

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

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

**30 JUNE 2017**

**INVEST BANK  
(PUBLIC SHAREHOLDING COMPANY)**

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

**30 JUNE 2017**

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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 2017 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.

For and on behalf of PricewaterhouseCoopers "Jordan" L.L.C.

  
Amman, Jordan  
27 July 2017 - Jordan

**INVEST BANK**  
**(PUBLIC SHAREHOLDING COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 30 JUNE 2017**

	Notes	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
<b>Assets</b>			
Cash and balances at the Central Bank of Jordan	4	96,314,592	91,250,017
Balances at banks and financial institutions	5	79,693,899	73,902,498
Deposits at banks and financial institutions	6	5,687,101	5,500,000
Financial assets at fair value through statement of income	7	1,931,456	2,128,116
Direct credit facilities – net	9	588,747,762	538,630,285
Financial assets at fair value through other comprehensive income	8	31,380,006	24,437,914
Financial assets at amortized cost	10	101,339,901	120,143,870
Property and equipment – net		29,412,873	28,573,609
Intangible assets		2,799,522	3,003,463
Deferred tax assets		6,474,425	6,883,615
Other assets	11	51,982,088	55,123,285
<b>Total assets</b>		<u>995,763,625</u>	<u>949,576,672</u>
<b>Liabilities And Equity</b>			
<b>Liabilities</b>			
Banks and financial institutions deposits		20,424,058	2,432,998
Customers' deposits	12	637,461,358	622,816,743
Cash margins		43,041,165	38,094,827
Borrowed funds	13	110,382,157	99,789,624
Sundry provisions		744,151	710,086
Provision for income tax	14	1,297,016	6,501,454
Deferred tax liabilities		4,215,741	2,812,850
Other liabilities	15	16,335,976	12,074,876
<b>Total Liabilities</b>		<u>833,901,622</u>	<u>785,233,458</u>
<b>Equity</b>			
Authorised share capital		<u>100,000,000</u>	<u>100,000,000</u>
Subscribed and paid-up share capital		100,000,000	100,000,000
Statutory reserve	16	23,570,771	23,570,771
General banking risks reserve	16	5,963,597	5,311,284
Financial Assets revaluation reserve - net	17	8,409,942	5,491,519
Retained earnings	18	16,854,231	27,663,922
Profit for the period		4,647,705	-
<b>Total equity attributable to the share of the bank</b>		<u>159,446,246</u>	<u>162,037,496</u>
Non-controlling interest		2,415,757	2,305,718
<b>Total equity</b>		<u>161,862,003</u>	<u>164,343,214</u>
<b>Total liabilities and equity</b>		<u>995,763,625</u>	<u>949,576,672</u>

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 2017**

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017	2016	2017	2016
		JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
Interest income	19	13,749,062	11,721,354	26,602,829	23,363,691
Interest expense	20	(5,917,396)	(3,830,166)	(11,453,595)	(7,843,108)
<b>Net Interest Income</b>		<u>7,831,666</u>	<u>7,891,188</u>	<u>15,149,234</u>	<u>15,520,583</u>
Net commission revenue		2,197,932	1,469,470	4,450,947	2,988,450
<b>Net Interest and Commissions Income</b>		<u>10,029,598</u>	<u>9,360,658</u>	<u>19,600,181</u>	<u>18,509,033</u>
Gains from foreign currencies		272,953	299,684	472,274	333,816
Gain from sale of financial assets at amortized cost		165,571	-	117,626	-
Gains from sale financial assets at fair value through statement of income	21	70,835	197,290	149,584	169,257
Cash dividends from financial assets at fair value through other comprehensive income	8	231,162	148,827	2,013,574	1,533,823
Other Revenue		781,255	1,000,474	1,381,097	1,693,622
<b>Gross Income</b>		<u>11,551,374</u>	<u>11,006,933</u>	<u>23,734,336</u>	<u>22,239,551</u>
Employees expenses		(3,861,980)	(3,436,475)	(7,453,355)	(6,479,948)
Depreciation and amortization		(703,008)	(732,739)	(1,411,671)	(1,424,464)
Other expenses		(2,380,069)	(2,017,229)	(4,670,716)	(3,931,458)
Provision for impairment of seized assets based on Central Bank of Jordan regulations		(561,464)	(299,539)	(164,045)	(299,539)
(Provision) Reverse from impairment on direct credit facilities	9	(3,448,159)	399,839	(3,568,263)	(209,703)
Sundry provisions		(35,492)	(48,862)	(35,492)	(124,046)
<b>Total Expenses</b>		<u>(10,990,172)</u>	<u>(6,135,005)</u>	<u>(17,303,542)</u>	<u>(12,469,158)</u>
<b>Income for the period before income tax</b>		<u>561,202</u>	<u>4,871,928</u>	<u>6,430,794</u>	<u>9,770,393</u>
Income tax for the period	14	(51,644)	(1,342,780)	(1,618,638)	(2,739,786)
<b>Net income for the period</b>		<u>509,558</u>	<u>3,529,148</u>	<u>4,812,156</u>	<u>7,030,607</u>
<b>Attributable to :</b>					
Shareholders of the Bank		425,850	3,502,824	4,647,705	6,972,996
Non-controlling interest		83,708	26,324	164,451	57,611
		<u>509,558</u>	<u>3,529,148</u>	<u>4,812,156</u>	<u>7,030,607</u>
Basic and diluted earnings per share from net income for the period attributable to the shareholders of the Bank	28	<u>0.004</u>	<u>0.035</u>	<u>0.046</u>	<u>0.070</u>

