

INVEST BANK
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

31 MARCH 2018

**INVEST BANK
(PUBLIC SHAREHOLDING COMPANY)**

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

31 MARCH 2018

	<u>PAGE</u>
CONTENTS	
REVIEW REPORT	1
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME	3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7 – 29



**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 31 March 2018 and the related interim condensed consolidated statements of income and comprehensive income, interim condensed consolidated statements of changes in equity and cash flows for the three months then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "interim financial reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review


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

Conclusion

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

Other Matters

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

PricewaterhouseCoopers
Price waterhouse Coopers "Jordan" L.L.C.
Amman, Jordan
30 April 2018

Amman - Jordan

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2018

	Notes	31 March 2018 JD (Unaudited)	31 December 2017 JD (Audited)
Assets			
Cash and balances at the Central Bank of Jordan	4	98,900,953	108,370,113
Balances at banks and financial institutions	5	48,607,617	71,613,034
Deposits at banks and financial institutions	6	10,760,509	11,013,457
Financial assets at fair value through statement of income		1,873,672	1,853,987
Direct credit facilities - net	7	652,940,014	646,039,894
Financial assets at fair value through other comprehensive income		46,472,333	37,638,042
Financial assets at amortized cost		130,851,056	105,548,083
Property and equipment-net		29,431,100	29,663,965
Intangible assets		2,525,180	2,633,887
Deferred tax assets		10,465,295	7,576,553
Other assets	8	56,447,921	51,295,118
Total assets		<u>1,089,228,826</u>	<u>1,073,246,133</u>
Liabilities And Equity			
Liabilities			
Banks and financial institutions deposits		8,030,670	10,232,834
Customers deposits		678,892,851	676,100,082
Cash margins		42,537,127	41,458,158
Borrowed funds	9	147,289,538	139,982,421
Bonds		5,100,000	3,000,000
Sundry provisions		717,310	703,454
Income tax provision	10	3,904,225	3,984,780
Deferred tax liabilities		8,727,679	6,103,221
Other liabilities		14,650,514	12,884,199
Total Liabilities		<u>909,849,914</u>	<u>894,449,149</u>
Equity			
Authorized capital		100,000,000	100,000,000
Subscribed and paid-in capital		100,000,000	100,000,000
Statutory reserve		25,004,513	25,004,513
General banking risks reserve		-	6,365,000
Fair value reserve – net		17,151,465	12,477,651
Retained earnings	11	29,788,069	30,033,210
Net income for the period attributable to the shareholders of the bank		2,892,422	-
Total equity attributable to the shareholders of the bank		<u>174,836,469</u>	<u>173,880,374</u>
Non-controlling interest		<u>4,542,443</u>	<u>4,916,610</u>
Total equity		<u>179,378,912</u>	<u>178,796,984</u>
Total liabilities and equity		<u>1,089,228,826</u>	<u>1,073,246,133</u>

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

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2018

	Notes	For the three months ended 31 March	
		2018	2017
		JD (Unaudited)	JD (Unaudited)
Interest income		16,349,827	12,853,767
Interest expense		(8,499,448)	(5,536,199)
Net Interest Income		<u>7,850,379</u>	<u>7,317,568</u>
Net commission income		2,336,278	2,253,015
Net Interest and Commissions Income		<u>10,186,657</u>	<u>9,570,583</u>
Gain from foreign currencies exchange		215,483	199,321
Gain from financial assets at fair value through statement of income		(14,761)	30,804
Cash dividends from financial assets at fair value through other comprehensive income		291,074	1,782,412
Other revenue		818,642	599,842
Gross Income		<u>11,497,095</u>	<u>12,182,962</u>
Employee-related expenses		(3,882,371)	(3,591,375)
Depreciation and amortization		(619,177)	(708,663)
Other expenses		(2,314,029)	(2,290,647)
Provision for impairments on seized assets and provisions for assets seized as per CBJ regulations		-	397,419
Impairment loss on direct credit facilities	7	(389,573)	(120,104)
Sundry provisions		(31,308)	-
Total Expenses		<u>(7,236,458)</u>	<u>(6,313,370)</u>
Income for the period before income tax		<u>4,260,637</u>	<u>5,869,592</u>
Income tax for the period	10	(1,235,304)	(1,566,994)
Net income for the period		<u>3,025,333</u>	<u>4,302,598</u>
Attributable to :			
Shareholders of the Bank		2,892,422	4,221,855
Non-controlling interest		132,911	80,743
		<u>3,025,333</u>	<u>4,302,598</u>
Basic and diluted earnings per share from net income for the period attributable to the shareholders of the Bank	18	<u>0,029</u>	<u>0,042</u>

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

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2018

	Notes	For the three months ended 31 March	
		2018 JD (Unaudited)	2017 JD (Unaudited)
Net income for the period		3,025,333	4,302,598
Other Comprehensive Income Items:			
Changes in fair value reserve – net of tax		4,522,426	2,149,351
Gain (Losses) on sale of financial assets at fair value through other comprehensive income		182,637	(24,094)
Total Other Comprehensive Income		<u>4,705,063</u>	<u>2,125,257</u>
Total comprehensive income for the period		<u>7,730,396</u>	<u>6,427,855</u>
Total Comprehensive Income			
Attributable to:			
Shareholders of the Bank		7,597,485	6,347,112
Non-controlling interests		132,911	80,743
		<u>7,730,396</u>	<u>6,427,855</u>

