

**INVEST BANK  
(PUBLIC SHAREHOLDING COMPANY)  
AMMAN- HASHEMITE KINGDOM OF JORDAN**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)**

**30 JUNE 2016**

**INVEST BANK  
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)**

**30 JUNE 2016**

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**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 condensed consolidated statement of financial position of Invest Bank as of 30 June 2016 and the related interim condensed consolidated statements of income and comprehensive income, for the three months and six months then ended and the interim condensed consolidated statements of changes in equity and cash flows for the six 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**

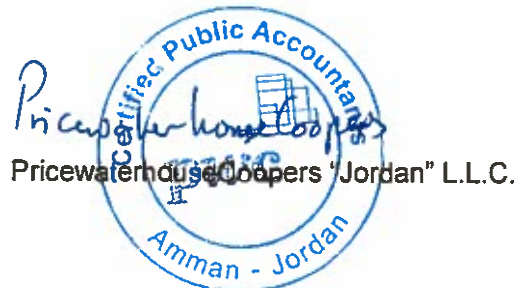
We conducted our review in accordance with the International Standard on Review Engagements (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for 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 and in accordance with International Accounting Standard (34).

**Other Matters**

The bank financial year ends in 31 December of each year. The interim condensed consolidated financial statements have been prepared in accordance with the listing instructions of Amman Stock Exchange Central Bank of Jordan and for management purposes.



Amman, Jordan  
22 September 2016

**INVEST BANK  
(PUBLIC SHAREHOLDING COMPANY)  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF 30 JUNE 2016**

	Notes	30 June 2016 JD (Unaudited)	31 December 2015 JD (Audited)
<b>Assets</b>			
Cash and balances at the Central Bank of Jordan	4	81,124,368	102,527,791
Balances at banks and financial institutions	5	38,825,617	45,854,292
Deposits at banks and financial institutions	6	5,500,000	5,000,000
Financial assets at fair value through statement of income	7	1,702,161	2,556,397
Direct credit facilities – net	9	494,222,813	454,704,268
Financial assets at fair value through other comprehensive income	8	22,545,763	20,581,461
Financial assets at amortized cost	10	116,736,367	119,079,954
Property and equipment-net		28,447,215	28,727,750
Intangible assets		1,702,180	1,955,925
Deferred tax assets		5,061,644	5,365,915
Other assets	11	55,379,390	59,066,138
<b>Total assets</b>		<b>851,247,518</b>	<b>845,419,891</b>
<b>Liabilities And Equity</b>			
<b>Liabilities</b>			
Banks and financial institutions deposits		5,466,124	9,018,275
Customers' deposits	12	584,765,679	584,076,355
Cash margins		35,642,075	32,157,407
Borrowed funds	13	51,197,150	42,322,037
Sundry provisions		716,957	1,082,090
Provision for income tax	14	2,529,603	6,208,287
Deferred tax liabilities		2,856,743	2,073,433
Other liabilities	15	13,593,795	13,835,700
<b>Total Liabilities</b>		<b>696,768,126</b>	<b>690,773,584</b>
<b>Equity</b>			
Authorised share capital		100,000,000	100,000,000
Subscribed and paid-up share capital		100,000,000	100,000,000
Statutory reserve	16	21,332,948	21,332,948
General banking risks reserve	16	4,934,925	4,603,049
Financial Assets revaluation reserve - net	17	5,304,280	3,839,176
Retained earnings	18	14,989,750	23,984,252
Profit for the period		6,972,996	-
<b>Total equity attributable to the share of the bank</b>		<b>153,534,899</b>	<b>153,759,425</b>
<b>Non-controlling interest</b>		<b>944,493</b>	<b>886,882</b>
<b>Total equity</b>		<b>154,479,392</b>	<b>154,646,307</b>
<b>Total liabilities and equity</b>		<b>851,247,518</b>	<b>845,419,891</b>

The accompanying notes from 1 to 31 form an integral part of these interim condensed consolidated financial statements and should be read with them and with the accompanying review report

**INVEST BANK**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE THREE MONTHS AND THE SIX MONTHS ENDED 30 JUNE 2016**

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2016	2015	2016	2015
		JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
Interest income	19	11,721,354	11,764,660	23,363,691	23,411,338
Interest expense	20	(3,830,166)	(5,029,732)	(7,843,108)	(10,658,830)
<b>Net Interest Income</b>		<b>7,891,188</b>	<b>6,734,928</b>	<b>15,520,583</b>	<b>12,752,508</b>
Net commission revenue		1,469,470	1,471,383	2,988,450	2,925,992
<b>Net Interest and Commissions Income</b>		<b>9,360,658</b>	<b>8,206,311</b>	<b>18,509,033</b>	<b>15,678,500</b>
Gains from foreign currencies		299,684	185,907	333,816	364,943
Gains from financial assets at fair value through profit or loss	21	197,290	212,431	169,257	773,344
Cash dividends from financial assets at fair value through other comprehensive income	8	148,827	112,214	1,533,823	907,481
Other Revenue		1,000,474	533,889	1,693,622	785,466
<b>Gross Income</b>		<b>11,006,933</b>	<b>9,250,752</b>	<b>22,239,551</b>	<b>18,509,734</b>
Employee-related expenses		(3,436,475)	(2,847,262)	(6,479,948)	(5,442,222)
Depreciation and amortization		(732,739)	(686,297)	(1,424,464)	(1,336,673)
Other expenses		(2,316,768)	(2,045,744)	(4,230,997)	(3,827,272)
Provision for impairment on direct credit facilities	9	399,839	(173,989)	(209,703)	(982,157)
Sundry provisions		(48,862)	(18,833)	(124,046)	(72,219)
<b>Total Expenses</b>		<b>(6,135,005)</b>	<b>(5,772,125)</b>	<b>(12,469,158)</b>	<b>(11,660,543)</b>
<b>Income for the period before income tax</b>		<b>4,871,928</b>	<b>3,478,627</b>	<b>9,770,393</b>	<b>6,849,191</b>
Income tax for the period	14	(1,342,780)	(941,365)	(2,739,786)	(2,011,414)
<b>Net income for the period</b>		<b>3,529,148</b>	<b>2,537,262</b>	<b>7,030,607</b>	<b>4,837,777</b>
<b>Attributable to :</b>					
Shareholders of the Bank		3,502,824	2,525,713	6,972,996	4,817,609
Non-controlling interest		26,324	11,549	57,611	20,168
		<b>3,529,148</b>	<b>2,537,262</b>	<b>7,030,607</b>	<b>4,837,777</b>
Basic and diluted earnings per share from net income for the period attributable to the shareholders of the Bank	28	0.035	0.025	0.070	0.048

