at fair value through OCI		124,233	-
Dividends received from financial assets at fair value through OCI		1,384,996	795,267
Financial assets at amortized cost		(7,603,605)	(7,952,231)
Purchase of property, equipment, and projects under construction		(354,199)	(670,649)
Purchase of intangible assets		(148,359)	-
Net cash used in investing activities		<u>(6,944,338)</u>	<u>(7,928,836)</u>
Financing activities			
Borrowed funds		<u>1,168,054</u>	<u>7,017,637</u>
Net cash from financing activities		<u>1,168,054</u>	<u>7,017,637</u>
Effect of exchange rate fluctuations on cash and cash equivalents		34,132	5,656
Net change in cash and cash equivalents		<u>(43,517,077)</u>	<u>42,994,639</u>
Cash and cash equivalents at 1 January	15	<u>136,980,540</u>	<u>93,800,857</u>
Cash and cash equivalents at 31 March	15	<u>93,463,463</u>	<u>136,795,496</u>

The accompanying notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

(1) GENERAL INFORMATION

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

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

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

Invest Bank is a public shareholding company listed in Amman Stock Exchange.

These interim condensed consolidated financial statements have been approved by the Board of Directors in its meeting held on 20 April 2016.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following are the significant accounting policies used by the Bank in the preparation of these interim condensed consolidated financial statements.

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Bank have been prepared in accordance with International Accounting Standards No. (34) ("interim financial reporting"), and in accordance with the local laws and the instructions of Central Bank of Jordan.

The reporting currency of these interim condensed consolidated financial statements is the Jordanian Dinar which is the functional currency of the Bank.

The interim condensed consolidated financial statements are prepared under the historical cost convention, except for financial assets at fair value through statement of income, financial assets at fair value through other comprehensive income that have been measured at fair value at the date of these interim condensed consolidated financial statements.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the consolidated financial statements of the Bank for the year ended 31 December 2015. Furthermore, the results of operations for the three months ended 31 March 2016 do not necessarily reflect the expected results for the year ending 31 December 2016, except for not appropriating the profit of the three months ended on 31 March 2016 which is usually performed at year end.

2.2 Changes in accounting policies and disclosures

The accounting policies, used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Bank's financial statements for the year ended 31 December 2015, except for the adoption of the following new standards and amendments to existing standards, which had no significant impact on these interim condensed consolidated financial statements:

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

(a) New and amended standards adopted by the Bank:

The following standards have been adopted by the bank the first time for the financial year beginning on or after 1 January 2016, and expected that there will not have a material impact on the bank:

- Amendments to IAS 16 - 'property, plant and equipment' and IAS 38 'Intangible assets' which explains the acceptable methods for calculating depreciation and amortization.
- Amendments to IAS 34 - 'Interim financial reporting' regarding the disclosures in the interim financial statements.
- Amendments to IAS 19 - 'Employee benefits' which requires the use of the discount rate for the currency in which the defined benefit plan obligation will be paid.
- Amendments to IAS 27 - 'Consolidated and separate financial statements' that restores the option of using the equity method in the separate financial statements for investments in subsidiaries, joint ventures and associates.
- Amendments to IAS 1 - 'presentation of financial statements' which outlines some of the requirements of the presentation of financial statements and the disclosure of accounting policies.
- Amendments to IFRS 7 'Financial instruments: Disclosures' which require the disclosure of ongoing service contracts after the sales of financial assets and the disclosure of the offset between the financial assets and financial liabilities that are not stated in IAS 34 - 'Interim financial reporting'.
- Amendments to IFRS 11 'Joint arrangements' that provides specific guidance for the accounting of the share acquired in a joint arrangement.
- Amendments to IFRS 10 - 'Consolidated financial statements' and IAS 28 - 'Investments in associates and joint ventures' which describes the exceptions in the application of consolidated financial statements of investment companies and its subsidiaries.