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

**INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	Reserves		General banking risks JD	Financial Assets valuation reserve JD	Retained earnings JD	Net income for the period attributable to the Bank's shareholders JD	Total Shareholders' Equity Attributable to the Bank's shareholders JD	Non-controlling interest JD	Total JD
	Paid-in capital JD	Statutory JD							
(Unaudited) Balance at 31 December 2017	100,000,000	25,004,513	6,365,000	12,477,651	30,033,210	-	173,880,374	4,916,610	178,796,984
Impact of IFRS (9) adoption	-	-	-	-	(6,641,390)	-	(6,641,390)	(265,194)	(6,906,584)
Balance as of 1 January 2018 (Restated)	100,000,000	25,004,513	6,365,000	12,477,651	23,391,820	-	167,238,984	4,651,416	171,890,400
Net income for the period	-	-	-	-	-	2,892,422	2,892,422	132,911	3,025,333
Net changes in fair value reserve – net of tax	-	-	-	4,522,426	-	-	4,522,426	-	4,522,426
Gain on sale of financial assets through other comprehensive income	-	-	-	-	31,249	-	182,637	-	182,637
Total comprehensive income	-	-	-	151,388	31,249	-	182,637	-	182,637
Transferred from reserves	-	-	-	4,673,814	31,249	2,892,422	7,597,485	132,911	7,730,396
Investment in subsidiaries	-	-	(6,356,000)	-	6,365,000	-	-	-	-
Balance at 31 March 2018	100,000,000	25,004,513	-	17,151,465	29,788,069	2,892,422	174,836,469	4,542,443	179,378,912
(Unaudited) Balance at 31 December 2016	100,000,000	23,570,771	5,311,284	5,491,519	27,663,922	-	162,037,496	2,305,718	164,343,214
Net income for the period	-	-	-	-	-	4,221,855	4,221,855	80,743	4,302,598
Net changes in fair value reserve – net of tax	-	-	-	2,149,351	-	-	2,149,351	-	2,149,351
Losses on sale of financial assets through other comprehensive income	-	-	-	(4,831)	(19,263)	-	(24,094)	-	(24,094)
Total comprehensive income	-	-	-	2,144,520	(19,263)	4,221,855	6,347,112	80,743	6,427,855
Transferred to reserve	-	-	359,335	-	(359,335)	-	-	-	-
Balance at 31 March 2017	100,000,000	23,570,771	5,670,619	7,636,039	27,285,324	4,221,855	168,384,608	2,386,461	170,771,069

- Included in retained earnings an amount of JD 10,418,471 as of 31 March 2018 restricted by the Central Bank of Jordan against deferred tax assets amounted to JD 7,576,553 as of 31 December 2017.
- Included in the retained earnings a restricted amount of JD 1,039,200 as of 31 March 2018 and 31 December 2017, based on Central Bank of Jordan request, which represents the remaining balance illegal transactions.
- Included in the retained earnings a restricted amount of JD 425,704 as of 31 March 2018 and 418,812 as of 31 December 2017, which represents the effect of the early adoption of IFRS (9). Such amount is restricted and cannot be utilized unless realized through actual sale as instructed by Jordan Securities Commission.
- The revaluation difference of financial assets at fair value through income statement in the retained earnings amounted to JD 3,655 as of 31 March 2018 and 31 December 2017.
- The Central Bank of Jordan issued circular No. 10/1/1359 dated 25 January 2018. According to this circular, the central bank issued the draft project for implementation of IFRS (9) have been populated, under which the accumulated balance of general banking reserve amounting JD 6,365,000 as of 31 December 2017 have been transferred to retained earnings.
- Use of fair value of financial assets reserve-net is restricted and requires prior approval from Central bank of Jordan.