The accompanying notes from 1 to 31 form an integral part of these interim condensed consolidated financial statements and should be read with them and with the accompanying review report

**INVEST BANK  
(PUBLIC SHAREHOLDING COMPANY)  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS AND THE SIX MONTHS ENDED 30 JUNE 2016**

	For the three months ended 30 June		For the Six months ended 30 June	
	2016	2015	2016	2015
	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
Net income for the period	3,529,148	2,537,262	7,030,607	4,837,777
<b>Other comprehensive income items:</b>				
Changes in financial assets revaluation reserve - net	750,405	473,212	809,873	823,623
Gains (Losses) from sale of financial assets at fair value through other comprehensive income	7,866	-	(7,395)	-
<b>Total Other comprehensive income items</b>	<b>758,271</b>	<b>473,212</b>	<b>802,478</b>	<b>823,623</b>
<b>Total comprehensive income for the period</b>	<b>4,287,419</b>	<b>3,010,474</b>	<b>7,833,085</b>	<b>5,661,400</b>
<b>Total Comprehensive Income Attributable to:</b>				
Shareholders of the Bank	4,261,095	2,998,925	7,775,474	5,641,232
Non-controlling interest	26,324	11,549	57,611	20,168
	<b>4,287,419</b>	<b>3,010,474</b>	<b>7,833,085</b>	<b>5,661,400</b>

**The accompanying notes from 1 to 31 form an integral part of these interim condensed consolidated financial statements and should be read with them and with the accompanying review report**

**INVEST BANK  
(PUBLIC SHAREHOLDING COMPANY)  
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Reserves		Paid-in capital JD	General banking risks reserve		Financial Asset revaluation reserve-net JD	Retained earnings JD	Profit for the period JD	Total shareholders' equity attributable to the bank's shareholders		Non-controlling interest JD	Total JD
	Statutory JD								JD	JD		
<b>(Unaudited)</b>												
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	-	-	-	-	-	-	6,972,996	6,972,996	57,611	7,030,607		
Net changes in financial assets revaluation reserve -net after taxes	-	-	-	-	809,873	-	-	-	-	809,873		
Losses from sale of financial assets at fair value through other comprehensive income transferred to the retained earnings	-	-	-	-	655,231	(662,626)	-	(7,395)	-	(7,392)		
Total other comprehensive income	-	-	-	-	1,465,104	(662,626)	6,972,996	7,775,474	57,611	7,833,085		
Transferred to reserves	-	-	-	331,876	-	(331,876)	-	-	-	-		
Dividends (Note 18)	-	-	-	-	-	(8,000,000)	-	(8,000,000)	-	(8,000,000)		
Balance at 30 June 2016	100,000,000	21,332,948	-	4,934,925	5,304,280	14,989,750	6,972,996	153,534,899	944,493	154,479,392		
<b>(Unaudited)</b>												
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	-	-	-	-	-	-	4,817,609	4,817,609	20,168	4,837,777		
Net changes in financial assets revaluation reserve -net after taxes	-	-	-	-	823,623	-	-	-	-	823,623		
Total other comprehensive income	-	-	-	-	823,623	-	-	-	-	823,623		
Transferred to reserves	-	-	-	-	823,623	-	4,817,609	5,641,232	20,168	5,661,400		
Dividends (Note 18)	-	-	-	63,906	-	(63,906)	-	-	-	-		
Balance at 30 June 2015	100,000,000	19,272,464	-	4,438,828	3,586,281	11,988,836	4,817,609	144,104,018	851,392	144,955,410		

- Included in retained earnings an amount of JD 5,061,644 as of 30 June 2016 restricted by the 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 30 June 2016 and JD 2,539,200 31 December 2015 based on centred bank of Jordan request, which represents the remaining balance of illegal operations.
- Included in the retained earnings a restricted amount of JD 416,296 as of 30 June 2016, against JD 426,919 as of 31 December 2015 which represents the effect of the early adoption of IFRS (9). Such amount is restricted and cannot be utilized unless realised through actual sale as instructed by Jordan Securities Commission.
- The retained earning balance does not represent any differences of revaluation of the financial assets at fair value through profit or losses at 30 June 2016 and 31 December 2015.
- Use of general banking risks reserve account and evaluation financial assets reserve account is restricted and requires prior approval from the Central Bank of Jordan.
- Use of fair value reserve-net is restricted and requires prior approval from the Central Bank of Jordan.

**The accompanying notes from 1 to 31 form an integral part of these interim condensed consolidated financial statements and should be read with them and with the accompanying review report**

**INVEST BANK  
(PUBLIC SHAREHOLDING COMPANY)  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Notes	For the six months ended 30 June	
		2016	2015
		JD	JD
		(Unaudited)	(Unaudited)
<b>Operating activities</b>			
Income for the period before income tax		9,770,393	6,849,191
<b>Adjustments:</b>			
Depreciation and amortization		1,424,464	1,336,673
Provision for impairment on direct credit facilities		209,703	982,157
Provision for lawsuits against the bank		51,363	72,219
Provisions against ceased asset for more than 4 years		299,539	-
Gain on sale of assets seized by the Bank		(184,513)	(26,616)
Unrealised gain (loss) from financial assets at fair value through statement of income		85,165	(347,096)
Dividends received from financial assets at fair through other comprehensive income		(1,533,823)	(907,481)
Net interest expense		(271,706)	(229,613)
Effect of exchange rate fluctuations on cash and cash equivalents		(19,625)	(19,431)
<b>Income before changes in Assets and Liabilities</b>		<b>9,830,960</b>	<b>7,710,003</b>
<b>Changes in assets and liabilities</b>			
Deposits at banks and financial institutions (maturing after more than 3 months)		(500,000)	(12,068)
Deposits at banks and financial institutions (Restricted withdrawal balances)		(4,657)	(2,929)
Financial assets at fair value through statement of income		769,071	940,834
Direct credit facilities		(39,728,248)	2,559,153
Other assets		3,574,843	(10,851,514)
Customers' deposits		689,324	1,449,615
Cash margin		3,484,668	(2,577,026)
Other liabilities		26,672	1,660,915
<b>Net changes in assets and liabilities</b>		<b>(31,688,327)</b>	<b>(6,833,011)</b>
<b>Net cash flows (used in) generated from operating activities before income tax and provisions paid</b>		<b>(21,857,367)</b>	<b>(876,992)</b>
Paid from the provision of lawsuits and sundry provisions		(416,496)	(108,830)
Income tax paid		(6,119,910)	(3,379,533)
<b>Net cash flows used in operating activities</b>		<b>(28,393,773)</b>	<b>(2,611,371)</b>
<b>Investing activities</b>			
Purchases of financial assets at fair value through statement of comprehensive income		(743,121)	-
Sale of financial assets at fair value through statement of comprehensive income		370,326	-
Dividends received from financial assets at fair value through statement of comprehensive income		1,533,823	907,481
Purchases of financial assets at amortized cost		(30,736,509)	(38,231,168)
Financial assets at amortized cost due		33,080,096	27,419,423
Purchase of property and equipment and advances for purchases of property, equipment and projects under progress		(799,881)	(8,967,907)
Purchase of intangible assets		(90,303)	(334,868)
<b>Net cash flows generated from (used in) investing activities</b>		<b>2,614,431</b>	<b>(19,207,039)</b>
<b>Financing activities</b>			
Dividends paid		(8,000,000)	(7,000,000)
increase in borrowed funds		8,875,113	13,192,827
<b>Net cash flows generated from financing activities</b>		<b>875,113</b>	<b>6,192,827</b>
Effect of exchange rate fluctuations on cash and cash equivalents		19,625	19,431
<b>Net decrease in cash and cash equivalents</b>		<b>(24,884,604)</b>	<b>(15,606,152)</b>
Cash and cash equivalents at 1 January		136,980,540	93,800,857
<b>Cash and cash equivalents at 30 June</b>	25	<b>112,095,936</b>	<b>78,194,705</b>