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 2017**

	For the three months ended 30 June		For the Six months ended 30 June	
	2017 JD (Unaudited)	2016 JD (Unaudited)	2017 JD (Unaudited)	2016 JD (Unaudited)
<b>Net income for the period</b>	509,558	3,529,148	4,812,156	7,030,607
<b>Other comprehensive income items:</b>				
Changes in financial assets revaluation reserve - net	667,414	750,405	2,816,765	809,873
(Losses) Gains from sale of financial assets at fair value through other comprehensive income	(31,626)	7,866	(55,720)	(7,395)
<b>Total Other comprehensive income items</b>	<u>635,788</u>	<u>758,271</u>	<u>2,761,045</u>	<u>802,478</u>
<b>Total comprehensive income for the period</b>	<u>1,145,346</u>	<u>4,287,419</u>	<u>7,573,201</u>	<u>7,833,085</u>
<b>Total Comprehensive Income Attributable to:</b>				
Shareholders of the Bank	1,061,638	4,261,095	7,408,750	7,775,474
Non-controlling interest	83,708	26,324	164,451	57,611
	<u>1,145,346</u>	<u>4,287,419</u>	<u>7,573,201</u>	<u>7,833,085</u>

**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 2017**

	Reserves			General banking risks JD	Financial Asset revaluation reserve-net JD	Retained earnings JD	Profit for the period JD	Total shareholders' equity attributable to the bank's shareholders JD	Non-controlling interest JD	Total JD
	Paid-in capital JD	Statutory JD								
<b>(Unaudited)</b>										
<b>Balance at 31 December 2016</b>	100,000,000	23,570,771	5,311,284	5,491,519	27,663,922	-	4,647,705	162,037,496	2,305,718	164,343,214
Net income for the period	-	-	-	-	-	-	-	4,647,705	164,451	4,812,156
Net changes in financial assets revaluation reserve - net after taxes	-	-	-	2,816,765	-	-	-	2,816,765	-	2,816,765
Losses from sale of financial assets at fair value through other comprehensive income transferred to the retained earnings	-	-	-	101,658	(157,378)	-	-	(55,720)	-	(55,720)
<b>Total other comprehensive income</b>	-	-	-	2,918,423	(157,378)	-	4,647,705	7,408,750	164,451	7,573,201
Transferred to reserves	-	-	652,313	-	(652,313)	-	-	-	-	-
Dividends (Note 18)	-	-	-	-	(10,000,000)	-	-	(10,000,000)	-	(10,000,000)
Effect of additions to investment in subsidiaries	-	-	-	-	-	-	-	-	(54,412)	(54,412)
<b>Balance at 30 June 2017</b>	100,000,000	23,570,771	5,963,597	8,409,942	16,854,231	4,647,705	4,647,705	159,446,246	2,415,757	161,862,003
<b>(Unaudited)</b>										
<b>Balance at 31 December 2015</b>	100,000,000	21,332,948	4,603,049	3,639,176	23,984,252	-	6,972,996	153,759,425	886,882	154,646,307
Net income for the period	-	-	-	-	-	-	-	6,972,996	57,611	7,030,607
Net changes in financial assets revaluation reserve - net after taxes	-	-	-	809,873	-	-	-	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)	-	(7,395)
<b>Total other comprehensive income</b>	-	-	-	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)
<b>Balance at 30 June 2016</b>	100,000,000	21,332,948	4,934,925	5,304,280	14,989,750	6,972,996	6,972,996	153,534,899	944,493	154,479,392

- Included in retained earnings an amount of JD 6,474,425 as of 30 June 2017 restricted by the Central Bank of Jordan for deferred tax assets against JD 6,883,615 as of 31 December 2016.
- Included in the retained earnings a restricted amount of JD 1,039,200 as of 30 June 2017 and 31 December 2016 based on centred bank of Jordan request, which represents the remaining balance of illegal operations.
- Included in the retained earnings an amount of JD 413,823 as of 30 June 2017, against JD 415,074 as of 31 December 2016 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 statement of income as at 30 June 2017 and 31 December 2016.
- 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 2017**

	Notes	For the six months ended 30 June	
		2017	2016
		JD (Unaudited)	JD (Unaudited)
<b>Operating activities</b>			
Income for the period before income tax		6,430,794	9,770,393
<b>Adjustments:</b>			
Depreciation and amortization		1,411,671	1,424,464
Provision for impairment on direct credit facilities		3,568,263	209,703
Provision for lawsuits against the bank		35,492	51,363
Provisions against seized asset as per CBJ regulations		64,571	299,539
Provision for impairment of seized assets against due debts		99,474	-
Gain on sale of assets		(84,995)	-
Gain on sale of assets seized by the Bank		178,083	(184,513)
Unrealised gain from financial assets at fair value through statement of income		58,009	85,165
Dividends received from financial assets at fair through other comprehensive income		(2,013,574)	(1,533,823)
Net interest income		909,765	(271,706)
Effect of exchange rate fluctuations on cash and cash equivalents		(17,547)	(19,625)
<b>Income before changes in assets and liabilities</b>		<b>10,640,006</b>	<b>9,830,960</b>
<b>Changes in assets and liabilities</b>			
Deposits at banks and financial institutions (maturing after more than 3 months)		-	(500,000)
Deposits at banks and financial institutions (Restricted withdrawal balances)		-	(4,657)
Financial assets at fair value through statement of income		138,651	769,071
Direct credit facilities		(53,685,740)	(39,728,248)
Other assets		2,669,640	3,574,843
Customers' deposits		14,644,615	689,324
Cash margin		4,946,338	3,484,668
Other liabilities		3,480,764	26,672
<b>Net changes in assets and liabilities</b>		<b>(27,805,732)</b>	<b>(31,688,327)</b>
<b>Net cash flows used in operating activities before income tax and provisions paid</b>		<b>(17,165,726)</b>	<b>(21,857,367)</b>
Paid from lawsuits provisions		-	(416,496)
Income tax paid		(6,412,151)	(6,119,910)
<b>Net cash flows used in operating activities</b>		<b>(23,577,877)</b>	<b>(28,393,773)</b>
<b>Investing activities</b>			
Purchases of financial assets at fair value through statement of comprehensive income		(3,025,847)	(743,121)
Sale of financial assets at fair value through statement of comprehensive income		244,116	370,326
Dividends received from financial assets at fair value through statement of comprehensive income		2,013,574	1,533,823
Deposits at banks and financial institutions		(187,101)	-
Purchases of financial assets at amortized cost		(40,058,833)	(30,736,509)
Financial assets at amortized cost due		47,375,934	33,080,096
Sale of financial assets at amortized cost		11,486,868	-
Purchase of property and equipment and advances for purchases of property, equipment and projects under progress		(1,984,806)	(799,881)
Proceeds from sale of property and equipment		59,100	-
Purchase of intangible assets		(36,293)	(90,303)
<b>Net cash flows generated from investing activities</b>		<b>15,886,713</b>	<b>2,614,431</b>
<b>Financing activities</b>			
Dividends paid		(10,000,000)	(8,000,000)
Borrowed funds		10,592,533	8,875,113
Purchases of additional shares in subsidiary		(54,000)	-
<b>Net cash flows generated from financing activities</b>		<b>538,533</b>	<b>875,113</b>
Effect of exchange rate fluctuations on cash and cash equivalents		17,547	19,625
<b>Net decrease in cash and cash equivalents</b>		<b>(7,135,084)</b>	<b>(24,884,604)</b>
Cash and cash equivalents at 1 January		162,719,517	136,980,540
<b>Cash and cash equivalents at 30 June</b>	25	<b>155,584,433</b>	<b>(112,095,936)</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 2017 (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 twelve 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 19 July 2017.