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

**INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	Notes	For the three months ended 31 March	
		2018	2017
		JD (Unaudited)	JD (Unaudited)
Operating activities			
Income for the period before income tax		4,260,637	5,869,592
Adjustments for non-cash items:			
Depreciation and amortization		619,177	708,663
Impairment loss on direct credit facilities		389,573	120,104
Sundry provisions		31,308	-
Recovered from provision of impairments in seized assets by the bank		-	(397,419)
Gain on sale of property and equipment		-	(41,802)
Gain on sale of assets seized by the Bank		(398)	187,660
Unrealized loss from financial assets at fair value through Statement of income		2,823	7,712
Dividends received on financial assets at fair value through other comprehensive income		(291,074)	(1,782,412)
Net interest income		419,216	652,305
Effect of exchange rate fluctuations on cash and cash equivalents		(17,282)	(9,873)
		<u>5,413,980</u>	<u>5,314,530</u>
Changes in assets and liabilities			
Deposits at banks and financial institutions (Mature after 3 months)		(28,203)	-
Deposits at banks and financial institutions (Restricted Balances)		273,658	-
Financial assets at fair value through Statement of Income		(22,508)	(278,150)
Direct credit facilities		(16,191,844)	(50,628,317)
Other assets		(5,027,232)	(3,552,102)
Customers' deposits		2,792,769	15,589,501
Cash margin		1,078,969	287,760
Other liabilities		387,679	2,011,744
Net cash used in operating activities before income tax paid and paid provisions		<u>(11,322,732)</u>	<u>(31,255,034)</u>
Income tax paid		(1,240,085)	(1,875,885)
Net cash used in operating activities		<u>(12,562,817)</u>	<u>(33,130,919)</u>
Investing activities			
Purchase of financial assets at fair value through OCI		(2,443,782)	(2,306,010)
Sale of financial assets at fair value through OCI		679,669	91,778
Dividends received from financial assets at fair value through OCI		291,074	1,782,412
Financial assets at amortized cost		(25,333,712)	4,488,762
Purchase of property, equipment, and projects under construction		(251,610)	(44,862)
Purchase of intangible assets		(25,995)	(164,773)
Net cash (used in) generated from investing activities		<u>(27,084,356)</u>	<u>3,847,307</u>
Financing activities			
Borrowed funds		7,307,117	4,817,370
Bonds		2,100,000	-
Net cash flows from financing activities		<u>9,407,117</u>	<u>4,817,370</u>
Effect of exchange rate fluctuations cash and cash equivalents		17,282	9,873
Net decrease in cash and cash equivalents		<u>(30,222,774)</u>	<u>(24,456,369)</u>
Cash and cash equivalents at 1 January	15	<u>169,700,674</u>	<u>162,719,517</u>
Cash and cash equivalents at 31 March	15	<u>139,477,900</u>	<u>138,263,148</u>

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

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

(1) GENERAL INFORMATION

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

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

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

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

These interim condensed consolidated financial statements have been approved by the Board of Directors in its meeting held on 25 April 2018.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the consolidated financial statements of the Bank for the year ended 31 December 2017. Furthermore, the results of operations for the three months ended 31 March 2018 do not necessarily reflect the expected results for the year ending 31 December 2018, except for not appropriating the profit of the three months ended on 31 March 2018 which is usually performed at year end.

2.2 Changes in accounting policies and disclosures

The accounting policies, used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Bank's financial statements for the year ended 31 December 2017, except for the adoption of the following new standards and amendments to existing standards, which had no significant impact on these interim condensed consolidated financial statements:

(a) New and amended standards adopted by the Bank, which have insignificant effect on the financial statements:

- 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.
- Amendments to IAS 40, 'Transfers of Investment Property'.
- Annual Improvements to IFRSs – 2012-2014 Cycle.
- **IFRS 15 "Revenue from Contracts with Customers"**

Nature of change: The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer.

The standard permits a modified retrospective approach for the adoption

Impact: The management is not expecting any impact of adoption this standard over the Bank's financial statements, as most of the Bank's income is generated through sources not subject to this standard.

(b) New standards and interpretations applied for annual reporting period commencing 1 January 2018 and that have significant effect:

- **IFRS 9 "Financial Instruments":**

Nature of change: IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and introduced a new impairment model.

Impact of adopting IFRS 9:

The Bank is required to adopt IFRS 9 starting 1 January 2018, for that, the Bank has prepared an assessment over the impact of the adoption with guidance of the Central Bank of Jordan instructions regarding the application of IFRS (9) finally as of 1 January 2018.

The following are the most important aspects of application:

A- Classification and measurement of financial assets

The Bank's management does not expect any material impact from applying this standard; as the Bank has early adopted the first phase of IFRS (9) from January 1st, 2011 based on the request Central Bank of Jordan and Jordan Securities Commission.

The Bank did not perform any reclassification between the categories of the financial instruments of this standard, which is allowed for one time starting 1 January 2018 to achieve the requirements of the standard to ensure proper application for the standard implication.

B- Classification and measurement of financial liabilities:

IFRS (9) has retained the requirements of IAS (39) regarding the classification of financial liabilities. IAS 39 (revised) requires recognition of the differences in the assessment of financial liabilities classified as financial liabilities at fair value through profit or loss in the consolidated statement of profit or loss, whereas IFRS (9) requires:

- Recognition of differences in the assessment of financial liabilities classified as financial liabilities at fair value through statement of profit or loss as a result of changes in credit risk in the consolidated statement of comprehensive income.
- The remaining amount of fair value valuation differences is recognized in the consolidated statement of profit or loss.

C- Hedge accounting

When initially applying IFRS (9), the Bank choose to continue applying the hedge accounting requirements of IAS (39) instead of the requirements IFRS (9).

D- Impairment of financial assets

IFRS (9) replaced the 'incurred loss' model in IAS (39) with a forward-looking 'expected credit loss' model. Which requires the use of estimates and judgements to estimate economic factors. The model will be applied to all financial assets – debt instruments which classified as amortized cost or at fair value through statement of comprehensive income or at fair value through profit or loss.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

The expected credit loss mechanism depends on the probability of default (PD). Which is calculated according to the credit risk and future economic factors, the loss in default (LGD), which depends on the value of the existing collateral, the exposure at default (EAD).

E- Disclosures

IFRS (9) requires detailed disclosures, particularly with regard to hedge accounting, credit risk, and expected credit losses. The Bank is working to provide all the necessary details for these disclosures to be presented in the subsequent consolidated financial statements after application.

F- Implementation

The Bank had reflected the effect of the standard implementation over the opening balances of retained earnings on January 1, 2018, provisions and non-controlling interests rather than restating the figures of the consolidated financial statements for the year ended December 31, 2017 and earlier.