The accompanying notes from 1 to 31 form an integral part of these interim condensed consolidated financial statements and should be read with them and with the accompanying review report



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

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**(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 / share as of 31 December 2010. Furthermore, during 2011, the Bank's capital was increased to JD 85,250,000 / share. Finally, the Bank's capital was increased by JD 14,750,000 on 10 April 2013. Accordingly, the Bank's authorized and paid in capital became JD 100 Millions / share.

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

The Bank provides banking and related financial services through its Head Office, its eleven branches in the Hashemite Kingdom of Jordan, and through 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 27 July 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 profit or loss, financial assets at fair value through other comprehensive income and financial derivatives that have been measured at fair value at the date of these interim condensed consolidated financial statements. Hedged assets and liabilities are also stated at fair value.

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 six months ended 30 June 2016 do not necessarily reflect the expected results for the year ending 31 December 2016, except for not appropriating the profit of the six months ended on 30 June 2016 which is usually performed at year end.

## **2.2 Changes in accounting policies and disclosures**

**a. The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2016 are not material to the company:**

- 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 – 'Separate Financial Statements' which allows using equity method in the separate financial statements for subsidiaries, joint ventures and investments in 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'.

### **(b) New standards and interpretations not yet adopted**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company:

- 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 statements 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  
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
30 JUNE 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

Subsidiaries are the entities that are controlled by the Bank. The Bank controls an entity when, it is exposed to risks, or has a right to variable returns from its involvement with the entity and has the ability to affect those returns through its control over that entity.

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

Company's Name	Paid-in Capital JD	Bank's ownership %	Nature of operations	Location	Date of acquisition
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. The results of subsidiaries acquired or disposed of during the period, are included in the interim consolidated statements of income from the effective date of the acquisition or up to the effective date of disposal, as appropriate. Balances between the Bank and its subsidiaries, and any intra-group transactions are eliminated for consolidation purpose.

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 is 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  
30 JUNE 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 WITH CENTRAL BANK OF JORDAN**

This item consists of the following:

	30 June 2016	31 December 2015
	JD (Unaudited)	JD (Audited)
Cash on hand	11,482,400	8,945,798
<b>Balances at the Central Bank:</b>		
Current and demand accounts	6,210,082	728,924
Term and notice deposits	-	22,000,000
Statutory cash reserve	39,031,886	39,553,069
Deposit certificate	24,400,000	31,300,000
<b>Total</b>	<b>81,124,368</b>	<b>102,527,791</b>

There are no restricted balances, except for the statutory cash reserve as of 30 June 2016 and 31 December 2015.

There are no balances maturing after more than three months as of 30 June 2016 and 31 December 2015.

**(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS**

This item consists of the following:

	30 June 2016	31 December 2015
	JD (Unaudited)	JD (Audited)
Local banks and financial institution	6,546,538	18,000,758
Foreign banks and financial institutions	32,279,079	27,853,534
<b>Total</b>	<b>38,825,617</b>	<b>45,854,292</b>

Non-interest bearing balances at banks and financial institutions amounted to JD 18,997,256 as of 30 June 2016 against JD 20,464,391 as of 31 December 2015.

The balances with withdrawal restriction amounted to JD 2,387,925 as of 30 June 2016 against JD 2,383,268 as of 31 December 2015.

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**(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS**

This item consists of the following:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	JD (Unaudited)	JD (Audited)
Deposits	5,500,000	5,000,000
<b>Total</b>	<u>5,500,000</u>	<u>5,000,000</u>

There are no restricted deposit balances for banks and financial institutions as at 30 June 2016 and 31 December 2015.

Deposits at banks and financial institutions maturing within a period that exceeds three months amounted to JD 5,500,000 as at 30 June 2016 and 5,000,000 as at 31 December 2015.

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

This item consists of the following:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	JD (Unaudited)	JD (Audited)
Shares	1,663,045	2,517,281
Investments funds	39,116	39,116
<b>Total</b>	<u>1,702,161</u>	<u>2,556,397</u>

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

This item consists of the following:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	JD (Unaudited)	JD (Audited)
Quoted shares	19,962,001	18,302,235
Unquoted shares *	2,583,762	2,279,226
	<u>22,545,763</u>	<u>20,581,461</u>

\* The fair value of the unquoted shares has been valued using the net book value method which is considered the best valuation method for such investments.

\*\* The realised losses from sale of financial assets at fair value through other comprehensive income amounted to JD 662,626 for the six months ended 30 June 2016 against JD Zero for the year ended on 31 December 2015 and was directly recognised within retained earnings in shareholders' equity.

\*\*\* Cash dividends received on financial assets mentioned above amounted to JD 1,533,823 for the six months ended 30 June 2016 against JD 907,481 for the six months ended 30 June 2015.

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**(9) DIRECT CREDIT FACILITIES – NET**

This item consists of the following:

	30 June 2016	31 December 2015
	JD (Unaudited)	JD (Audited)
<b>Individuals (Retail):</b>		
Overdraft	13,238,725	13,215,433
Loans and discounted bills *	57,785,284	48,718,650
Credit cards	13,155,851	10,114,294
<b>Real estate loans</b>	119,271,657	117,991,221
<b>Companies</b>		
<b>Corporate:</b>		
Overdraft	81,377,681	72,711,544
Loans and discounted bills *	223,993,688	206,238,290
<b>Medium and small entities:</b>		
Overdraft	6,959,571	7,658,985
Loans and discounted bills *	8,140,584	8,415,254
<b>Government and public sector</b>	34,519	-
<b>Total</b>	<u>523,957,560</u>	<u>485,063,671</u>
<b>Less:</b>		
Provision for impairment in direct credit facilities	19,451,677	19,277,846
Interest in suspense	10,283,070	11,081,557
<b>Net direct credit facilities</b>	<u>494,222,813</u>	<u>454,704,268</u>

\* Net after deducting interests and commissions received in advance of JD 7,079,705 as of 30 June 2016 against JD 6,813,231 as of 31 December 2015.