(b) New standards and interpretations not yet adopted

The standards published and mentioned below did not apply by the bank yet where the effective date of applying these standards is 31 December 2016:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.
- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.
- IFRS 16, 'Leases' which will replace IAS 17 'Leases'. The standard requires the lessee to book future lease commitments for all lease contracts including "rights to use assets". The standard is effective for annual periods beginning on or after 1 January 2019 and early adoption is permitted if IFRS 15 is also adopted.
- Amendments to IAS 12, 'Income taxes'. Amendments clarify the measurement and accounting of deferred tax assets. The standard is effective for annual periods beginning on or after 1 January 2017 and early adoption is permitted.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

- Amendments to IAS 7, 'Statement of cash flows'. The amendment requires additional disclosures about changes in liabilities arising from financing activities. The standard is effective for annual periods beginning on or after 1 January 2017 and early adoption is permitted.

2.3 Basics of consolidation

The consolidated financial statements include the financial statements of the Bank and the wholly owned subsidiary companies controlled by it. Control exists when the Bank has the ability to control the financial and operating policies of the subsidiary companies in order to achieve financial benefits out of their operations. All inter-company transactions, balances, revenues and expenses between the Bank and its subsidiaries are eliminated

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

<u>Company's Name</u>	<u>Paid-in capital</u>	<u>Bank's ownership</u>	<u>Nature of operations</u>	<u>Location</u>	<u>Date of acquisition</u>
	JD	%			
Al- Mawared for Financial Brokerage Company	10,000,000	100	Financial securities brokerage	Amman	2006
Tamkeen Leasing Company	5,000,000	90	Lease financing	Amman	2006
Al- Istethmari Latemweel Selselat Al Imdad Company	3,000,000	94	Management and operation of bonded stores	Amman	2010
Jordanian Company for Factoring *	30,000	100	Factoring receivables	Amman	2011

- * This company was established on 21 December 2011 and has not commenced its operations as of the date of these interim condensed consolidated financial statements.

The financial statements of the subsidiaries are prepared using the same accounting policies adopted by the Bank. Changes are made to the accounting policies of subsidiaries, when necessary, to align them with accounting policies adopted by the Bank.

The results of operations of the subsidiaries are consolidated in the consolidated statement of income from the date on which control is transferred to the Bank and cease to be consolidated from the date on which control is transferred from the Bank.

Non-controlling interest represents the portion of net profit or loss and net assets not owned directly or indirectly by the Bank in its subsidiaries and are presented in the interim consolidated statement of income and within equity in the consolidated statement of financial position separately from the equity attributable to the shareholders of the Bank.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

(3) ACCOUNTING ESTIMATES

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

The significant estimates used by management in the preparation of these interim condensed consolidated financial statements applied in the accounting policies as well as the sources of estimates in cases of uncertainty are consistent with those used in the preparation of the consolidated financial statements as of and for the year ended on 31 December 2015.

(4) CASH ON HAND AND BALANCES AT THE CENTRAL BANK

This item consists of the following:

	31 March 2016	31 December 2015
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	9,712,623	8,945,798
Balances with central banks		
Current and demand accounts	671,297	728,924
Term and notice deposits	-	22,000,000
Statutory cash reserve *	39,525,124	39,553,069
Deposit certificate	17,700,000	31,300,000
	<u>67,618,044</u>	<u>102,527,791</u>

- Except for the statutory cash reserve, there are no restricted balances as of 31 March 2016 and 31 December 2015.
- There are no balances matured with a period exceeding three months as of 31 March 2016 and 31 December 2015.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	31 March 2016	31 December 2015
	JD	JD
	(Unaudited)	(Audited)
Local banks and financial institution	15,926,658	18,000,758
Foreign banks and financial institutions	26,285,882	27,853,534
	<u>42,212,540</u>	<u>45,854,292</u>

- Deposits at banks and financial institution with no interest amounted to JD 19,081,359 as of March 2016 against JD 20,464,391 as of 31 December 2015.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

- Restricted balances amounted to JD 2,385,814 as of 31 March 2016 and 2,383,268 as of 31 December 2015.

(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

	31 March 2016	31 December 2015
	JD	JD
	(Unaudited)	(Audited)
Local banks and financial institution	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>

There are no restricted deposits as of 31 March 2016 and 31 December 2015

Deposits balances maturing within a period exceeding three months amounted to JD 5,000,000 as of 31 March 2016 and 31 December 2015.