The table below includes analysis of credit risk exposure for financial assets exposed to expected credit loss:

Exposure to credit risk related to assets of the balance sheet	2017					
	Stage 1	Stage 2	Stage 3	Total	Deferred tax assets	Net effect
	JD	JD	JD	JD	JD	JD
Balances at banks and financial institutions	49,639	-	-	49,639	17,374	32,265
Deposits at banks and financial institutions	7,493	-	-	7,493	2,623	4,870
Direct credit facilities - net	3,466,016	3,683,291	1,752,844	8,902,151	2,594,934	6,307,208
Financial assets at amortized cost	30,739	-	-	30,739	10,759	19,980
Other assets	445	-	4,964	5,409	1,893	3,516
Other liabilities	258,632	463,665	106,542	828,838	290,093	538,745
Total	3,812,964	4,146,956	1,864,350	9,824,269	2,917,685	6,906,584

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

The table below clarifies the amendments over opening balances as of 1 January 2018:

	Balance as of 31 December 2017 JD	Effect of implementation JD	Adjusted balance as of 1 January 2018 JD
Balances at banks and financial institutions	71,613,034	(49,639)	71,563,395
Deposits at banks and financial institutions	11,013,457	(7,493)	11,005,964
Direct credit facilities - net	646,039,894	(8,902,151)	637,137,743
Financial assets at amortized cost	105,548,083	(30,739)	105,517,344
Other assets	51,295,118	(5,409)	51,289,709
Other liabilities	12,884,199	828,838	13,713,037
Retained earnings	30,033,210	(6,641,390)	23,391,820
Non-controlling interest	4,916,610	(265,194)	4,651,416
General banking reserve*	6,365,000	(6,365,000)	-

* The Central Bank of Jordan issued circular No. 10/1/1359 dated 25 January 2018. According to this circular, the central bank issued the draft project for implementation of IFRS (9) have been populated, under which the accumulated balance of general banking reserve amounting JD 6,365,000 as of 31 December 2017 have been transferred to retained earnings to offset the effect and apply IFRS (9).

(c) New standards and interpretations applied for annual reporting period commencing 1 January 2018 and which are not yet adopted by the Bank:

- IFRS 16 "Leases"

Nature of change: IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

Impact: The Standard will primarily affect the accounting of the Bank's operating leases. As at the reporting date, most of the Bank's operating leases are short-term and low-value leases. Therefore, the standard is not expected to have any financial impact on the Bank.

Mandatory application date: Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date. The company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

2.3 Basics of consolidation

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

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

<u>Company's Name</u>	<u>Paid-in capital</u> JD	<u>Bank's ownership</u>	<u>Nature of operations</u>	<u>Location</u>	<u>Date of acquisition</u>
Al- Mawared for Financial Brokerage Company	5,000,000	100%	Financial securities brokerage	Amman	2006
Tamkeen Leasing Company	10,000,000	95%	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%	Providing loans and facilities	Amman	2016
Trade Facilities for finance leasing	2,000,000	94.9%	Lease financing	Amman	2016
Bindar Trade and Investment Company	20,000,000	91.8%	Providing loans and facilities	Amman	2017
Aayan Trading, Agencies & Investment Company	50,000	91.8%	Investment	Amman	2017
Rakeen Investment Company	30,000	91.8%	Investment	Amman	2017
Bindar Lease Financing Company	1,000,000	91.8%	Lease financing	Amman	2017

* Jordanian Company for Factoring was established on 21 December 2011 and has not yet started operating at the date of these condensed consolidated financial statements.

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

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

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

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (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 2017. Except for estimates related to IFRS 9 adoption and implementation which are disclosed at disclosure (2-2) changes in accounting policies and procedures.

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

This item consists of the following:

	31 March 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Cash on hand	12,206,903	15,544,812
Balances with central banks		
Current and demand accounts	3,802,078	4,270,138
Term and notice deposits	18,000,000	19,000,000
Statutory cash reserve	48,191,972	45,355,163
Deposit certificate	16,700,000	24,200,000
	<u>98,900,953</u>	<u>108,370,113</u>

- Except for the statutory cash reserve, there are no restricted balances as of 31 March 2018 and 31 December 2017.
- There are no balances matured with a period exceeding three months as of 31 March 2018 and 31 December 2017.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	31 March 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Local banks and financial institution	3,229,631	21,402,296
Foreign banks and financial institutions	45,427,625	50,210,738
Impairment loss in accordance with IFRS (9)	(49,639)	-
	<u>48,607,617</u>	<u>71,613,034</u>

- Balances at banks and financial institution with no interest amounted to JD 26,567,247 as of March 2018 against JD 29,073,432 as of 31 December 2017.
- There are no restricted balances as of 31 March 2018 and as of 31 December 2017.

(6) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

	31 March 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Local banks and financial institution	10,768,002	11,013,457
Impairment loss in accordance with IFRS (9)	(7,493)	-
Total	<u>10,760,509</u>	<u>11,013,457</u>

Restricted deposits at banks and financial institution amounted JD 1,727,656 as of 31 March 2018 against JD 2,001,314 as of 31 December 2017. These deposits represents cash collaterals deposited by subsidiaries against direct facilities.