Non-performing credit facilities amounted to JD 23,687,902 which is equivalent to (4.5%) of total direct credit facilities as of 30 June 2016 against JD 34,240,982 which is equivalent to (7.1%) of total direct credit facilities as of 31 December 2015.

Non-performing credit facilities excluding interest in suspense amounted to JD 17,612,746 which is equivalent to (3.4%) of total direct credit facilities as of 30 June 2016 against JD 23,565,933 which is equivalent to (4.97%) of total credit facilities excluding interest suspense as of 31 December 2015.

There are credit facilities granted to the Jordanian government /or by its guarantee amounted to JD 34,519 as of 30 June 2016 against JD Zero as of 31 December 2015.

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**- Provision for impairment on direct credit facilities**

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

	Individuals (Retail) JD	Real estate loans JD	Companies		Total JD
			Corporate JD	Medium & small JD	
<b>(Unaudited)</b>					
<b>30 June 2016</b>					
Balance at 1 January	4,416,993	1,220,209	9,867,535	3,773,109	19,277,846
Provision (Surplus) charge for the period	35,542	(446,143)	836,492	(216,188)	209,703
Used during the period (Witten-off)	(33,906)	-	-	(1,966)	(35,872)
<b>Balance at the end of period</b>	<b>4,418,629</b>	<b>774,066</b>	<b>10,704,027</b>	<b>3,554,955</b>	<b>19,451,677</b>
<b>(Audited)</b>					
<b>31 December 2015</b>					
Balance at 1 January	4,972,953	6,775,559	12,016,642	5,449,261	29,214,415
Provision (Surplus) charge for the period	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)
<b>Balance at the end of the year</b>	<b>4,416,993</b>	<b>1,220,209</b>	<b>9,867,535</b>	<b>3,773,109</b>	<b>19,277,846</b>

- The provision for impairment in non-performing loans are amounted to JD 14,580,190 as of 30 June 2016 against JD 18,379,294 as of 31 December 2015 and the provision for the watch-list loans amounted to JD 4,871,487 as of 30 June 2016 against JD 898,552 as of 31 December 2015.
- The provision for impairment in non-performing loans and watch-list loans that are no longer needed as a result of settlements or repayments of debts, and that were reallocated to other facilities amounted to JD 2,413,759 as of 30 June 2016 against JD 9,514,119 as of 31 December 2015.
- The provision for impaired credit facilities representing watch list and non-performing credit facilities are calculated based on the individual customer and not the portfolio.

**Interest in suspense**

The movement on interest in suspense was as follows:

	Individuals (Retail) JD	Real estate Loans JD	Companies		Total JD
			Corporate JD	Small & medium JD	
<b>(Unaudited)</b>					
<b>30 June 2016</b>					
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	188,573	76,492	914,174	135,967	1,315,206
Interest transferred to revenues	(24,876)	(587,651)	(192,258)	(369,739)	(1,174,524)
Interest in suspense written off	(648,563)	-	(286,658)	(3,948)	(939,169)
<b>Balance at the end of period</b>	<b>1,515,360</b>	<b>1,149,957</b>	<b>6,617,120</b>	<b>1,000,633</b>	<b>10,283,070</b>
<b>(Audited)</b>					
<b>31 December 2015</b>					
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)
<b>Balance at the end of the year</b>	<b>2,000,226</b>	<b>1,661,116</b>	<b>6,181,862</b>	<b>1,238,353</b>	<b>11,081,557</b>

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- \* According to Board of Directors decision and senior management of their Subsidiaries, non performing credit facilities along with their related interest in suspense which have been provided for, was written off amounted to JD 975,041 for the six months ended 30 June 2016 against JD 9,494,144 for the year ended 31 December 2015.

**Direct credit facilities are distributed according to economic sector as follows noting that all these facilities are granted to parties inside Jordan:**

	30 June 2016	31 December 2015
	JD (Unaudited)	JD (Audited)
Financial	48,856,670	38,521,169
Industrial and mining	70,411,212	71,549,850
Trade	123,561,795	116,701,788
Real estates	25,022,261	26,576,652
Construction	46,396,493	43,319,841
Agriculture	1,352,774	1,219,313
Tourism, restaurants and public facilities	71,076,167	60,640,319
Shares	18,576,543	20,694,165
Individuals\other	118,703,645	105,840,574
<b>Total</b>	<b>523,957,560</b>	<b>485,063,671</b>

**(10) FINANCIAL ASSETS AT AMORTISED COST**

The details of this item are as follows:

	30 June 2016	31 December 2015
	JD (Unaudited)	JD (Audited)
<b>Quoted financial assets:</b>		
Governmental bonds and bills	92,744,004	82,075,105
Governmental bonds guaranteed by the government	-	6,359,996
Corporate bonds and debentures	12,715,732	19,292,378
<b>Total</b>	<b>105,459,736</b>	<b>107,727,479</b>
<b>Unquoted financial assets:</b>		
Corporate bonds and debentures	11,276,631	11,352,475
<b>Total</b>	<b>11,276,631</b>	<b>11,352,475</b>
<b>Total financial assets at amortized cost</b>	<b>116,736,367</b>	<b>119,079,954</b>
<b>Analysis of bonds and treasury bills</b>		
Fixed returns:	101,736,367	119,079,954
Variable returns	15,000,000	-
	<b>116,736,367</b>	<b>119,079,954</b>



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**(11) OTHER ASSETS**

The details of this item are as follows:

	30 June 2016	31 December 2015
	JD	JD
	(Unaudited)	(Audited)
Accrued interest and revenue	1,597,185	1,594,056
Prepaid expenses *	3,831,299	3,085,649
Assets seized by the bank **	40,755,957	47,413,603
Refundable deposits	1,373,063	1,598,727
Clearing cheques	421,541	111,007
Balances related to fraudulent transactions ***	1,039,200	2,539,200
Withdrawals purchased	3,436,343	2,369,878
Others	2,924,802	354,018
<b>Total</b>	<b>55,379,390</b>	<b>59,066,138</b>

\* 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 30 June 2016 and 31 December 2015 and provision for assets seized for more than four years for the amounts of JD 579,954 as of 30 June 2016 against JD 280,415 as of 31 December 2015

\*\*\* This item includes net balance related to the fraudulent transactions after deducting the related provision as shown below:

	30 June 2016	31 December 2015
	JD	JD
	(Unaudited)	(Audited)
Balance related to fraudulent transactions	12,974,700	12,974,700
Provision related to this balance	(10,435,500)	(10,435,500)
Less: Proceeds from the insurance company	(1,500,000)	-
<b>Net balance related to illegal transactions</b>	<b>1,039,200</b>	<b>2,539,200</b>

The Bank was imposed to embezzlement transaction in the balances at banks and financial institutions accounts which led to a loss of approximately JD 12.9 million. This primarily relates to the possibility of collusion between some of the bank's employees. All the necessary legal procedures were taken by the bank's management and a provision for an amount of JD 10.4 million was booked for the transaction as at 30 June 2016 and 31 December 2015 after netting the amounts expected to be recovered from the repossessed assets and the deduction of the proceeds collected from the insurance company amounted to JD 1.5 million. Noting that the case procedures had been completed from the General attorney, and is now represented in front of Amman's Criminal Court.

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**(12) CUSTOMERS' DEPOSITS**

The details of this item are as follows:

	<u>Individuals</u> JD	<u>Corporate</u> JD	<u>Medium &amp; small</u> JD	<u>Public sector</u> JD	<u>Total</u> JD
<b>(Unaudited)</b>					
<b>30 June 2016</b>					
Current accounts and demand deposits	61,551,004	58,649,373	13,937,906	10,337,980	144,436,263
Saving deposits	23,572,268	673,036	352,144	1,888	24,599,336
Time deposits subject to notice	218,715,258	115,033,648	6,919,023	74,849,345	415,517,274
Deposits certificates	212,806	-	-	-	212,806
<b>Total</b>	<u>304,011,336</u>	<u>174,356,057</u>	<u>21,209,073</u>	<u>85,189,213</u>	<u>584,765,679</u>
<b>(Audited)</b>					
<b>31 December 2015</b>					
Current accounts and demand deposits	55,331,831	44,554,307	15,624,040	3,196,073	118,706,251
Saving deposits	18,333,829	481,551	734,388	1,888	19,551,656
Time deposits subject to notice	215,229,166	137,368,272	8,837,069	84,086,055	445,520,562
Deposits certificates	297,886	-	-	-	297,886
	<u>289,192,712</u>	<u>182,404,130</u>	<u>25,195,497</u>	<u>87,284,016</u>	<u>584,076,355</u>

- Government and Public sector deposits amounted to JD 85,189,213 which is equivalent to (14.6%) of total deposits as of 30 June 2016 against 87,284,016 which is equivalent to (14.9 %) of total deposits as of 31 December 2015.
- Non-interest bearing deposits amounted to JD 155,020,355 which is equivalent to (26.5%) of total deposits as of 30 June 2016 against JD 141,471,878 which is equivalent to (24.2%) as of 31 December 2015.
- Restricted deposits amounted to JD 8,506,324 which is equivalent to (1.5%) of total deposits as of 30 June 2016 against JD 13,483,960 which is equivalent to (2.3%) as of 31 December 2015.
- Dormant deposits amounted to JD 8,473,416 as of 30 June 2016, against 5,364,853 as of 31 December 2015.

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**(13) BORROWED FUNDS**

The details of this item are as follows:

	Amount JD	Number of installments		Frequency of installments JD	Guarantees JD	Loan interest rate JD
		Total JD	Remaining JD			
<b>(Unaudited) 30 June 2016</b>						
Borrowed loans from banks/ Local financial institutions	51,197,150	273	212	Monthly, Quarterly, Semi Annually and on maturity date	Mortgage gurantee and equipments	4.3% to 7.75%
<b>Total</b>	<u>51,197,150</u>					
<b>(Audited) 31 December 2015</b>						
Borrowed loans from banks/ Local financial institution	42,322,037	185	143	Monthly, Quarterly, Semi Annually and on maturity date	Mortgage gurantee and equipments	4.5% to 7.75%
<b>Total</b>	<u>42,322,037</u>					

\* Borrowed funds represents credit facilities granted from Jordan Mortgage refinancing company amounted to JD 27,536,742. Housing loans had been refinanced for interest rate of 7.31%.

\* Borrowed funds represents credit facilities granted from local banks amounted to JD 23,660,408 represented by overdraft accounts and revolving loans provided for Bank subsidiaries (Tamkeen for Finance Leasing Company and Al-Istithmari Le Tamweel Selseiat Al Imdad).

\* Fixed interest loans amounted to JD 51,197,150 and there are no loans at changing interest rates as at 30 June 2016.

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**(14) INCOME TAX**

**A. Provision for Income tax**

The movement on Provision for Income tax was as follows:

	30 June 2016 JD (Unaudited)	31 December 2015 JD (Audited)
<b>Beginning balance for the period / year</b>	6,208,287	3,467,908
Income tax paid	(6,119,910)	(4,092,044)
Income tax for the period / year	2,441,226	6,832,423
<b>Ending balance for the period / year</b>	<u>2,529,603</u>	<u>6,208,287</u>

Income tax is calculated according to applicable laws, regulations and International financial reporting standards.

**B. Provision for income tax in the statement of income is comprised of the following:**

	30 June 2016 JD (Unaudited)	30 June 2015 JD (Unaudited)
Accrued income tax for the period	2,441,226	1,550,256
Deferred tax assets for the period	(350,071)	(263,176)
Amortization of deferred tax assets for the period	654,351	552,617
Deferred tax liabilities for the period	2,375	171,717
Amortization of deferred tax liabilities	(8,095)	-
	<u>2,739,786</u>	<u>2,011,414</u>

**Bank's Tax status:**

The Bank obtained a final tax clearance from the Income and Sales Tax Department up to the year 2013. And the Income tax report for the year 2014 had been accepted for without any amendments.

The Bank submitted Income tax report for the year 2015 upon legal due date, The Income and Sales tax Department have not yet reviewed it.

As per the opinion of the Bank's management and its tax advisor, the tax provisions are sufficient to cover tax liabilities up to 30 June 2016.

**Al Mawared for Financial Brokerage Company (Subsidiary Company) Tax Status:**

The Company has obtained a final tax clearance from the Income and Sales Tax Department for the period since inception dated 5 June 2006 and up to year end 2011.

Income Tax reports had been approved for the years ended 2012, 2013 and 2014 without any amendments.

The Company has submitted the income tax report for the year 2015 upon legal due date, and the Income and Sales tax Department have not yet reviewed it.

As per the opinion of the Company's management and its tax advisor, no liabilities are to be noted for the company in excess of the amounts provided for up till 30 June 2016.