**(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 2016. Furthermore, the results of operations for the six months ended 30 June 2017 do not necessarily reflect the expected results for the year ending 31 December 2017, except for not appropriating the profit of the six months ended on 30 June 2017 which is usually performed at year end.

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

The accounting policies applied in preparing these interim condensed consolidated financial statements agree with those used in preparing the consolidated financial statements for the Bank for year ending 31 December 2016, except applying new standards and amendments on current standards as mentioned below, which do not apply significant effect on the Bank's interim condensed consolidated financial statements for the six months ending 30 June 2017.

**(a) New standards and amendments to standards and interpretations effective for the annual periods beginning after 1 January 2017, applied by the bank in preparing these financial statements and do not have significant effect:**

- Amendments to IAS 12 - 'Income tax' which explains measurement and accounting for deferred tax assets.
- 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.

**(b) New standards and interpretations that have been issued, and are not yet applied for the reporting periods commencing 1 January 2017, not yet early adopted by the bank:**

- 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.
- There are no other standards or amendments that are effective and have material impact on the financial statements of the bank.

**INVEST BANK  
(PUBLIC SHAREHOLDING COMPANY)  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
30 JUNE 2017 (UNAUDITED)**

**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. These transactions, balances, revenue 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:

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
Jordan Trade Facilities **	16,500,000	94.9%	Granting Loans and Facilities	Amman	2016
Trade Facilities for Finance Leasing **	2,000,000	94.9%	Lease Financing	Amman	2016

\* Jordanian Company for factoring was established on 21 December 2011 and has not commenced its operations as of the date of these interim condensed consolidated financial statements.

\*\* During the second half of the year 2016, the Bank had acquired through his subsidiary (Tamkeen for Finance Leasing) 93.275% from Jordan Trade facilities public shareholder (who owns 100% of Trade Facilities for Finance Leasing Company).

Tamkeen for Finance Leasing had increased during the first half of the year 2017, its share in Jordan Trade Facilities public shareholder Company to reach 93.517%, by that the direct and indirect share of the bank for Jordan Trade Facilities public shareholder had recorded a 94.9% as of 30 June 2017 against 94.7% as of 31 December 2016.

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 2017 (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 – net 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 2016.

**(4) CASH ON HAND AND BALANCES WITH CENTRAL BANK OF JORDAN**

This item consists of the following:

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	12,075,033	10,754,130
<b>Balances at the Central Bank:</b>		
Current and demand accounts	10,524,948	6,152,449
Term and notice deposits	13,000,000	-
Statutory cash reserve	44,114,611	43,643,438
Deposit certificate	16,600,000	30,700,000
<b>Total</b>	<u>96,314,592</u>	<u>91,250,017</u>

There are no restricted balances, except for the statutory cash reserve as of 30 June 2017 and 31 December 2016.

There are no balances maturing after more than three months as of 30 June 2017 and 31 December 2016.

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

This item consists of the following:

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Local banks and financial institution	22,588,245	29,698,581
Foreign banks and financial institutions	57,105,654	44,203,917
<b>Total</b>	<u>79,693,899</u>	<u>73,902,498</u>

Non-interest bearing balances at banks and financial institutions in which the bank does not earn interest on amounted to JD 32,016,238 as of 30 June 2017 against JD 29,012,436 as of 31 December 2016.

There are no balances with withdrawal restriction as of 30 June 2017 and as of 31 December 2016.

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

This item consists of the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
	JD (Unaudited)	JD (Audited)
Local banks and financial Institutions	5,000,000	5,500,000
Foreign banks and financial Institutions	687,101	-
<b>Total</b>	<u>5,687,101</u>	<u>5,500,000</u>

There are no restricted deposit balances as of 30 June 2017 and 31 December 2016.

Deposits at banks and financial institutions maturing within a period that exceeds three months amounted to JD 687,101 as of 30 June 2017 against 5,500,000 as of 31 December 2016.

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

This item consists of the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
	JD (Unaudited)	JD (Audited)
Shares	1,921,906	2,089,000
Investments funds	9,550	39,116
<b>Total</b>	<u>1,931,456</u>	<u>2,128,116</u>

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

This item consists of the following:

	<u>30 June 2017</u>	<u>31 December 2016</u>
	JD (Unaudited)	JD (Audited)
Quoted shares	28,469,950	21,851,633
Unquoted shares *	2,910,056	2,586,281
<b>Total</b>	<u>31,380,006</u>	<u>24,437,914</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 157,378 for the period ended 30 June 2017 against JD 662,626 for the period ended 30 June 2016 and was directly recognised within retained earnings in shareholders' equity.

Cash dividends received on financial assets mentioned above amounted to JD 2,013,574 for the six months ended 30 June 2017 against JD 1,533,823 for the six months ended 30 June 2016.