Deposits balances maturing within a period exceeding three months amounted to JD 10,768,002 as of 31 March 2018 against JD 11,013,457 as of 31 December 2017.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

(7) DIRECT CREDIT FACILITIES – NET

	31 March 2018 JD (Unaudited)	31 December 2017 JD (Audited)
Individuals (retail):		
Overdraft	13,936,991	11,672,635
Loans and discounted bills *	108,579,672	108,112,143
Credit Cards	17,837,706	17,450,407
Real estate loans	147,080,703	148,867,482
Companies		
Corporate:		
Overdraft	71,295,811	64,926,554
Loans and discounted bills *	275,781,785	271,527,026
Medium and small entities		
Overdraft	7,913,568	7,822,845
Loans and discounted bills *	53,886,610	49,578,813
Public Sectors	4,493,013	4,436,156
Total	700,805,859	684,394,061
Less: Provision for impairment in direct credit facilities	39,480,363	30,471,752
Interest in suspense	8,580,582	7,882,415
Net Direct Credit Facilities	652,744,914	646,039,894

* The balance shown at net after deducting the interest received in advance amounted to JD 23,516,140 as at 31 March 2018 against JD 23,904,333 as of 31 December 2017.

- Included in the direct credit facility balance a non-performing facilities amounted to JD 48,496,453 which represents 6.9% as of 31 March 2018 against to JD 48,419,234 which represents 7.1% as of 31 December 2017.
- The non-performing facility balances after deducting interest in suspense amounted to JD 40,069,920 which represents 5.8% direct credit facility as of 31 March 2018 against JD 40,639,734 which represents 6% from direct credit facilities after deducting interest in suspense as of 31 December 2017.
- Credit facilities granted to the government amount to 4,493,013 as of 31 March 2018 and 4,436,156 as of 31 December 2017.
- Part of the collaterals of the due instalments and finance lease contract related to Jordan Tarde Facilities Company with an amount of JD 26,854,584 as of 31 March 2018 against JD 31,722,337 (Cheques and promissory notes) as of 31 December 2017 were deposited as collaterals against the loans and overdraft of the company.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

- Provision for impairment loss 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 and Small JD	
(Unaudited)					
31 March 2018					
Balance at 1 January	8,760,188	1,928,136	14,036,357	5,747,071	30,471,752
Effect for adoption of IFRS 9	2,857,297	2,323,796	2,970,201	750,857	8,902,151
Provision charge (surplus) for the period	159,737	(79,854)	197,922	111,768	389,573
Used during the period (Witten-off)	(3,474)	(30,731)	-	(444,008)	(478,213)
Balance at year end	11,773,748	4,141,347	17,204,480	6,165,688	39,285,263
(Audited)					
31 December 2017					
Balance at 1 January	6,625,733	1,461,513	10,081,195	5,146,255	23,314,696
Balances generated from investment in subsidiaries	1,724,220	478,670	-	481,311	2,684,201
Provision charge (surplus) for the year	432,706	(12,047)	4,207,142	122,212	4,750,013
Used during the year (Witten-off)	(22,471)	-	(251,980)	(2,707)	(277,158)
Balance at year end	8,760,188	1,928,136	14,036,357	5,747,071	30,471,752

Details of Provision for impairment loss on direct credit facilities after the adoption of IFRS 9:

	<u>31 March 2018</u> JD
Stage 1	3,466,016
Stage 2	4,006,771
Stage 3	31,821,476
	<u>39,285,263</u>

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

- **Interest in suspense**

The movement on interest in suspense was as follows:

	Individuals (Retail)	Real estate loans	Companies		Total
			Corporate	Medium and Small	
	JD	JD	JD	JD	JD
(Unaudited)					
31 March 2018					
Balance at 1 January	2,398,534	768,331	3,069,296	1,646,254	7,882,415
Interest in suspense for the period	334,840	140,210	248,388	207,377	930,815
Interest transferred to revenues	(97,272)	(44,472)	(6,630)	(24,139)	(172,513)
Interest in suspense written-off	(4,214)	(16,244)	-	(39,677)	(60,135)
Balance at the end of period	2,631,888	847,825	3,311,054	1,789,815	8,580,582
(Audited)					
31 December 2017					
Balance at 1 January	1,710,435	626,434	2,834,888	1,160,482	6,332,239
Interest in suspense for the year	755,711	299,088	589,601	594,264	2,238,664
Interest transferred to revenue	(47,553)	(34,748)	(237,281)	(107,752)	(427,334)
Interest in suspense written-off*	(20,059)	(122,443)	(117,912)	(740)	(261,154)
Balance at the end of the year	2,398,534	768,331	3,069,296	1,646,254	7,882,415

- According to the board of directors resolution, the senior management of the subsidiaries, the non performing credit facilities with their related interest in suspense have been written off amounted to of JD 538,348 during the period ended 31 March 2018 against JD 538,312 for the year ended 31 December 2017.