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**Tamkeen for Finance Leasing Company (Subsidiary Company) Tax Status:**

The Company has not submitted its Income tax report since the date of inception 31 October 2006 and up to 31 December 2009, due to the fact that it did not exercise its operations during those years.

The Company has obtained a final tax clearance from the Income and Sales Tax Department for the years 2010, 2011, 2012, 2013 and 2014.

The Company has submitted the income tax report for the year 2015 upon legal due date, and the Income and Sales tax Department have not yet reviewed it.

As per the opinion of the Company's management and its tax advisor, no liabilities are to be noted for the company in excess of the amounts provided for up till 30 June 2016.

**Al Istethmari Letamweel Selselat Al Imdad Company (Subsidiary Company) Tax Status:**

The company has reached to a final settlement with the income and sales tax department up till the year 2010, and no deferred tax liabilities are presented for that period.

The Company has submitted the income tax report for the years 2011, 2012, 2013 and 2014 upon legal due date, and had paid all declared liabilities within the legal period and had been all accepted for by the Income and Sales tax Department as is without adding any changes.

The Company has submitted the income tax report for the year 2015 upon legal due date, and the Income and Sales tax Department have not yet reviewed it.

As per the opinion of the Company's management and its tax advisor, no liabilities are to be noted for the company in excess of the amounts provided for up till 30 June 2016.

**C. The summary of the reconciliation between accounting income and taxable income is as follows:**

	30 June 2016 <u>JD</u> (Unaudited)	30 June 2015 <u>JD</u> (Audited)
Accounting profit	9,770,393	6,849,191
Non-taxable profit	(5,704,106)	(4,982,161)
Expenses not deductible for tax purposes	3,466,509	2,834,322
<b>Taxable profit</b>	<u>7,532,796</u>	<u>4,701,352</u>
Income tax percentage for the Bank	35%	35%
Deferred taxes percentage for the Bank	35%	35%
Income tax percentage for the subsidiary companies	24%	24%
Deferred tax percentage for the subsidiary companies	24%	24%

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**(15) OTHER LIABILITIES**

This item consists of the following:

	30 June 2016	31 December 2015
	JD (Unaudited)	JD (Audited)
Accepted and certified checks	2,314,874	1,801,308
Accrued interest	2,197,198	2,465,775
Sundry creditors	4,410,430	5,069,807
Brokerage payable	906,050	610,990
Dividends payable	102,495	103,607
Deposits on safe deposit boxes	101,421	85,244
Accrued expenses	920,499	1,051,242
Other liabilities	2,640,828	2,647,727
<b>Total</b>	<b>13,593,795</b>	<b>13,835,700</b>

**(16) RESERVE**

The details of the reserves for 30 June 2016 are as follows:

**a) Statutory reserve:**

This account represents the accumulated amount of appropriations from income before tax at 10% according to the companies' law and banks law. This amount is not to be distributed to shareholders.

**b) General banking risks reserve**

This item represents the general banking risk reserve according to the Central Bank of Jordan's instructions. In terms of direct and indirect credit facilities and proportions determined by the central bank.

**c) The details of the restricted reserves are as follows:**

Reserve	30 June 2016	31 December 2015	Nature of restriction
	JD	JD	
Statutory reserve	21,332,948	21,332,948	Restricted according to the banks law and companies' law
General banking risk reserve	4,934,925	4,603,049	Restricted according to the Central Bank of Jordan

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**(17) FINANCIAL ASSETS REVALUATION RESERVE - NET**

The movement on this item is as follows:

	30 June 2016	31 December 2015
	JD	JD
	(Unaudited)	(Audited)
<b>Balance at the beginning of the period / year</b>	3,839,176	2,762,658
Unrealised gains	1,591,508	1,622,009
Deferred tax liabilities	(789,030)	(579,538)
Losses on sale of financial assets through other comprehensive income	662,626	34,047
<b>Balance at the end of the period / year</b>	<u>5,304,280</u>	<u>3,839,176</u>

**(18) RETAINED EARNINGS**

The movement on retained earnings is as follows:

	30 June 2016	31 December 2015
	JD	JD
	(Unaudited)	(Audited)
<b>Balance at the beginning of the period / year</b>	23,984,252	19,052,742
Profit for the period / year	-	14,254,168
Transferred to reserves	(331,876)	(2,288,611)
Dividends Paid	(8,000,000)	(7,000,000)
losses on sale of financial assets through other comprehensive income	(662,626)	(34,047)
<b>Balance at the end of the period / year</b>	<u>14,989,750</u>	<u>23,984,252</u>

Included in retained earnings is an amount of JD 5,061,644 as of 30 June 2016 restricted according to the Central Bank of Jordan's instructions against deferred tax assets JD 5,365,915 as of 31 December 2015.

Included in retained earnings is an amount of JD 1,039,200 as of 30 June 2016 against JD 2,539,200 as of 31 December 2015 restricted according to the Central Bank of Jordan's instructions which represents the remainder of the balances of illegal operations.

Retained earnings include an amount of JD 416,296 as of 30 June 2016 against JD 426,919 as of 31 December 2015 which represents the effect of early adoption of IFRs (9). These amounts are restricted amounts and cannot be utilized unless realized through sale as instructed by the Jordan securities commission.

Retained earnings does not include and differences for revaluation of financial assets at fair value through profit and loss as at 30 June 2016 and 31 December 2015.

According to the resolution of the General Assembly of shareholders on 20 April 2016, an amount of JD 8 million of dividends was distributed from retained earnings for the year 2015 equivalent to 8% of the bank's capital. Also JD 7 million was distributed from retained earnings on 20 April 2015 for year 2014.

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**(19) INTEREST INCOME**

This item consists of the following:

	30 June 2016	30 June 2015
	JD	JD
	(Unaudited)	(Unaudited)
<b>Individuals (Retail) :</b>		
Overdraft	587,538	708,390
Loans and discounted bills	2,070,216	1,714,290
Credit cards	548,868	433,709
<b>Real estate loans</b>	3,040,055	2,908,514
<b>Companies</b>		
<b>Corporate:</b>		
Overdraft	2,766,542	2,694,382
Loans and discounted bills	10,168,179	9,901,062
<b>Medium and small companies:</b>		
Overdraft	340,671	119,972
Loans and discounted bills	633,819	801,283
<b>Government and public sector</b>	86	-
Balances at Central Bank	272,356	374,740
Balances and deposits at banks and financial institutions	203,473	193,464
Financial assets at fair value through profit or loss	-	20,842
Financial assets at amortized cost	2,731,898	3,540,690
	<u>23,363,691</u>	<u>23,411,338</u>

**(20) INTEREST EXPENSE**

This item consists of the following:

	30 June 2016	30 June 2015
	JD	JD
	(Unaudited)	(Unaudited)
Deposits at banks and financial institutions	15,644	146,034
<b>Customers deposits</b>		
Time and notice accounts	5,559,962	8,285,617
Current and demand deposits	112,842	141,940
Saving deposits	119,081	118,964
Certificates of deposits	3,290	13,401
Cash margins	248,837	241,227
Borrowed funds	1,235,863	1,175,932
Deposits guarantee fees	547,589	535,715
<b>Total</b>	<u>7,843,108</u>	<u>10,658,830</u>



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**(21) GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This item consists of the following:

	Realized profit JD	Unrealized (losses) gains JD	Dividends income JD	Total JD
<b>(Unaudited) 30 June 2016</b>				
Companies shares	233,479	(85,165)	20,943	169,257
<b>Total</b>	<b>233,479</b>	<b>(85,165)</b>	<b>20,943</b>	<b>169,257</b>
<b>(Unaudited) 30 June 2015</b>				
Companies shares	25,388	347,096	400,860	773,344
<b>Total</b>	<b>25,388</b>	<b>347,096</b>	<b>400,860</b>	<b>773,344</b>

**(22) CAPITAL MANAGEMENT**

**A- Description of capital**

According to the Central Bank of Jordan instructions and in compliance with the capital adequacy requirements, regulatory capital consists of many parts:-

- The first part is the primary capital which is made up of paid-up capital, declared reserves, (including statutory reserve, voluntary reserve, share premium (discount), treasury share premium, and other reserves), retained earnings (losses), and non-controlling interest (if any) minus intangible assets, loss for the period, acquisition costs of treasury stock, provisions required by the Central Bank of Jordan, full amount of goodwill, and any restricted amounts.
- The second part is supplementary capital (undeclared reserves, general banking risk reserves provided that the general banking risk reserve does not exceed 1.25% of total credit risk weighted assets, subordinated debts, the positive fair value reserve at 45% less the negative change balance) provided that this part of capital does not exceed 100% of primary capital.
- The third part consists of short-term subordinated loans to meet market risks. This part supplements capital and is utilized to face the potential losses from market risks only.
- Additionally, the Bank complies with article (62) of the Banks Law which requires the Bank to appropriate yearly to the statutory reserve 10% of its net profits and continues to do so until the reserve equals the Bank's paid-up capital.

**B- Regulatory authorities requirements concerning capital and method of fulfilling them**

The Bank considers the compatibility of the size of capital with the nature of risks it is exposed to provided that paid-up capital is not less than the minimum required by the Central Bank of Jordan and regulatory capital not less than 12% of the weighted value of credit risk weighted assets, operating and market risks. Furthermore, the minimum leverage ratio (equity to total assets) should not be less than 6%. Moreover, not less than 28.5% of market risks weighted assets should be covered by primary capital.

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**C- How to achieve capital management objectives**

The Bank's management aims at achieving the Bank's capital management objectives, and a surplus in operating income and revenues, and the optimal utilization of the available sources of funds so as to reach the targeted growth in shareholders' equity through the increase in the statutory reserve realized profits and retained earnings.

It was taken to the effects of entering into investments using the capital adequacy ratio. The process of monitoring the capital adequacy is done on a regular basis and the ratio is calculated by the Department of Risk Management.

**D- The amount the bank considers as capital and capital adequacy ratio are according to the table below:**

	30 June 2016 <u>JD</u>	31 December 2015 <u>JD</u>
Subscribed and paid-in capital	100,000,000	100,000,000
Statutory reserve	21,332,948	21,332,948
Retained earnings (less any restricted funds)	13,534,254	13,018,133
<b>Less :</b>		
Goodwill or any intangible assets and deferred tax assets	(6,763,824)	(7,321,840)
Investment deducted from capital at 50%	(952,523)	(1,065,920)
<b>Primary capital</b>	<u>127,150,855</u>	<u>125,963,321</u>
Fair value reserve according to IFRs (9)	2,386,926	1,727,629
General banking risks reserve	4,934,925	4,603,049
<b>Less :</b>		
Investments deducted from capital at 50%	(952,523)	(1,065,920)
<b>Additional capital</b>	<u>6,369,328</u>	<u>5,264,758</u>
<b>Total regulatory capital</b>	<u>133,520,183</u>	<u>131,228,079</u>
<b>Total risks weighted assets</b>	<u>746,395,361</u>	<u>720,548,304</u>
<b>Capital adequacy ratio</b>	<u>17.89%</u>	<u>18.21%</u>
<b>Primary capital ratio</b>	<u>17.04%</u>	<u>17.48%</u>

**(23) SECTOR ANALYSIS**

**A- Information on the Bank sectors operations**

The Bank is organized, for managerial purposes, which measured according to reports used by general manager and decision makers to the Bank into three major sectors.

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

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

	Total						
	Individuals JD	Corporate JD	Treasury JD	Financial Brokerage JD	Financial Lease JD	Bonded Management JD	Other JD
Gross income	4,375,580	9,601,182	4,770,423	916,608	1,037,987	1,151,022	386,749
Provision for impairment Loss on direct credit facilities	(34,918)	(102,655)	-	-	(72,130)	-	-
Sundry provisions	-	-	-	-	-	-	(124,046)
Results of business sector	4,340,662	9,498,527	4,770,423	916,608	965,857	1,151,022	262,703
Undistributed expenditures	-	-	-	(217,193)	(408,724)	(751,099)	(10,758,393)
Profit for the period before taxes	4,340,662	9,498,527	4,770,423	699,415	557,133	399,923	(10,495,690)
Income tax	-	-	-	(168,675)	(163,369)	(95,982)	(2,311,760)
Income for the period	4,340,662	9,498,527	4,770,423	530,740	393,764	303,941	(12,807,450)
<b>Sector's assets</b>							
Undistributed assets on sectors	129,964,839	318,240,827	266,434,276	18,620,516	23,958,288	18,680,975	-
Total assets	129,964,839	318,240,827	266,434,276	18,620,516	23,958,288	18,680,975	75,347,797
<b>Sector's liabilities</b>							
Undistributed liabilities on sectors	353,675,294	271,317,837	30,466,124	1,180,041	17,424,166	13,829,629	-
Total liabilities	353,675,294	271,317,837	30,466,124	1,180,041	17,424,166	13,829,629	8,875,035
<b>Capital expenditures</b>							
Depreciation and amortization	-	-	-	-	-	-	8,875,035
Total	-	-	-	-	-	-	8,875,035
<b>Total</b>							
	30 June		31 December		2015		
	(Unaudited)	2016	(Unaudited)	2015	(Audited)	2015	
		JD		JD		JD	
		18,509,734		17,455,358		9,302,775	
		(209,703)		(982,157)		(72,219)	
		(124,046)		(10,606,167)			
		21,905,802		17,455,358		17,455,358	
		(12,135,409)		(10,606,167)		(10,606,167)	
		9,770,393		6,849,191		6,849,191	
		(2,739,786)		(2,011,414)		(2,011,414)	
		7,030,607		4,837,777		4,837,777	
<b>Total</b>							
	30 June		31 December		2015		
	(Unaudited)	2016	(Unaudited)	2015	(Audited)	2015	
		JD		JD		JD	
		678,534,506		764,388,062		12,239,078	
		8,875,035		81,031,829		690,773,583	
		696,768,126		845,419,891			
		687,893,091		678,534,506		678,534,506	
		8,875,035		12,239,078		12,239,078	
		696,768,126		690,773,583		690,773,583	
<b>Total</b>							
	30 June		31 December		2015		
	(Unaudited)	2016	(Unaudited)	2015	(Audited)	2015	
		JD		JD		JD	
		9,302,775		9,302,775		9,302,775	
		890,184		9,302,775		9,302,775	
		1,424,464		1,336,673		1,336,673	

