

Financial Performance of Member Banks

Regarding the financial performance of member banks, the following are the main financial indicators for these banks based on its financial statements as of 31/12/2017:

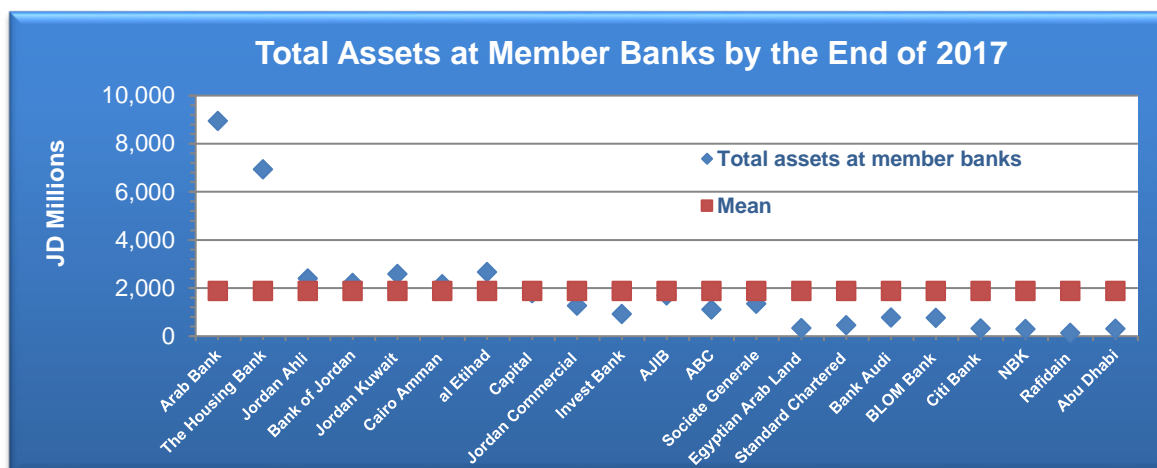
Consolidated Balance Sheet of Member Banks

Member banks' total assets reached JD 39413.3 million by the end of 2017 compared to JD 38951.7 million a year earlier, indicating an increase of JD 461.6 million or 1.2%, compared to an increase of JD 586.0 million or 1.5% by the end of the year 2016.

Member banks' total assets to GDP registered 138.5% by the end of 2017, compared to 141.9% a year earlier.

Total Assets at Member Banks	2017	2016	% Change
Arab Bank	8,942,650,000	9,266,975,000	-3.5%
The Housing Bank for Trade & Finance	6,932,206,788	6,750,897,280	2.7%
Jordan Ahli Bank	2,393,084,001	2,505,309,616	-4.5%
Bank of Jordan	2,216,500,800	2,005,172,149	10.5%
Jordan Kuwait Bank	2,582,437,982	2,447,132,787	5.5%
Cairo Amman Bank	2,157,452,131	1,998,141,853	8.0%
Bank al Etihad	2,662,290,283	2,563,073,276	3.9%
Capital Bank of Jordan	1,788,029,091	1,817,945,134	-1.6%
Jordan Commercial Bank	1,274,125,700	1,171,257,334	8.8%
Invest Bank	928,320,250	854,834,487	8.6%
Arab Jordan Investment Bank	1,692,484,366	1,678,607,213	0.8%
Arab Banking Corporation - Jordan	1,111,185,541	1,099,282,887	1.1%
Societe Generale de Banque - Jordanie	1,352,138,073	1,303,727,878	3.7%
Egyptian Arab Land Bank-Jordan	336,296,741	336,052,537	0.1%
Standard Chartered Bank-Jordan	461,133,914	395,194,471	16.7%
Bank Audi S.A.L-Jordan Branches	774,867,987	832,474,373	-6.9%
BLOM Bank S.A.L-Jordan	757,655,484	785,888,321	-3.6%
Citi Bank N.A-Jordan	316,911,104	375,658,292	-15.6%
National Bank of Kuwait-Jordan	292,412,514	279,879,799	4.5%
Rafidain Bank	132,652,255	132,590,764	0.0%
National Bank of Abu Dhabi	308,458,447	351,615,842	-12.3%
Total	39,413,293,452	38,951,711,293	1.2%
Average	1,876,823,498	1,854,843,395	1.2%