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

This item consists of the following:

	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
<b>Individuals (Retail):</b>		
Overdraft	12,836,820	12,439,777
Loans and discounted bills *	109,709,681	94,808,191
Credit cards	16,606,637	15,908,806
<b>Real estate loans</b>	<b>126,682,893</b>	<b>124,713,597</b>
<b>Companies</b>		
<b>Corporate:</b>		
Overdraft	77,828,515	79,883,162
Loans and discounted bills *	253,050,944	220,305,556
<b>Medium and small entities:</b>		
Overdraft	9,642,693	7,878,533
Loans and discounted bills *	16,556,126	12,315,395
<b>Government and public sector</b>	<b>-</b>	<b>24,203</b>
<b>Total</b>	<b>622,914,309</b>	<b>568,277,220</b>
<b>Less:</b>		
Provision for impairment in direct credit facilities	26,879,178	23,314,696
Interest in suspense	7,287,369	6,332,239
<b>Net direct credit facilities</b>	<b>588,747,762</b>	<b>538,630,285</b>

\* Net after deducting interests and commissions received in advance of JD 18,515,856 as of 30 June 2017 against JD 18,908,609 as of 31 December 2016.

- Non-performing credit facilities amounted to JD 39,295,584 which is equivalent to 6.3% of total direct credit facilities as of 30 June 2017 against JD 38,509,592 which is equivalent to 6.8% of total direct credit facilities as of 31 December 2016.
- Non-performing credit facilities excluding interest in suspense amounted to JD 32,085,798 which is equivalent to 5.2% of total direct credit facilities as of 30 June 2017 against JD 32,183,664 which is equivalent to 5.7% of total credit facilities excluding interest suspense as of 31 December 2016.
- There are no credit facilities granted to the Jordanian government /or by its guarantee as of 30 June 2017 against JD 24,203 as of 31 December 2016.
- Part of the instalment receivable guarantees and finance lease contracts in Jordan Trade facilities Company (Cheques and promissory notes) amounting JD 8,256,964 as of 30 June 2017 have been deposited as guarantees against loan balances and bank overdrafts, against JD 16,937,500 as of 31 December 2016.

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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 2017</b>					
Balance at 1 January	8,893,364	1,019,077	10,081,195	3,321,060	23,314,696
Provision (Surplus) charge for the period	515,859	(92,745)	3,692,191	(547,042)	3,568,263
Used during the period (Witten-off)	(3,781)	-	-	-	(3,781)
<b>Balance at the end of period</b>	<b>9,405,442</b>	<b>926,332</b>	<b>13,773,386</b>	<b>2,774,018</b>	<b>26,879,178</b>
<b>(Audited)</b>					
<b>31 December 2016</b>					
Balance at 1 January	4,416,993	1,220,209	9,867,535	3,773,109	19,277,846
Balances generated from investment in subsidiaries	4,529,392	477,005	-	135,258	5,141,655
Provision (Surplus) charge for the year	146,580	(678,137)	213,660	(576,148)	(894,045)
Used during the period (Witten-off)	(199,601)	-	-	(11,159)	(210,760)
<b>Balance at the end of the year</b>	<b>8,893,364</b>	<b>1,019,077</b>	<b>10,081,195</b>	<b>3,321,060</b>	<b>23,314,696</b>

- Provision for impairment in non-performing loans are amounted to JD 26,610,771 as of 30 June 2017 against JD 23,052,493 as of 31 December 2016 and the provision for the watch-list loans amounted to JD 268,407 as of 30 June 2017 against JD 262,203 as of 31 December 2016.
- 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 3,942,468 as of 30 June 2017 against JD 8,043,963 as of 31 December 2016.
- Provision for impairment in non-performing loans and watch-list loans had been calculated on the basis of individual customers as at 30 June 2017. Except for the amount of JD 880,327 as provision for impairment in non-performing loans had been calculated on the portfolio level as at 31 December 2016. And provision for impairment in watch-list it had been calculated based on the individual customer as at 31 December 2016.

**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 2017</b>					
Balance at 1 January	1,710,435	626,434	2,834,888	1,160,482	6,332,239
Interest in suspense for the period	658,807	75,689	332,730	174,038	1,241,264
interest transferred to revenues	(13,203)	(28,273)	(206,067)	(310)	(247,853)
Interest in suspense written off	(5,870)	(30,947)	(1,464)	-	(38,281)
<b>Balance at the end of period</b>	<b>2,350,169</b>	<b>642,903</b>	<b>2,960,087</b>	<b>1,334,210</b>	<b>7,287,369</b>
<b>(Audited)</b>					
<b>31 December 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 year	394,319	92,289	767,187	297,911	1,551,706
Interest transferred to revenue	(31,313)	(925,392)	(3,827,503)	(371,834)	(5,156,042)
Interest in suspense written-off	(652,797)	(201,579)	(286,658)	(3,948)	(1,144,982)
<b>Balance at the end of the year</b>	<b>1,710,435</b>	<b>626,434</b>	<b>2,834,888</b>	<b>1,160,482</b>	<b>6,332,239</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 42,026 for the period ended 30 June 2017 against JD 1,355,742 for the year ended 31 December 2016.

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

	30 June 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
Financial	39,332,699	17,871,592
Industrial and mining	78,192,988	65,471,661
Trade	117,204,077	117,341,253
Real estates	126,682,893	124,713,596
Construction	34,389,748	27,682,729
Agriculture	582,992	596,518
Tourism, restaurants and public facilities	89,707,199	80,959,912
Shares	15,397,169	15,140,085
Government and public sector	-	24,203
Individuals\other	121,424,544	118,475,671
<b>Total</b>	<b>622,914,309</b>	<b>568,277,220</b>

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

The details of this item are as follows:

	30 June 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
<b>Quoted financial assets:</b>		
Governmental bonds and bills	44,007,358	83,129,767
Corporate bonds and debentures	3,855,074	5,278,208
<b>Total</b>	<b>47,862,432</b>	<b>88,407,975</b>
<b>Unquoted financial assets:</b>		
Governmental bonds	27,577,469	16,942,111
Corporate bonds and debentures	25,900,000	14,793,784
<b>Total</b>	<b>53,477,469</b>	<b>31,735,895</b>
<b>Total financial assets at amortized cost</b>	<b>101,339,901</b>	<b>120,143,870</b>
<b>Analysis of bonds and treasury bills</b>		
Fixed returns:	70,471,148	98,119,954
Variable returns	30,868,753	22,023,916
	<b>101,339,901</b>	<b>120,143,870</b>



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**(11) OTHER ASSETS**

The details of this item are as follows:

	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Accrued interest and revenue	1,467,488	1,596,917
Prepaid expenses *	3,960,236	3,151,092
Assets seized by the bank **	40,665,257	43,096,352
Refundable deposits	480,056	436,480
Clearing cheques	4,174	134,747
Balances related to fraudulent transactions ***	1,039,200	1,039,200
Withdrawals purchased	2,044,879	3,463,986
Others	2,320,798	2,204,511
<b>Total</b>	<b>51,982,088</b>	<b>55,123,285</b>

\* Prepaid expenses include JD 1.8 million which represents the rent of the new branch for the bank in Abdoun Area for 18 years that are paid in advance.