**B- Information on the geographical distribution.**

The Bank and its subsidiaries perform most of their activities and operations in Jordan. Accordingly, most of the Bank's revenues, assets and capital expenditures are in Jordan

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**(24) 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*	Board of directors members & executive management	Other (employees and their relative, relative of members of the board of directors and executive management)	30 June 2016	31 December 2015
	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Audited)
<b>On Financial Position</b>					
<b>Items:</b>					
Credit facilities	610,772	3,695,043	41,801,818	46,107,633	44,891,327
Provision for impairment on direct credit facilities	-	-	4,472,620	4,472,620	5,079,618
Deposits, current accounts and cash margins	4,668,545	3,078,318	12,208,518	19,955,381	24,541,295
<b>Off-Financial Position</b>					
<b>Items:</b>					
Letters of guarantee	1,341,625	617,802	8,113,327	10,072,754	9,993,374
Letters of credit	-	-	56,785	56,785	19,163
				<b>For six months ended</b>	
				<b>2016</b>	<b>2015</b>
				JD	JD
				(Unaudited)	(Unaudited)
<b>Statement of Income</b>					
<b>Items:</b>					
Interest and commission received	22,391	136,581	1,336,861	1,495,833	1,328,008
Interest and commission paid	40,295	27,666	106,491	174,452	363,636
Provision for impairment on direct credit facilities *	-	-	(606,998)	(606,998)	5,170,078
Maximum credit interest rate in Jordan dinar 21%					Minimum credit interest rate 2.75%
Maximum credit interest rate in foreign currency 4%					Minimum credit interest rate 3%
Maximum interest rate on deposits in Jordan dinar 3.75%					Minimum interest rate on deposits 0%
Maximum interest rate on deposits in foreign currency 0.1%					Minimum interest rate on deposits 0%
Maximum credit commission rate 1%					Minimum credit commission rate 0.5%

The executive management salaries and benefits for the bank and its subsidiaries amounted to JD 1,534,594 for the six months ended 30 June 2016 against JD 1,492,849 for the same period in the year 2015.

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**(25) CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	As of 30 June	
	2016	2015
	JD	JD
	(Unaudited)	(Unaudited)
Cash and balances at Central Bank maturing within three months	81,124,368	81,658,076
Balances at banks and financial institutions maturing within three months	38,825,617	30,023,951
Deposits at banks and financial institutions maturing within three months	5,466,124	31,104,008
Restricted balances at banks and financial institutions	2,387,925	2,383,314
	<u>112,095,936</u>	<u>78,194,705</u>

**(26) FAIR VALUE HIERARCHY**

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

**Level 1:** quoted prices (unadjusted) in active markets for assets or liabilities. Most monetary assets at fair Value taken from comprehensive income statement are in Jordan and Palestine markets.

**Level 2:** quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all inputs which have a significant effect on the recorded fair value are based on market information.

**Level 3:** techniques which use inputs which have no significant effect on the recorded fair value that are not based on observable market data, book value was used as it's the most appropriate measurement tool for investments.

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
<b>(Unaudited)</b>				
<b>30 June 2016</b>				
Financial assets at fair value through profit or loss	1,702,161	-	-	1,702,161
Financial assets at fair value through other comprehensive income	19,962,001	-	2,583,762	22,545,763
	<u>21,664,162</u>	<u>-</u>	<u>2,583,762</u>	<u>24,247,924</u>
<b>(Audited)</b>				
<b>31 December 2015</b>				
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>-</u>	<u>2,279,226</u>	<u>23,137,858</u>

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**(27) EARNINGS PER SHARE FOR THE PERIOD**

There are no material differences between the fair value of financial instruments and their carrying value recognized in the financial statements. Moreover, there are no material differences between the fair value and the carrying value of the direct credit facilities, financial assets at amortized cost, banks and financial institutions deposits, customer deposits, cash margins and borrowed funds stated at amortized costs in 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 2015, 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 30 June 2016 amounted to JD 467,740.

**(28) EARNINGS PER SHARE FOR THE PERIOD**

The details of this item are as follows:

	As of 30 June	
	2016 JD (Unaudited)	2015 JD (Unaudited)
Profit for the period attributable to the bank's shareholders	6,972,996	4,817,609
Weighted average number of shares	100,000,000	100,000,000
Basic and diluted earnings per share from the profit for the period	0.070	0,480

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.

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**(29) CONTINGENT LIABILITIES**

**A. Credit commitments and contingencies:**

	30 June 2016	31 December 2015
	JD (Unaudited)	JD (Audited)
Letters of credit	8,881,673	13,761,841
Acceptances and periodic withdrawals	10,076,821	3,186,941
<b>Letters of guarantee:</b>		
Payments	30,590,408	31,800,034
Performance	31,684,262	30,842,045
Others	10,477,346	11,135,306
Unutilized direct credit facilities ceilings	17,433,723	17,312,891
	<u>109,144,233</u>	<u>108,039,058</u>

**(30) LAWSUITS HELD AGAINST THE BANK**

- a. As of the condensed consolidated interim financial statement date, the lawsuits held against the bank amounted to JD 9,171,007 as of 30 June 2016 against JD 14,501,597 as of 31 December 2015. The total booked provisions against these lawsuits amounted to JD 697,331 as of 30 June 2016 against 1,062,463 as of 31 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 are no lawsuits held against the other subsidiaries (AlMawared for financial brokerage, Al Istethmari Letamweel Selselat Al Imdad Company, or Jordanian Company for Factoring) as of 30 June 2016.

**(31) COMPARATIVE FIGURES**

Some of the figures for the period ended 30 June 2015 and year ended 31 December 2015 have been reclassified to confirm the presentation of period ended 30 June 2016.