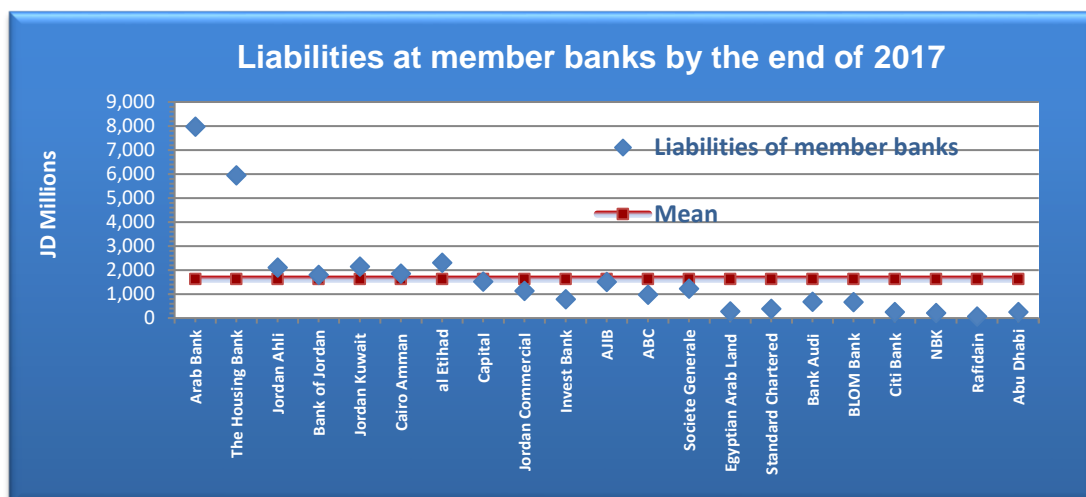
Financial Performance of Member Banks



Member Banks' total liabilities reached JD 33962.0 million by the end of 2017 compared to JD 33675.5 million by the end of 2016, with an increase of JD 286.9 million or 0.9%, compared to an increase of JD 430.6 million or 1.3% by the end of 2016.

Total Liabilities at Member Banks	2017	2016	% Change
Arab Bank	7,972,798,000	8,306,098,000	-4.0%
The Housing Bank for Trade & Finance	5,945,292,369	5,799,268,950	2.5%
Jordan Ahli Bank	2,098,856,059	2,213,071,506	-5.2%
Bank of Jordan	1,796,282,387	1,611,197,351	11.5%
Jordan Kuwait Bank	2,140,114,363	2,007,355,078	6.6%
Cairo Amman Bank	1,855,538,462	1,704,933,033	8.8%
Bank al Etihad	2,296,637,101	2,256,292,640	1.8%
Capital Bank of Jordan	1,520,247,368	1,560,333,333	-2.6%
Jordan Commercial Bank	1,130,386,812	1,030,706,477	9.7%
Invest Bank	776,497,226	705,732,777	10.0%
Arab Jordan Investment Bank	1,495,935,423	1,481,841,411	1.0%
Arab Banking Corporation - Jordan	962,981,293	952,386,050	1.1%
Societe Generale de Banque - Jordanie	1,218,578,678	1,170,827,077	4.1%
Egyptian Arab Land Bank-Jordan	275,366,773	276,487,355	-0.4%
Standard Chartered Bank-Jordan	378,978,857	311,892,045	21.5%
Bank Audi S.A.L-Jordan Branches	670,701,279	728,286,238	-7.9%
BLOM Bank S.A.L-Jordan	668,246,645	699,848,394	-4.5%
Citi Bank N.A-Jordan	248,847,346	311,043,467	-20.0%
National Bank of Kuwait-Jordan	205,510,950	194,283,410	5.8%
Rafidain Bank	61,222,087	63,220,988	-3.2%
National Bank of Abu Dhabi	242,962,316	289,934,269	-16.2%
Total	33,961,981,794	33,675,039,849	0.9%
Average	1,617,237,228	1,603,573,326	0.9%