(7) DIRECT CREDIT FACILITIES - NET

	31 March 2016	31 December 2015
	JD	JD
	(Unaudited)	(Audited)
Individuals (retail):		
Overdraft	12,771,160	13,215,433
Loans and discounted bills *	51,036,596	48,718,650
Credit Cards	11,734,266	10,114,294
Real estate loans	119,283,318	117,991,221
Companies		
Corporate:		
Overdraft	68,542,525	72,711,544
Loans and discounted bills *	208,978,994	206,238,290
Medium and small entities		
Overdraft	7,721,604	7,658,985
Loans and discounted bills *	7,881,280	8,415,254
Total	478,949,743	485,063,671
Less: Provision for impairment in direct credit facilities	(19,883,987)	(19,277,846)
Interest in suspense	(10,310,474)	(11,081,557)
Net Direct Credit Facilities	<u>457,755,282</u>	<u>454,704,268</u>

* The balance shown at net after deducting the interest received in advance amounted to JD 6,918,775 as at 31 March 2016 against JD 6,813, 231 as of 31 December 2015.

- Included in the direct credit facility balance a non-performing facilities amounted to JD 23,328,430 which represents 4.8% as of 31 March 2016 against to JD 34,240,982 which represents 7.1% as of 31 December 2015.
- The non-performing facility balances after deducting interest in suspense amounted to JD 16,940,238 which represents 3.5% direct credit facility as of 31 March 2016 against JD 23,565,933 which represents 4.97% from direct credit facilities after deducting interest in suspense as of 31 December 2015.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

- There are no credit facilities granted to the government as of 31 March 2016 and 31 December 2015.

- Provision for impairment loss on direct credit facilities

The movement on the provision for Impairment in Direct Credit Facilities was as follows:

	Companies				Total
	Individuals (Retail)	Real estate loans	Corporate	Small & Medium companies	
	JD	JD	JD	JD	JD
(Unaudited)					
31 March 2016					
Balance at 1 January	4,416,993	1,220,209	9,867,535	3,773,109	19,277,846
Provision charge (surplus) for the period	87,694	167,520	366,849	(12,521)	609,542
Used during the period (Witten-off)	(1,930)	-	-	(1,471)	(3,401)
Balance at the end of period	4,502,757	1,387,729	10,234,384	3,759,117	19,883,987
(Audited)					
31 December 2015					
Balance at 1 January	4,972,953	6,775,559	12,016,642	5,449,261	29,214,415
Provision charge (surplus) for the year	487,461	(5,537,618)	1,639,243	107,408	(3,303,506)
Used during the period (Witten-off)	(1,043,421)	(17,732)	(3,788,350)	(1,783,560)	(6,633,063)
Balance at the end of the year	4,416,993	1,220,209	9,867,535	3,773,109	19,277,846

- Interest in suspense

The movement on interest in suspense was as follows:

	Companies				Total
	Individuals (retail)	Real estate loans	Corporate	Small & medium companies	
	JD	JD	JD	JD	JD
(Unaudited)					
31 March 2016					
Balance at 1 January	2,000,226	1,661,116	6,181,862	1,238,353	11,081,557
Interest in suspense for the period	26,340	89,082	510,806	70,494	696,722
Interest transferred to revenues	(1,023,062)	(1,626)	(141,317)	(13,075)	(1,179,080)
Interest in suspense written-off*	(1,743)	(72,993)	(213,665)	(324)	(288,725)
Balance at the end of period	1,001,761	1,675,579	6,337,686	1,295,448	10,310,474
(Audited)					
31 December 2015					
Balance at 1 January	1,752,822	3,040,787	6,045,746	1,449,551	12,288,906
Interest in suspense for the year	484,627	257,817	2,368,682	355,802	3,466,928
Interest transferred to revenue	(25,562)	(1,597,560)	(170,061)	(20,013)	(1,813,196)
Interest in suspense written-off*	(211,661)	(39,928)	(2,062,505)	(546,987)	(2,861,081)
Balance at the end of the year	2,000,226	1,661,116	6,181,862	1,238,353	11,081,557

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

- * According to the decision taken by board of directors of the bank, the senior management of Al-Mawared, and the board of directors of Tamkeen (Subsidiary companies), non performing credit facilities with their related interest in suspense have been written off amounted to of JD 292,126 during the period ended 31 March 2016 against JD 9,494,144 for the year ended 31 December 2015.