(8) OTHER ASSETS

Other assets include the following:

	31 March 2018	31 December 2017
	JD	JD
	(Unaudited)	(Audited)
Accrued interest and revenue	1,707,753	1,577,171
Prepaid expenses *	4,497,761	3,278,040
Assets seized by the Bank **	39,244,258	39,288,705
Refundable deposits	477,882	511,974
Post-dated cheques	342,544	21,501
Balances related to fraudulent transactions - Net ***	1,039,200	1,039,200
Purchase acceptances	5,325,783	1,066,710
Others	3,818,149	4,511,817
Impairment loss provision in accordance with IFRS (9)	(5,409)	-
	56,447,921	51,295,118

- Prepaid expenses include JD 1.7 million which represent the rent of the new branch for the bank in Abdoun Area for 18 years that are paid in advance.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

- 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 34,392 as of 31 March 2018 and 31 December 2017, and provision for assets seized for more than four years for the amounts of JD 2,018,362 as of 31 March 2017 and 31 December 2017.
- The bank was exposed to manipulation activities in its cash accounts at other banks and financial institutions resulted in a loss of around JD 12.9 Million which is mainly due to the probability of collusion between some of bank's employees. The necessary legal procedures were taken by the bank's management and a provision of JD 10.4 Million as of 31 March 2018 and 31 December 2017 excluding the estimated recoverable amount and foreclosed assets, less the recoverable amounts from the insurance company with the amount of around JD 1.5 Million. Furthermore, the case is still being looked by the General Attorney.

**INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)**

(9) BORROWED FUNDS

	Amount JD	Number of instalments		Frequency of instalments JD	Guarantees JD	Loan interest rate JD
		Total JD	Remaining JD			
31 March 2018 (Unaudited)						
Borrowed loans from the central bank of Jordan	1,434,022	70	58	Monthly	Discounted bills	1.75%
Borrowed loans from banks/ Local institution	145,855,516	2,388	1,668	Monthly, Quarterly, Semi Annually and on maturity date	Mortgage guarantee/cash collaterals/ Tools and equipment guarantee and promissory notes	4.4% to 9.75%
Total	<u>147,289,538</u>					
31 December 2017 (Audited)						
Borrowed loans from the central bank of Jordan	1,506,940	70	61	Monthly	Discounted bills	1.75%
Borrowed loans from banks/ Local institution	138,475,481	2,576	1,851	Monthly, Quarterly, Semi Annually and on maturity date	Mortgage guarantee/ cash collaterals/Tools and equipment guarantee and promissory notes	4.3% to 10%
Total	<u>139,982,421</u>					

- Borrowed funds from Central Bank of Jordan amounting JD 1,434,022 represents funds borrowed to refinance customers' facilities through medium term financing programs.
- Borrowed funds represents credit facilities from local banks amounted to JD 115,355,516 and in form of overdraft accounts and revolving loans granted to the subsidiary companies (Tamkeen Leasing Company, Al-Istehmari LeTamweel Selselat Al Imdad, Jordan Trade Facilities Company and Bindar for Trade and Investments).
- Borrowed funds also contains credit facilities granted from Jordan Mortgage refinancing company amounted to JD 30,500,000 and bank refinance an housing loans for interest rate of 8.3%.
- Fixed interest loans amounted to JD 84,859,100 and JD 60,996,416 loans at floating interest rates as of 31 March 2018 against JD 78,189,670 fixed interest loans and 60,285,811 at floating interest rates as of 31 December 2017.
- Part of the collaterals of the due instalments and finance lease contract related to Jordan Trade Facilities Company with an amount of JD 26,854,584 as of 31 March 2018 against JD 31,722,337 (Cheques and promissory notes) as of 31 December 2017 were deposited as collaterals against the loans and overdraft of the company.

(10) INCOME TAX

Tax status of the Bank

The Bank has reached to a final settlement with the Income and Sales Tax Department up to the end of the year 2015.

The Bank provided its tax declaration for the year 2016 on the period specified legally and Sales Tax Department did not revise record until the date of preparation of these financial statements.

As per the opinion of the Banks' management and its tax consultant, the Bank will not have any tax liabilities exceeding the booked provision as of 31 March 2018.

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

The Company has reached to a final settlement with the income and sales tax department for the period since inception on 5 June 2006 till the end of the year 2014. Moreover, Income and sales tax department accepted years 2012, 2013 and 2014 tax returns without any amendments.

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 yet until date of preparation of these financial statements.

As per the opinion of the company' management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 March 2018.

Tax status of Tamkeen Leasing Company (Subsidiary Company)

The Company has not submitted its tax return for the period since inception on 31 October 2006 to 31 December 2009 as it did not operate during those years.

The Company has reached to a final settlement with the income and sales tax department for the years 2010 to 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.

The company has submitted the Income Tax report for sales upon legal due date, and the Income and Sales Tax Department has reviewed the report for the period until 31 August 2015.

As per the opinion of the company's management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 March 2018.

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

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

The company has submitted the Income tax report for the years 2011 till 2014 upon legal due date and has settled all announced outstanding liabilities within the legal due dates. Tax reports have been accepted by the Income and sales tax department without any amendments.

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 up till date of preparation of these financial statements.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

The company has submitted the Sales tax report upon legal due date and no deferred tax liabilities were applicable until date of preparation of these financial statements.

As per the opinion of the company's management and its tax consultant, the company will not have any tax liabilities exceeding the booked provision as of 31 March 2018.

Tax status of Jordan Trade Facilities Company (Subsidiary Company)

The Income and Sales Tax department had finalized its review and issued a final clearance up to the year ended 31 December 2011, except for the years 2009 and 2010.