\*\* 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 135,404 as of 30 June 2017 against to JD 424,689 31 December 2016 and provision for assets seized for more than four years for the amounts of JD 1,426,412 as of 30 June 2017 against JD 1,361,841 as of 31 December 2016.

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

	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
Balance related to fraudulent transactions	12,974,700	12,974,700
Less: Provision related to this balance	10,435,500	10,435,500
Less: Proceeds from the insurance company	1,500,000	1,500,000
<b>Net balance related to illegal transactions</b>	<b>1,039,200</b>	<b>1,039,200</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 2017 and 31 December 2016 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 2017</b>					
Current accounts and demand deposits	70,371,741	60,308,053	18,332,065	17,662,546	166,674,405
Saving deposits	32,349,842	1,089,385	243,037	1	33,682,265
Time deposits subject to notice	276,124,737	112,961,422	11,076,093	36,942,436	437,104,688
<b>Total</b>	<u>378,846,320</u>	<u>174,358,860</u>	<u>29,651,195</u>	<u>54,604,983</u>	<u>637,461,358</u>
<b>(Audited)</b>					
<b>31 December 2016</b>					
Current accounts and demand deposits	62,273,422	50,732,701	15,755,634	1,210,301	129,972,058
Saving deposits	25,962,399	524,055	286,619	1,877	26,774,950
Time deposits subject to notice	259,964,238	162,691,700	9,087,447	34,149,100	465,892,485
Deposits certificates	177,250	-	-	-	177,250
	<u>348,377,309</u>	<u>213,948,456</u>	<u>25,129,700</u>	<u>35,361,278</u>	<u>622,816,743</u>

- Government and Public sector deposits amounted to JD 54,604,983 which is equivalent to 8.6% of total deposits as of 30 June 2017 against 35,361,278 which is equivalent to 5.7% of total deposits as of 31 December 2016.
- Non-interest bearing deposits amounted to JD 177,900,373 which is equivalent to 27.9 % of total deposits as of 30 June 2017 against JD 153,426,582 which is equivalent to 24.6% as of 31 December 2017.
- Restricted deposits amounted to JD 8,692,283 which is equivalent to 1.4% of total deposits as of 30 June 2017 against JD 8,808,286 which is equivalent to 1.4% as of 31 December 2016.
- Dormant deposits amounted to JD 5,770,825 as of 30 June 2017, against 5,382,574 as of 31 December 2016.

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**(13) BORROWED FUNDS**

The details of this item are as follows:

	Amount JD	Number of instalments		Frequency of instalments JD	Guarantees JD	Loan interest rate JD
		Total JD	Remaining JD			
<b>(Unaudited)</b> <b>30 June 2017</b>						
Borrowed loans from Central Bank of Jordan	1,277,776	54	51	Monthly	Promissory notes	1.75%
Borrowed loans from banks/ Local financial institutions	109,104,381	1,401	1,187	Monthly, Quarterly, Semi Annually and on maturity date	Mortgage guarantee/ Tools /equipment guarantee and bills	4.3% to 8.25%
	<u>110,382,157</u>					
<b>(Audited)</b> <b>31 December 2016</b>						
Borrowed loans from banks/ Local financial institution	99,789,624	978	715	Monthly, Quarterly, Semi Annually and on maturity date	Mortgage guarantee/ Tools /equipment guarantee and bills	4.3% to 8.25%
	<u>99,789,624</u>					

- Borrowed funds from Central Bank of Jordan amounted JD 1,277,776 represents amounts borrowed for refinancing customer loans through mid-terms financing programs.
- Borrowed funds represents credit facilities granted from local banks amounted JD 81,604,381 represented by overdrafts and revolving loans provided for subsidiaries (Al- Istethmari Latemweel Selselat Al Imdad Company, Tamkeen for finance leasing and Jordan trade facilities).
- Borrowed funds represents credit facilities granted from Jordan Mortgage refinancing company amounted to JD 27,500,000. Housing loans had been refinanced for interest rate of 8.2%.
- Fixed interest loans amounted to JD 89,382,157. Changing interest loans amounted to JD 21,000,000 as at 30 June 2017, against fixed interest loans amounting JD 78,789,624 and changing interest loans amounting JD 21,000,000 as at 31 December 2016.
- Part of instalment guarantees and finance leases in Jordan Trade Facilities (cheques and promissory note) amounting JD 8,256,964 as at 30 June 2017 are deposited as guarantees against loan balances and overdrafts for the company against JD 16,937,500 as at 31 December 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 2017	31 December 2016
	JD (Unaudited)	JD (Audited)
<b>Beginning balance for the period / year</b>	6,501,454	6,208,287
Balances generated from investment in subsidiaries	-	278,912
Income tax paid	(6,412,151)	(7,117,609)
Prior year's income tax	-	143,763
Income tax for the period / year	<u>1,207,713</u>	<u>6,988,101</u>
<b>Ending balance for the period / year</b>	<u>1,297,016</u>	<u>6,501,454</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 2017	30 June 2016
	JD (Unaudited)	JD (Unaudited)
Accrued income tax for the period	1,207,713	2,441,226
Income tax for prior years	1,735	-
Deferred tax assets for the period	(546,008)	(350,071)
Amortization of deferred tax assets for the period	955,198	654,351
Deferred tax liabilities for the period	-	2,375
(Amortization of deferred tax liabilities)	-	(8,095)
	<u>1,618,638</u>	<u>2,739,786</u>

**Bank's Tax status:**

The Bank obtained a final tax clearance from the Income and Sales Tax Department up to the year 2014. 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 is currently working on reviewing the bank's records, and have not issued their report up to the date of preparing these financial statements.