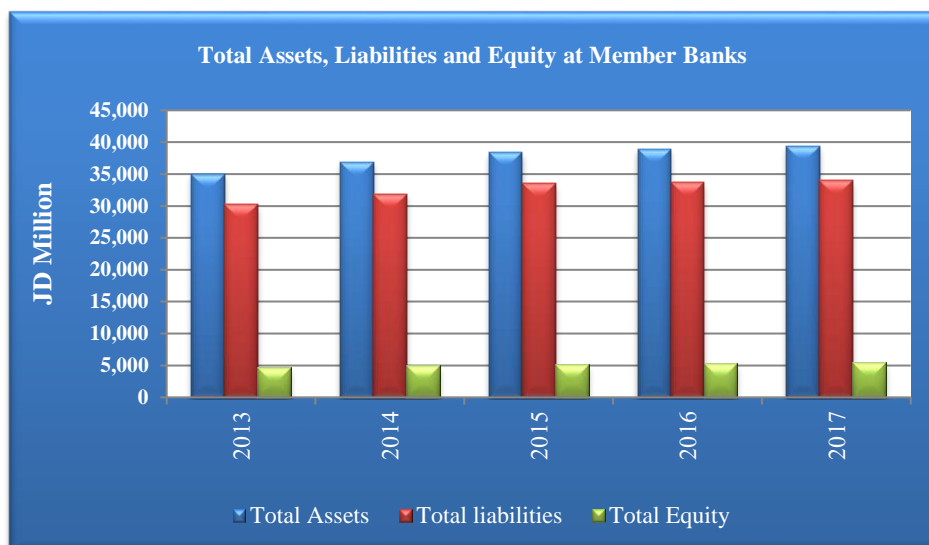
Financial Performance of Member Banks



Member banks' owner's equity reached JD 5451.3 million by the end of 2017 compared to JD 5276.7 million by the end of 2016, with an increase of JD 174.7 million or 3.3% compared to an increase of JD 155.4 million or 3.0% a year earlier.

Owners' Equity at Member Banks	2017	2016	% Change
Arab Bank	969,852,000	960,877,000	0.9%
The Housing Bank for Trade & Finance	986,914,419	951,628,330	3.7%
Jordan Ahli Bank	294,227,942	292,238,110	0.7%
Bank of Jordan	420,218,413	393,974,798	6.7%
Jordan Kuwait Bank	442,323,619	439,777,709	0.6%
Cairo Amman Bank	301,913,669	293,208,820	3.0%
Bank al Etihad	365,653,182	306,780,636	19.2%
Capital Bank of Jordan	267,781,723	257,611,801	3.9%
Jordan Commercial Bank	143,738,888	140,550,857	2.3%
Invest Bank	151,823,024	149,101,710	1.8%
Arab Jordan Investment Bank	196,548,943	196,765,802	-0.1%
Arab Banking Corporation - Jordan	148,204,248	146,896,837	0.9%
Societe Generale de Banque - Jordanie	133,559,395	132,900,801	0.5%
Egyptian Arab Land Bank-Jordan	60,929,968	59,565,182	2.3%
Standard Chartered Bank-Jordan	82,155,057	83,302,426	-1.4%
Bank Audi S.A.L-Jordan Branches	104,166,708	104,188,135	0.0%
BLOM Bank S.A.L-Jordan	89,408,839	86,039,927	3.9%
Citi Bank N.A-Jordan	68,063,759	64,614,825	5.3%
National Bank of Kuwait-Jordan	86,901,564	85,596,389	1.5%
Rafidain Bank	71,430,168	69,369,776	3.0%
National Bank of Abu Dhabi	65,496,131	61,681,573	6.2%
Total	5,451,311,659.0	5,276,671,444.0	3.3%
Average	259,586,269	251,270,069	3.3%

Financial Performance of Member Banks



Structure of Assets and Liabilities:

- Direct credit facilities (net) extended by member banks reached JD 18152.5 million by the end of 2017 compared to JD 16632.7 million by the end of 2016, with an increase of JD 1520.0 million or 9.1%.
- The ratio of direct credit facilities (net) to total assets reached 46.0% by the end of 2017 compared to 42.7% by the end of 2016.
- The ratio of direct credit facilities (net) to GDP registered 63.8% by the end of 2017, compared to 60.6% a year earlier.
- Total member banks' financial assets reached JD 8473.7 million by the end of 2017, compared to JD 9238.1 million a year earlier, with a decrease of JD 764.4 million or 8.3%. The percentage of member banks' financial assets to total assets registered 21.5% by the end of 2017 compared to 23.7% a year earlier.
- Total member banks' financial assets at amortized cost (held to maturity bonds) reached JD 7992.7 million by the end of 2017 compared to JD 8747.0 million by the end of 2016, with a decrease of JD 754.3 million or 8.6%. The ratio of these assets to total assets reached 20.3% by the end of 2017 compared to 22.5% by the end of 2016.

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- Total deposits at member banks reached JD 26714.9 million by the end of 2017 compared to JD 26580.0 million by the end of 2016 with an increase of JD 134.9 million or 0.5%.
- Total deposits at member banks represented approximately 78.7% of total liabilities by the end of 2017 compared to 78.9% by the end of 2016.
- Off-balance sheet liabilities (indirect credit facilities) reached JD 8385.8 million by the end of 2017 compared to JD 7925.6 million a year earlier, with an increase of JD 443.1 million or 5.8%, representing approximately 21.3% as a percentage of total assets at member banks by the end of 2017 compared to 20.3% by the end of 2016.