(8) OTHER ASSETS

Other assets include the following:

	31 March 2016	31 December 2015
	JD (Unaudited)	JD (Audited)
Accrued interest and revenue	1,467,048	1,594,056
Prepaid expenses *	3,810,442	3,085,649
Assets seized by the Bank **	43,935,416	47,413,603
Refundable deposits	1,522,690	1,598,727
Balances related to fraudulent transactions - Net ***	777,044	2,539,200
Post-dated Cheques	1,039,200	111,007
Purchase acceptances	1,488,900	2,369,878
Others	2,999,462	354,018
	<u>57,040,202</u>	<u>59,066,138</u>

- * Prepaid expenses include JD 1.9 million which represent the rent of the new branch for the bank in Abdoun Area for 18 years that are paid in advance.
- ** The Central Bank of Jordan's instructions require disposal of assets seized by the bank during a maximum period of two years from the date of foreclosure and the Central Bank of Jordan can extend that period for a maximum of another two consecutive years. The balance is presented net of related impairment provision for the amount of JD 496,352 as of 31 December 2015 against to JD 535,655 for the year 2014, and provision for assets seized for more than four years for the amounts of JD 280,415 as of 31 December 2015.
- *** The bank was exposed to manipulation activities in its cash accounts at other banks and financial institutions resulted in a loss of around JD 12.9 Million which is mainly due to the probability of collusion between some of bank's employees. The necessary legal procedures were taken by the bank's management and a provision of JD 10.4 Million as of 31 March 2016 and 31 December 2015 excluding the estimated recoverable amount and foreclosed assets, less the recoverable amounts from the insurance company with the amount of around JD 1.5 Million. Furthermore, the case is still being looked by the General Attorney.

**INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)**

(9) BORROWED FUNDS

	Amount JD	Number of installments		Frequency of installments JD	Guarantees JD	Loan interest rate JD
		Total JD	Remaining JD			
31 March 2016 (Unaudited)						
Borrowed loans from banks/ Local institution	43,490,091	253	147	Monthly, Quarterly, Semi Annually and on maturity date	Mortgage guarantee/ Tools and equipment guarantee	4.3% to 7.75%
Total	<u>43,490,091</u>					
31 December 2015 (Audited)						
Borrowed loans from banks/ Local institution	42,322,037	185	143	Monthly, Quarterly, Semi Annually and on maturity date	Mortgage guarantee/ Tools and equipment guarantee	4.5% to 7.75%
	<u>42,322,037</u>					

- Borrowed funds represents credit facilities from local banks amounted to JD 20,983,556 and inform of overdraft accounts and revolving loans granted to the subsidiary companies (Al Mawared for Financial Brokerage, Tamkeen Leasing Company and Al-Istethmari Le Tamweel Selselet Al lmdad).
- Borrowed funds also contains credit facilities granted from Jordan Mortgage refinancing company amounted to JD 22,506,535 and bank refinance an housing loans for interest rate of 7.6%.
- Fixed interest loans amounted to JD 43,490,091 and there is no loans at flucting interest rates as of 31 March 2016.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

(10) INCOME TAX

Tax status of the Bank

The bank has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2013 and Income and sales tax department accepted year 2014 tax returns without any amendments. As per the opinion of the company' management and its tax advisor, the tax liabilities exceeding the booked provision as of 31 December 2015.

Tax status of Al Mawared for Financial Brokerage Company (Subsidiary Company)

The company has reached to a final settlement with the income and sales tax department for the period since inception on 5 June 2006 till the end of the year 2011. Moreover, Income and sales tax department accepted years 2012, 2013 and 2014 tax returns without any amendments. As per the opinion of the company' management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 December 2015.

Tax status of Tamkeen Leasing Company (Subsidiary Company)

The company has not submitted its tax return for the period since inception on 31 October 2006 to 31 December 2007 and for the years 2008 and 2009.

The company has reached to a final settlement with the income and sales tax department for the years 2010, 2011, 2012 and 2013.

Income and sales tax department accepted year 2014 tax returns without any amendments.