The Company had filed a claim before the constitutional court over 2009 taxes, demanding that article 66/c from the tax law is unconstitutional. The appeal filed by the Company will be dismissed before the court of cassation and the judge and the Company will be required to pay the tax after issuing the constitutional decision regarding the constitution of article 66/c.

As per the opinion of the Company's lawyer and tax consultant, there are no tax liabilities imposed to the Company against the year 2010.

The company has reached to a final settlement with the income and sales tax department for the years from 2011 until 2014.

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 up till date of preparation of these financial statements.

The company has submitted the Sales tax report upon legal due date, and the sales and income tax department had reviewed the tax reports submitted over the years from 2009 to 2013.

The Subsidiary "Jordan Facilities for Finance Lease L.L.C." submitted corporate income tax return up to the year ended 31 December 2014 and it was accepted under the sample basis and 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 until date of preparation of these financial statements.

The Subsidiary "Jordan Facilities for Finance Lease L.L.C." submitted corporate sales tax return upon legal due date and the Income and Sales Tax Department have reviewed the report submitted up till year end 2013.

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 31 March 2018.

Tax status of Bindar Trade and Investment Company (Subsidiary Company)

The company has reached to a final settlement with the income and sales tax department until the end of the year 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 up till date of preparation of these financial statements.

The company has submitted the Sales tax report upon legal due date and paid all due taxes until 31 October 2017.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

The Subsidiary "Bindar for Finance Leasing Company" submitted corporate income tax return up to the year ended 31 December 2015, and had submitted the income tax report for the year 2016 upon legal due date, the Income and Sales Tax Department have not yet reviewed it up till date of preparation of these financial statements.

The Subsidiary "Bindar for Finance Leasing Company" registered submitted per the sales taxes starting 1 January 2017, were corporate sales tax return have been submitted and due taxes were paid until 31 October 2017.

The Subsidiary "Aayan Trading, Agencies & Investment Company" has reached to a final settlement with the income and sales tax department until the end of the year 2015 and 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 up till date of preparation of these financial statements.

The Subsidiary "Rakeen Investment Company" has reached to a final settlement with the income and sales tax department until the end of the year 2015 and 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 up till date of preparation of 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 31 March 2018.

(11) RETAINED EARNINGS

The movement on retained earnings is as follows:

	31 March 2018 JD (Unaudited)	31 December 2017 JD (Audited)
Balance at the beginning of the period / year	30,033,210	27,663,922
Profit for the period / year	-	15,073,707
Transferred from (to) reserves	6,365,000	(2,487,458)
Dividends paid	-	(10,000,000)
Loss on sale of financial assets at fair value through other comprehensive income	31,249	(216,961)
Effect of adoption of IFRS (9)	(6,641,390)	-
Balance at the end of the period / year	<u>29,788,069</u>	<u>30,033,210</u>

- Included in retained earnings an amount of JD 10,465,295 as of 31 March 2018 restricted by the instructions of Central Bank of Jordan for deferred tax assets against JD 7,576,553 as of 31 December 2017.
- Included in the retained earnings a restricted amount of JD 1,039,200 as of 31 March 2018 and 31 December 2017 based on Central Bank of Jordan request, which represents the remaining balance of illegal transactions.

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

- Included in the retained earnings a restricted amount of JD 425,704 as of 31 March 2018 against 418,812 as of 31 December 2017 which represents the effect of the early adoption of IFRS (9). Such amount is restricted and cannot be utilized unless realized through actual sale as instructed by Jordan Securities Commission.
- The balance of the retained earnings include differences revaluation of financial assets at fair value through the income statements amounting JD 3,655 as of 31 March 2018 and 31 December 2017.

(12) PROPOSED DIVIDENDS

The board of directors recommended to the general assembly of shareholders to distribute JD 10 Million for the year 2017 during 2018 which is equivalent to 10% of the Bank's capital and it is subject to the approval of the general assembly of shareholder. The general assembly of shareholders decided to distribute JD 10 Million for the year 2016 which is equivalent to 10% of the Bank's capital in their meeting held on 24 April 2018.

(13) SEGMENT INFORMATION

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

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

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

**INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)**

B- Information on the geographical distribution.

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

(14) RELATED PARTIES TRANSACTIONS AND BALANCES

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

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

	Related Party				Total	
	Subsidiaries*		Board of directors members & executive management			Other (employees and their relative, relative of members of the board of directors and executive management)
	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)		
				31 March 2018	31 December 2017	
				JD (Unaudited)	JD (Audited)	
On Financial Position Items:						
Credit facilities	3,254,585	2,725,004	51,945,395	57,924,984	62,555,330	
Provision for impairment in credit facilities	-	-	877,412	877,412	717,692	
Financial assets at amortized costs	1,400,000	-	6,400,000	7,800,000	8,400,000	
Deposits, current accounts and cash margins collaterals	4,317,012	6,223,454	28,668,370	39,208,836	37,732,860	
Off-Financial Position Items:						
Letters of credit	-	-	209,138	209,138	48,554	
Letters of guarantee	1,109,500	808,981	7,475,629	9,394,110	9,142,460	
				For three months ended 31 March 2018	31 March 2017	
				JD (Unaudited)	JD (Unaudited)	
Statement of Income items:						
Interest and commission received	138,568	50,297	1,025,397	1,214,262	1,044,799	
Interest and commission paid	39,859	71,150	317,391	428,400	276,951	
Provision for impairment in direct credit facilities	-	-	167,422	167,422	-	