The Bank has submitted the income tax report for the year 2016 upon legal due date, and 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 2017.

**Al Mawared for Financial Bokerage 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 2014.

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 and 2016 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 2017.

**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, 2014 and 2015.

The Company has submitted the income tax report for the year 2016 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 2017.

**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.

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 years 2015 and 2016 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 2017.

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**Jordan Trade Facilities (Subsidiary Company) Tax Status:**

The Income and Sales Tax department had finalised its review and issued a final clearance up to the year ended 31 December 2011, except for the years 2009 and 2010. The Company raised a lawsuit against the income tax department claiming back amount of JD 419,000 for 2009. Also the Company raised a legal case in the specialized court for the tax imposed in 2010. The appeal decision has been declared by the court approving the amount recorded in the corporate income tax return noting that the amount is paid in full. The company appealed this decision in the court, and a decision for the beneficiary of the Company had been declared. The decision have been appealed by the Income and sales tax department and the company and the lawsuit is still outstanding against the specialised court.

The Company filed corporate income tax return for the years 2012, 2013 and 2014 on the due dates. For 2014 it was accepted under the sample basis.

The Company filed corporate income tax return for the years 2015 and 2016 on the due date. The Income and Sales Tax department did not review the tax returns up to date of preparing these financial statements.

The Subsidiary "Jordan Facilities for Finance Lease L.L.C" submitted corporate income tax return up to the year ended 2014 and it was accepted under the sample basis without amendments. Also income tax returns for the years ending 2015 and 2016 have been filed by the Company and the Income and sales department have not yet reviewed it up to date of preparing these financial statements.

As per the opinion of the company' management and its tax consultant, the company and its subsidiary will not have any tax liabilities exceeding the booked provision as of 30 June 2017.

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

	30 June 2017 JD (Unaudited)	30 June 2016 JD (Unaudited)
Accounting profit	6,430,794	9,770,393
Non-taxable profit	(6,520,048)	(5,704,106)
Expenses not deductible for tax purposes	4,844,533	3,466,509
<b>Taxable profit</b>	<b>4,755,280</b>	<b>7,532,796</b>
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%

\* Except for realised profits from foreign investments, in which it is subject to income tax 10%.

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**(15) OTHER LIABILITIES**

This item consists of the following:

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
Accepted and certified checks	4,228,099	1,041,832
Accrued interest	4,010,605	3,230,269
Sundry creditors	2,674,741	3,326,202
Brokerage payable	514,768	544,726
Dividends payable	94,042	94,468
Deposits on safe deposit boxes	121,716	110,871
Accrued expenses	879,925	1,291,307
Other liabilities	3,812,080	2,435,201
<b>Total</b>	<b><u>16,335,976</u></b>	<b><u>12,074,876</u></b>

**(16) RESERVES**

The details of the reserves for 30 June 2017 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 2017	31 December 2016	Nature of restriction
	JD	JD	
Statutory reserve	23,570,771	23,570,771	Restricted according to the banks law and companies' law
General banking risk reserve	5,963,597	5,311,284	Restricted according to the Central Bank of Jordan instructions

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

The movement on this item is as follows:

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
<b>Balance at the beginning of the period / year</b>	5,491,519	3,839,176
Unrealised gains	4,163,936	1,726,001
Deferred tax liabilities	(1,402,891)	(745,729)
Losses on sale of financial assets through other comprehensive income	157,378	672,071
<b>Balance at the end of the period / year</b>	<u>8,409,942</u>	<u>5,491,519</u>

**(18) RETAINED EARNINGS**

The movement on retained earnings is as follows:

	30 June 2017	31 December 2016
	JD	JD
	(Unaudited)	(Audited)
<b>Balance at the beginning of the period / year</b>	27,663,922	23,984,252
Profit for the period / year	-	15,297,799
Transferred to reserves	(652,313)	(2,946,058)
Dividends Paid	(10,000,000)	(8,000,000)
loss on sale of financial assets through other comprehensive income	(157,378)	(672,071)
<b>Balance at the end of the period / year</b>	<u>16,854,231</u>	<u>27,663,922</u>

Included in retained earnings is an amount of JD 6,474,425 as of 30 June 2017 restricted according to the Central Bank of Jordan's instructions against deferred tax assets against JD 6,883,615 as of 31 December 2016.

Included in retained earnings is an amount of JD 1,039,200 as at 30 June 2017 and 31 December 2016 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 413,823 as of 30 June 2017 against JD 415,074 as of 31 December 2016 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 any differences for revaluation of financial assets at fair value through profit and loss as at 30 June 2017 and 31 December 2016.

According to the resolution of the General Assembly of shareholders on 24 April 2017, an amount of JD 10 million of dividends was distributed from retained earnings for the year 2016 equivalent to 10% of the bank's capital. Also JD 8 million was distributed from retained earnings on 20 April 2016 for year 2015 equivalent to 8% of the bank's capital.