As per the opinion of the company's management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 December 2015.

Tax status of Al Istethmari Letamweel Selselat Al Imdad Company (Subsidiary Company)

The company has reached to a final settlement with the income and sales tax department until the end of the year 2010.

Income and sales tax department accepted years 2011, 2012, 2013 and 2014 tax returns without any amendments.

As per the opinion of the company's management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 December 2015.

(11) RETAINED EARNINGS

The movement on retained earnings is as follows:

	31 March 2016	31 December 2015
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	23,984,252	19,052,742
Profit for the period / year	-	14,254,168
Loss on sale of financial assets at fair value through other comprehensive income	(312,107)	(34,047)
Transferred to reserves	(7,083)	(2,288,611)
Dividends paid	-	(7,000,000)
Balance at the end of the period / year	<u>23,665,062</u>	<u>23,984,252</u>

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

- Included in retained earnings an amount of JD 5,063,908 as of 31 March 2016 restricted by the instructions of Central Bank of Jordan for deferred tax assets against JD 5,365,915 as of 31 December 2015.
- Included in the retained earnings a restricted amount of JD 1,039,200 as of 31 March 2016 and 31 December 2015 based on Central Bank of Jordan request, which represents the remaining balance of illegal transactions.
- Included in the retained earnings a restricted amount of JD 426,919 as of 31 March 2016 and 31 December 2015 which represents the effect of the early adoption of IFRS (9). Such amount is restricted and cannot be utilized unless realized through actual sale as instructed by Jordan Securities Commission.

(12) PROPOSED DIVIDENDS

The board of directors decided to distribute an amount of JD 8,000,000 for the year 2016 to the shareholders, equivalent to 8% of the Bank's Capital, and it is subject to the approval of the general assembly of shareholder.

(13) SEGMENT INFORMATION

A- Information on the Bank's and subsidiaries' Activities:

The Bank is organized, for managerial purposes, into three major segments that are measured according to the reports used by the General Manager and the bank's decision makers. Moreover, the Bank owns three subsidiaries: Al- Mawared for Financial Brokerage Company is specialized in financial brokerage, Tamkeen Leasing Company is specialized in financial leasing, and Al Imdad Company is specialized in the bonded stores management and operation.

- **Individuals accounts (Retail)**
Include following up on individual customers accounts, and granting credit facilities, credit cards and other services.
- **Corporate accounts**
Include following up on deposits, credit facilities and other banking services related to corporate customers.
- **Treasury**
Include providing dealing services, treasury and management of the Bank's funds.

**INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)**

The following table represents information on the Bank's sectors according to activities

	Total									
	For the three-months period ended 31 March		2016		2015					
	Individuals JD (Unaudited)	Corporate JD (Unaudited)	Treasury JD (Unaudited)	Financial Brokerage JD (Unaudited)	Financial Lease JD (Unaudited)	Bonded Management JD (Unaudited)	Other JD (Unaudited)	2016 JD (Unaudited)	2015 JD (Unaudited)	
Gross income	2,104,937	4,408,257	3,164,794	455,914	531,343	533,713	33,660	11,232,618	9,258,982	
Provision for impairment	(133,166)	(460,429)	-	-	(15,947)	-	(75,184)	(609,542)	(808,166)	
Loss on direct credit facilities	-	-	-	-	-	-	-	(75,184)	(53,386)	
Sundry provisions	-	-	-	-	-	-	-	-	-	
Results of business sector	1,971,771	3,947,828	3,164,794	455,914	515,396	533,713	(41,524)	10,547,892	8,397,428	
Undistributed expenditures	-	-	-	(109,019)	(197,056)	(356,329)	(4,987,023)	(5,649,427)	(5,026,864)	
Profit for the period before taxes	1,971,771	3,947,828	3,164,794	346,895	318,340	177,384	(5,028,547)	4,898,465	3,370,564	
Income tax	-	-	-	(84,070)	(86,342)	(42,572)	(1,184,022)	(1,397,006)	(1,070,049)	
Income for the period	1,971,771	3,947,828	3,164,794	262,825	231,998	134,812	(6,212,569)	3,501,459	2,300,515	
	Total									
	31 March		31 December							
	2016		2015							
	JD		JD							
	(Unaudited)		(Unaudited)							
Sector's assets	120,335,556	295,266,739	261,625,920	17,776,949	24,012,731	16,473,484	-	735,491,379	764,388,062	
Undistributed assets	-	-	-	-	-	-	79,492,409	79,492,409	81,031,829	
Total assets	120,335,556	295,266,739	261,625,920	17,776,949	24,012,731	16,473,484	79,492,409	814,983,788	845,419,819	
Sector's liabilities	336,850,547	242,809,395	33,981,307	604,389	17,640,373	11,791,268	-	643,677,279	678,534,506	
Undistributed liabilities	-	-	-	-	-	-	13,114,536	13,114,536	12,239,078	
Total liabilities	336,850,547	242,809,395	33,981,307	604,389	17,640,373	11,791,268	13,114,536	656,791,815	690,773,584	
	Total									
	31 March		31 December							
	2016		2015							
	JD		JD							
	(Unaudited)		(Unaudited)							
Capital expenditures	-	-	-	-	-	-	-	-	-	
Depreciation and amortization	-	-	-	-	-	-	-	-	-	
	For the Three months ended 31 March		2016		2015					
	JD		JD							
	(Unaudited)		(Unaudited)							
	502,558		670,64							
	691,725		650,37							