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

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

Maximum credit interest rate in Jordanian Dinars 21%	Minimum credit interest rate in Jordanian Dinars 2.25%
Maximum credit interest rate in Other Currencies 12%	Minimum credit interest rate in Other Currencies 4.68%
Maximum Debit interest rate in Jordanian Dinars 6.1%	Minimum credit interest rate in Jordanian Dinars 0%
Maximum Debit interest rate in Other Currencies 1.5%	Minimum credit interest rate in Other Currencies 0%
Maximum Credit Commission rate 1%	Minimum debit commission rate 0%

Credit Interest rates over financial assets at amortised cost between 10% to 10,375%.

The executive management salaries and benefits for the bank and its subsidiaries amounted to JD 721,497 for the three months ended 31 March 2018 against JD 723,565 in the same period in 2017.

(15) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	As of 31 March	
	2018 JD (Unaudited)	2017 JD (Unaudited)
Cash and balances at Central Bank mature within 3 months	98,900,953	86,393,749
Add: Balances at banks and financial institutions mature within 3 months	48,607,617	70,446,166
Less: Deposits at banks and financial institutions due within 3 months	8,030,670	18,576,767
	<u>139,477,900</u>	<u>138,263,148</u>

(16) FAIR VALUE HIERARCHY

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

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

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

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

	Level 1 JD	Level 2 JD	Level 3 JD	Total JD
(Unaudited)				
31 March 2018				
Financial assets at fair value through profit or loss	1,541,752	-	331,920	1,873,672
Financial assets at fair value through other comprehensive income	42,168,626	-	4,303,707	46,472,333
	<u>43,710,378</u>	<u>-</u>	<u>4,635,627</u>	<u>48,346,005</u>
(Audited)				
31 December 2017				
Financial assets at fair value through profit or loss	1,523,770	-	330,217	1,853,987
Financial assets at fair value through other comprehensive income	34,755,373	-	2,882,669	37,638,042
	<u>36,279,143</u>	<u>-</u>	<u>3,212,886</u>	<u>39,492,029</u>

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

(17) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

(18) EARNINGS PER SHARE FOR THE PERIOD

The details of this item are as follows:

	As of 31 March	
	2018	2017
	JD	JD
	(Unaudited)	(Unaudited)
Profit for the period	2,892,422	4,221,855
Weighted average number of shares *	100,000,000	100,000,000
Basic and diluted earnings per share from the profit for the period	0,029	0,042

* 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.

(19) CONTINGENT LIABILITIES

	31 March	31 December
	2018	2017
	JD	JD
	(Unaudited)	(Audited)
Letters of credit	11,012,717	14,113,336
Acceptances	4,826,164	5,847,162
Letters of guarantee:		
Payments	36,073,219	35,510,416
Performance	43,002,878	43,313,447
Others	15,049,999	14,795,788
Unutilized direct credit facilities limits	38,408,292	43,106,027
Impairment loss in accordance with IFRS (9)	(828,838)	-
	<u>147,544,431</u>	<u>156,686,176</u>

INVEST BANK (PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018 (UNAUDITED)

(20) LAWSUITS HELD AGAINST THE BANK AND ITS SUBSIDIARIES

- (a) The Bank is a defendant in lawsuits amounting to JD 4,441,677 as of 31 March 2018 against JD 4,462,850 as of 31 December 2017. The total provision booked against these lawsuits amounted to JD 601,620 as of 31 March 2018 against JD 570,312 as of 31 December 2017. As per the estimate of the management and the bank's lawyer, no additional liabilities would arise against these lawsuits.
- (b) There were no lawsuits against the subsidiary companies: Al Mawared for financial brokerage, Tamkeen for Finance leasing and Jordan Company for factoring as of 31 March 2018 and 31 December 2017.
- (c) The lawsuits against Al Istethmari Latamweel Selselet Al Imdad Company amounted to JD 3,000 as of 31 March 2018 and 31 December 2017, based on the estimations of the management and the company's lawyer no provision is needed at this level.
- (d) The lawsuits against Jordan Trade Facilities amounted to JD 39,200 as of 31 March 2018 and 31 December 2017, as the lawsuit provisions amounted to JD 29,500 as of 31 March 2018 and 31 December 2017. Based on the estimations of the management and the company's lawyer no additional liabilities would rise from these lawsuits.
- (e) Lawsuits raised against Trade Facilities for Financial Leasing (Subsidiary of the Bank) amounted to JD 300 as of 31 March 2018 and 31 December 2017, based on the management's assessment and the Company's legal consultant, no additional liabilities would rise from these lawsuits.
- (f) Lawsuits raised against Bindar Trading and Investment Company (Subsidiary of the company) amounted to JD 115,625 as of 31 March 2018 and 31 December 2017 and based on management estimates and the company's legal consultant, no additional liabilities would rise from these lawsuits.
- (g) No lawsuits were raised against Bindar for Financial Leasing, Aayan Trading, Agencies and Investments and Rakeen Investment Company (Subsidiaries of Bindar for Trading and Investments) as of 31 March 2018.