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**(19) INTEREST INCOME**

This item consists of the following:

	30 June 2017	30 June 2016
	JD	JD
	(Unaudited)	(Unaudited)
<b>Individuals (Retail) :</b>		
Loans and discounted bills	5,026,808	2,070,216
Overdrafts	569,578	587,538
Credit cards	958,062	548,868
<b>Real estate loans</b>	4,124,995	3,040,055
<b>Companies</b>		
<b>Corporate:</b>		
Loans and discounted bills	9,131,715	10,168,179
Overdrafts	2,953,268	2,766,542
<b>Medium and small companies:</b>		
Loans and discounted bills	397,207	633,819
Overdrafts	452,502	340,671
<b>Government and public sector</b>	139	86
Balances at Central Bank	431,945	272,346
Balances and deposits at banks and financial institutions	413,712	203,473
Financial assets at amortized cost	2,142,898	2,731,898
	<u>26,602,829</u>	<u>23,363,691</u>

**(20) INTEREST EXPENSE**

This item consists of the following:

	30 June 2017	30 June 2016
	JD	JD
	(Unaudited)	(Unaudited)
Deposits at banks and financial institutions	131,278	15,644
<b>Customers deposits</b>		
Current and demand deposits	202,059	112,842
Saving deposits	133,914	119,081
Time and notice accounts	7,173,675	5,559,962
Certificates of deposits	1,796	3,290
Cash margins	279,789	248,837
Borrowed funds	2,932,572	1,235,863
Deposits guarantee fees	598,512	547,589
<b>Total</b>	<u>11,453,595</u>	<u>7,843,108</u>

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

This item consists of the following:

	<u>Realized profit</u> JD	<u>Unrealized (losses) gains</u> JD	<u>Dividends income</u> JD	<u>Total</u> JD
<b>(Unaudited)</b>				
<b>30 June 2017</b>				
Companies shares	174,563	(28,443)	33,030	179,150
Investment funds	-	(29,566)	-	(29,566)
	<u>174,563</u>	<u>(58,009)</u>	<u>33,030</u>	<u>149,584</u>
<b>(Unaudited)</b>				
<b>30 June 2016</b>				
Companies shares	233,479	(85,165)	20,943	169,257
	<u>233,479</u>	<u>(85,165)</u>	<u>20,943</u>	<u>169,257</u>

**(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 (Tier 1) 'Going Concern', consists of:
  1. Common Equity Tier 1. (CET1).
  2. Additional capital, Tier 1 (AT1).
- The second part (Tier 2) is supplementary capital used in case of discontinuity (liquidation) 'Going Concern'.
- There is a set group of standards for each of the three types of capital (CET1, AT1, T2) that the financial instruments should achieve before categorizing it to the appropriate classes.

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**

Banks should meet the minimal requirements of capital ratio to risks weighted assets, which are as follows:

1. Minimum common equity should not be less than 6% of risk weighted assets (CET1).
2. Minimum primary capital should not be less than 7.5% of risk weighted assets (Tier1).
3. Minimum regulatory capital should not be less than 12% of risk weighted assets (CAR).

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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.

Capital adequacy ratio had been calculated based on Central bank of Jordan regulations, in adherence to Basel III as at 30 June 2017 and 31 December 2016.

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

	30 June 2017 JD	31 December 2016 JD
<b>Basic capital items for ordinary shares</b>		
Subscribed capital (paid)	100,000,000	100,000,000
Retained earnings (less any restricted funds)	15,401,208	16,209,648
Provision for impairment of financial instruments – net, in effect to IFRS 9	8,409,942	5,491,519
Statutory Reserve	23,570,771	23,570,771
<b>Total primary capital for common equity</b>	<u>147,381,921</u>	<u>145,271,938</u>
<b>Monitoring amendments (Deductions from capital):</b>		
Goodwill and any intangible assets	(2,799,522)	(3,003,463)
Deferred tax assets resulting from provisions	(6,474,425)	(6,883,615)
Investments outside the scope of consolidation	-	-
<b>Net common equity</b>	<u>138,107,974</u>	<u>135,384,860</u>
<b>Capital (Tier 2)</b>		
General banking risks reserve (not exceeding 1,25%) from risk weighted assets	5,963,597	5,311,284
<b>Total supplementary capital</b>	<u>5,963,597</u>	<u>5,311,284</u>
<b>Monitoring amendments (Deductions from capital):</b>		
Investments outside the scope of consolidation	-	-
<b>Net supplementary capital (Tier 2 Capital)</b>	<u>5,963,597</u>	<u>5,311,284</u>
<b>Total regulatory capital</b>	<u>144,071,571</u>	<u>140,696,144</u>
Total risks weighted assets	<u>884,331,449</u>	<u>810,256,182</u>
Capital adequacy ratio (%)	16,29%	17,36%
Common equity ratio (%)	15,62%	16,71%
Primary capital ratio (%)	15,62%	16,71%

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**(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 (Unaudited)	Corporate JD (Unaudited)	Treasury JD (Unaudited)	Financial Brokerage JD (Unaudited)	Financial Lease JD (Unaudited)	Bonded Management JD (Unaudited)	Other JD (Unaudited)	2017 JD (Unaudited)	2016 JD (Unaudited)	30 June 2016
Gross income	8,847,842	8,083,181	4,201,135	938,667	845,782	1,224,860	(407,131)	23,734,336		22,239,551
(Reverse) Provision for impairment Loss on direct credit facilities	(385,870)	(3,057,150)	-	1,309	(113,662)	(2,890)	-	(3,568,263)	(209,703)	(124,046)
Sundry provisions	-	-	-	-	732,120	1,221,970	(442,623)	20,130,581	21,905,802	21,905,802
Results of business sector	8,461,972	5,016,031	4,201,135	939,976	-	-	-	20,130,581	21,905,802	21,905,802
Less: Undistributed expenditures	-	-	-	(251,928)	(565,204)	(886,706)	(11,995,949)	(13,699,787)	(12,135,409)	(12,135,409)
Profit for the period before taxes	8,461,972	5,016,031	4,201,135	688,048	166,916	335,264	(12,438,572)	6,430,794	9,770,393	9,770,393
Income tax	-	-	-	(166,624)	(218,524)	(80,463)	(1,153,027)	(4,812,156)	(2,739,786)	(2,739,786)
Income for the period	8,461,972	5,016,031	4,201,135	521,424	(51,608)	254,801	(13,591,599)	1,618,638	7,030,607	7,030,607
	Total									
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2016	30 June 2016
Sector's assets	186,997,677	333,878,106	316,312,101	19,317,553	64,884,460	26,063,089	-	947,452,986	891,692,701	891,692,701
Undistributed assets on sectors	-	-	-	-	-	-	48,310,639	48,310,639	57,883,971	57,883,971
Total assets	186,997,677	333,878,106	316,312,101	19,317,553	64,884,460	26,063,089	48,310,639	995,763,625	949,576,672	949,576,672
Sector's liabilities	401,374,119	286,282,270	46,701,834	740,086	55,859,597	20,596,269	-	811,554,175	758,749,047	758,749,047
Undistributed liabilities on sectors	-	-	-	-	-	-	22,347,447	22,347,447	26,484,411	26,484,411
Total liabilities	401,374,119	286,282,270	46,701,834	740,086	55,859,597	20,596,269	22,347,447	833,901,622	785,233,458	785,233,458
	Total									
	2017	2016	2017	2016	2017	2016	2017	2016	2016	2016
Capital expenditures	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	2,021,099	890,184	1,411,671	-	2,021,099	890,184	-	2,021,099	890,184	890,184
	1,411,671	1,424,464	1,411,671	-	1,411,671	1,424,464	-	1,411,671	1,424,464	1,424,464