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

B- Information on the geographical distribution.

The Bank conducts its business and operations primarily in Jordan. Accordingly, most of the Bank's revenues, assets and capital expenditures are in Jordan.

(14) RELATED PARTIES TRANSACTIONS AND BALANCES

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

The following represents a summary of balances and transactions with related parties:

	Related Party			Total	
	Subsidiaries* JD (Unaudited)	Board of directors members & executive management JD (Unaudited)	Other (employees and their relative, relative of members of the board of directors and executive management JD (Unaudited)	31 March 2016 JD (Unaudited)	31 December 2015 JD (Audited)
On Financial Position Items:					
Credit facilities	1,164,869	4,055,463	41,663,182	46,883,514	44,891,327
Provision for impairment loss on direct credit facilities	-	-	5,303,519	5,303,519	5,079,618
Deposit, current accounts and cash margins	1,598,590	2,744,412	11,945,013	16,288,015	24,541,295
Off-Financial Position Items:					
Letters of credit	-	-	20,047	20,047	19,163
Letters of guarantee	1,341,625	617,802	7,937,539	9,896,966	9,993,374
				For three months ended 31 March	
				2016	2015
				JD	JD
				(Unaudited)	(Unaudited)
Statement of Income Items:					
Interest and commission received	17,829	70,605	839,865	928,299	658,446
Interest and commission paid	15,621	14,933	60,789	91,343	188,065
Provision for impairment in direct credit facilities	-	-	223,901	223,901	(1,854)

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

* All those amount and transactions are eliminated in the consolidated financial statements and are shown for explanatory purpose only.

Maximum credit interest rate in Jordanian Dinars 21%
 Maximum credit interest rate in Other Currencies 5.0%
 Maximum Debit interest rate in Jordanian Dinars 3.75%
 Maximum Debit interest rate in Other Currencies 0.1%
 Maximum Credit Commission rate 1%

Minimum credit interest rate in Jordanian Dinars 2.75%
 Minimum credit interest rate in Other Currencies 3.0%
 Minimum credit interest rate in Jordanian Dinars 0%
 Minimum credit interest rate in Other Currencies 0%
 Minimum debit commission rate 0.5%

The executive management salaries and benefits for the bank and its subsidiaries (including the salaries and benefits of the general manager, his deputy, and his assistant and executive manager) amounted to JD 641,133 for the three months ended 31 March 2016 against JD 590,751 in the same period in 2015.

(15) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	As of 31 March	
	2016	2015
	JD	JD
	(Unaudited)	(Unaudited)
Cash and balances at Central Bank mature within 3 months	67,618,044	100,610,116
Balances at banks and financial institutions mature within 3 months	42,212,540	45,109,728
Deposits at banks and financial institutions due within 3 months	(13,981,307)	(6,543,980)
Deposits at banks and financial institutions (Restricted Balances)	(2,385,814)	(2,380,368)
	<u>93,463,463</u>	<u>136,795,496</u>

(16) FAIR VALUE HIERARCHY

The table below analyses the financial instruments carried at fair value based on valuation method. Different levels are defined according to the following:

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

Level 2: Quoted prices in active markets for similar financial assets or liabilities or other valuation techniques for which all material inputs are based on market information.

Level 3: Pricing techniques according to which all material inputs are not based on observable market data.

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
(Unaudited)				
31 March 2016				
Financial assets at fair value through profit or loss	2,076,132	-	-	2,076,132
Financial assets at fair value through other comprehensive income	18,760,387	-	2,279,226	21,039,613
	<u>20,836,519</u>	-	<u>2,279,226</u>	<u>23,115,745</u>
(Audited)				
31 December 2015				
Financial assets at fair value through profit or loss	2,556,397	-	-	2,556,397
Financial assets at fair value through other comprehensive income	18,302,235	-	2,279,226	20,581,461
	<u>20,858,632</u>	-	<u>2,279,226</u>	<u>23,137,858</u>

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

(17) FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no material differences between the fair value of financial instruments and their carrying value recognized in the financial statements. Moreover, there were no material differences between the fair value and the carrying value of the direct credit facilities, financial assets at amortized cost, banks and financial institutions deposits, customer deposits, cash margins and borrowed funds stated at amortized costs in the interim condensed consolidated financial statements, due to the immaterial difference in the market interest rates for similar financial instruments of the contractual prices and due to the short terms of maturity of the banks and financial institutions deposits. The fair value of financial assets at amortized cost is determined through the quoted prices if available or through the valuation models used for fixed price bonds.

During the first quarter of 2016, the bank transferred part of the financial assets at fair value through profit and loss to financial assets at amortized cost, which comply with the long term strategic investment plan and investment driven of these investments. The fair value of the portfolio at the transferring date amounted to JD 2,360,136 and the fair value as of 31 March 2016 amounted to JD 484,801.

(18) EARNINGS PER SHARE FOR THE PERIOD

The details of this item are as follows:

	As of 31 March	
	2016	2015
	JD	JD
	(Unaudited)	(Unaudited)
profit for the period	<u>3,470,172</u>	<u>2,291,896</u>
	Shares	shares
Weighted average number of shares *	<u>100,000,000</u>	<u>100,000,000</u>
	JD / share	JD / share
Basic and diluted earnings per share from the profit for the period	<u>0.035</u>	<u>0.023</u>

* Earnings per share from net income for the year equal diluted per share noting that the bank did not issue any financial asset that would impact earnings per share.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED)

(19) CONTINGENT LIABILITIES

	31 March 2016 <u>JD</u> (Unaudited)	31 December 2015 <u>JD</u> (Audited)
Letters of credit	10,241,588	13,761,841
Acceptances	6,094,011	3,186,941
Letters of guarantee:		
Payments	27,238,011	31,800,034
Performance	30,184,806	30,842,045
Others	10,648,899	11,135,306
Unutilized direct credit facilities limits	<u>20,411,025</u>	<u>17,312,891</u>
	<u>104,818,340</u>	<u>108,039,058</u>

(20) LAWSUITS AGAINST THE BANK AND ITS SUBSIDIARIES

- a. As of the condensed consolidated interim financial statement date, the lawsuits filed against the bank amounted to JD 14,569,818 as of 31 March 2016 against JD 14,501,597 as of 31 December 2015. The total booked provisions against these lawsuits amounted to JD 648,468 as of 31 March 2016 against JD 1,062,462 as of December 2015. As per the Bank's management and the Bank's legal consultant, the Bank will not have any additional liabilities with regard to these lawsuits.
- b. There is only one lawsuit against Tamkeen leasing Company (subsidiary company) by an amount to JD 55,000 as of 31 March 2016 and 31 December 2015. As per the company's management and legal consultant opinion, the company will not have any additional liabilities with regard to this lawsuit.
- c. There are no lawsuits against the other subsidiaries (Tamkeen leasing Company, Al Istethmari letamdeed selselet Al Imdad, Jordanian Company for Factoring and AlMawared for financial brokerage) as of 31 March 2016.