**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:

	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 and controlled companies) JD (Unaudited)	30 June 2017 JD (Unaudited)	31 December 2016 JD (Audited)
<b>On Financial Position</b>					
<b>Items:</b>					
Credit facilities	5,348,477	2,212,927	42,997,689	50,559,093	54,434,285
Provision for impairment on direct credit facilities	-	-	23,850	23,850	-
Deposits, current accounts and cash margins	7,153,867	3,691,205	24,654,773	35,499,845	36,789,404
<b>Off-Financial Position</b>					
<b>Items:</b>					
Letters of guarantee	-	-	957,662	957,662	140,263
Letters of credit	1,357,000	884,881	6,777,946	9,019,827	9,574,504
				<u>For six months ended</u>	
				<u>2017</u>	<u>2016</u>
				JD	JD
				(Unaudited)	(Unaudited)
<b>Statement of Income</b>					
<b>Items:</b>					
Interest and commission received	237,319	131,142	1,398,099	1,766,560	1,495,833
Interest and commission paid	13,630	73,580	435,724	522,934	174,452
Provision for impairment on direct credit facilities	-	-	23,850	23,850	(606,998)

\* Balances and transactions with subsidiaries have been eliminated for purposes of preparing these interim condensed consolidated financial statements and are disclosed for clarification only.

Maximum credit interest rate in Jordan dinar	21%	Minimum credit interest rate	2.75%
Maximum credit interest rate in foreign currency	4.24%	Minimum credit interest rate	3%
Maximum interest rate on deposits in Jordan dinar	4.75%	Minimum interest rate on deposits	0%
Maximum interest rate on deposits in foreign currency	1.5%	Minimum interest rate on deposits	0%
Maximum credit commission rate	1%	Minimum credit commission rate	0%

The executive management salaries and benefits for the bank and its subsidiaries amounted to JD 1,924,249 for the six months ended 30 June 2017 against JD 1,534,594 for the same period in the year 2016.

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**(25) CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	As of 30 June	
	2017 JD (Unaudited)	2016 JD (Unaudited)
Cash and balances at Central Bank maturing within three months	96,314,592	81,124,368
Add: Balances at banks and financial institutions maturing within three months	79,693,899	38,825,617
Deduct: Deposits at banks and financial institutions maturing within three months	20,424,058	5,466,124
Deduct: Restricted balances at banks and financial institutions	-	2,387,925
	<u>155,584,433</u>	<u>112,095,936</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 JD	Level 2 JD	Level 3 JD	Total JD
<b>(Unaudited)</b>				
<b>30 June 2017</b>				
Financial assets at fair value through profit or loss	1,745,378	-	186,078	1,931,456
Financial assets at fair value through other comprehensive income	28,469,950	-	2,910,056	31,380,006
	<u>30,215,328</u>	<u>-</u>	<u>3,096,134</u>	<u>33,311,462</u>
<b>(Audited)</b>				
<b>31 December 2016</b>				
Financial assets at fair value through profit or loss	1,944,323	-	183,793	2,128,116
Financial assets at fair value through other comprehensive income	21,851,633	-	2,586,281	24,437,914
	<u>23,795,956</u>	<u>-</u>	<u>2,770,074</u>	<u>26,566,030</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.

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

The details of this item are as follows:

	For the six months period ended 30 June	
	2017	2016
	JD	JD
	(Unaudited)	(Unaudited)
Profit for the period attributable to the bank's shareholders	4,647,705	6,972,996
Weighted average number of shares	100,000,000	100,000,000
Basic and diluted earnings per share from the profit for the period	0.046	0.070

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.

**(29) CONTINGENT LIABILITIES**

**A. Credit commitments and contingencies:**

	30 June	31 December
	2017	2016
	JD	JD
	(Unaudited)	(Audited)
Letters of credit	13,441,987	7,613,523
Acceptances and periodic withdrawals	7,569,255	8,438,672
<b>Letters of guarantee:</b>		
Payments	31,492,210	26,075,744
Performance	41,230,968	39,777,088
Others	15,389,822	12,370,394
Unutilized direct credit facilities limits	21,199,602	28,634,407
	<u>130,323,844</u>	<u>122,909,828</u>



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

Lawsuits held against the bank amounted to JD 5,688,423 as of 30 June 2017 against JD 5,652,963 as of 31 December 2016. The total booked provisions against these lawsuits amounted to JD 646,612 as of 30 June 2017 against 640,620 as of 31 December 2016. 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.

There are no lawsuits held against the subsidiaries (AlMawared for financial brokerage, Tmkeen for finance leasing, Al Istethmari Letamweel Selselat Al Imdad Company and Jordanian Company for Factoring) as of 30 June 2017 and 31 December 2016.

The lawsuits held against Jordan Trade Facilities amounted to JD 39,200 as of 30 June 2017 and 31 December 2016. The total booked provisions against these lawsuits amounted to JD 29,500 as of 30 June 2017 against NIL as of 31 December 2016. As per the company's management and the company's legal consultant, there will not have any additional liabilities with regard to these lawsuits.

There are no lawsuits held against the subsidiary Jordan Facilities for Financial Leasing as of 30 June 2017 and 31 December 2016.

**(31) COMPARATIVE FIGURES**

Some of the figures for the period ended 30 June 2016 and year ended 31 December 2016 have been reclassified to confirm the presentation of period ended 30 June 2017.