Liquidity

- Cash and banks balances at member banks reached JD 9761.9 million by the end of 2017 compared to JD 10164.5 million a year earlier with a decrease of JD 402.6 million or 4.0%, where the most liquid assets as a percentage of total assets registered 24.8% by the end of 2017 compared 26.1% a year earlier.
- The ratio of gross credit facilities extend by member banks to total deposits registered 72.2% by the end of 2017, compared to 66.8% a year earlier which means that there is an accelerated growth in credit facilities.
- The ratio of total deposits at the member banks to domestic liquidity in the Kingdom registered 81.1% by the end of 2017, with an increase of 0.3% compared to a year earlier.

Credit Facilities Portfolio

- The credit facilities of the member banks showed a relative improvement in their performance during 2017 compared to the year 2016, their quantitative measures were summarized as follows:

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- The ratio of non-performing loans, suspended interests and written off debts to gross direct credit facilities extended by member banks reached 6.8% by the end of 2017 compared to 7.2% a year earlier.
- The ratio of loan loss provision balance at amortized cost to gross credit facilities extended by member banks registered 4.0% by the end of 2017 compared to 4.4% a year earlier.
- The ratio of loan loss provision to non-performing loans registered 86.5% by the end of 2017 compared to 89.4% a year earlier.
- The loan loss provision at amortized cost deducted from member banks' revenues -during the year 2017- reached JD 110.1 million, with an increase of JD 34.9 million or 46.3% compared to a year earlier. These provisions composed 0.3% to member banks' total assets by the end of 2017 compared to 0.2% a year earlier.
- The loan loss provisions deducted from revenues – during the year 2017- to net interest revenues reached 9.8% compared to 6.8% a year earlier. Meanwhile, these provisions composed 12.3% of non-performing loans compared to 8.7% a year earlier. This indicates that member banks hedged efficiently against credit risk.
- The ratio of written off debts to net interest revenues registered 4.5% by the end of 2017 compared to 4.8% a year earlier. The ratio of these debts to average outstanding balance of credit facilities extended by member banks remains at 0.3%.
- Direct credit facilities extended to related parties at member banks to outstanding credit facilities extended by member banks excluding suspended interest reached approximately 2.1% by the end of 2017 compared to 2.5% a year earlier.

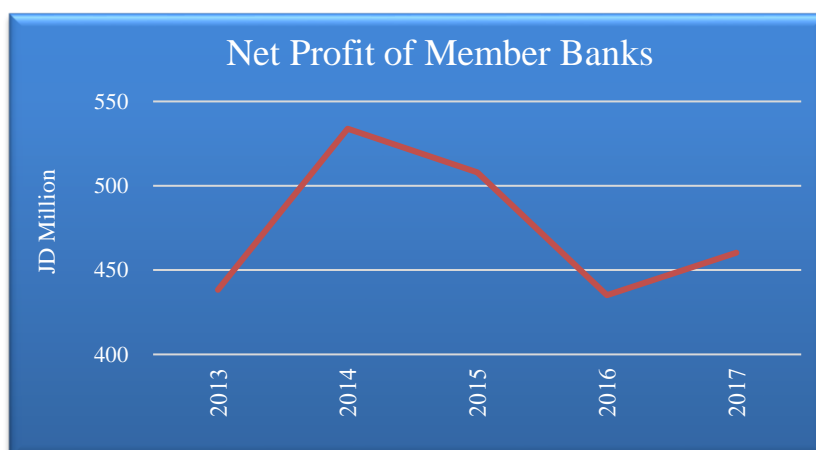
Profitability Indicators

- The consolidated income statement of member banks represented that the net profit before taxes reached JD 671.8 million by the end of 2017 compared to JD

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648.6 million by the end of 2016, registering an increase of JD 23.2 million or 3.6%.

- The ratio of return before taxes to average total assets (ROA) at member banks remains at 1.7% by the end of the year 2017.
- The ratio of return before taxes to average owner's equity (ROE) at member banks remains at 12.5% by the end of the year 2017.
- The ratio of net interest revenue to average credit facilities (net) registered 6.4% by the end of 2017 compared to 7.0% a year earlier.



Operational Efficiency

- The ratio of total member banks' non-interest expense to total operational revenue registered 56.6% by the end of 2017 compared to 56.4% a year earlier, which indicates a regression against operational efficiency of member banks compared to a year earlier. Although the decline in this level during the year, member banks still close to the acceptable upper bound of 55.0%. McKinsey & Company showed that the banks whose operational efficiency exceeds 55.0%, suffering from weaknesses generating income against controlling expenses.

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- The overhead ratio – employee expenses and depreciations - to operational revenue of member banks registered 28.7% by the end of 2017, compared to 28.6% a year earlier.
- The overhead ratio – employee expenses- to operational revenue of member banks represented that each JD (0.235) of employee expenses generate JD (1) for member banks during the year 2017 compared to JD (0.238) during the year 2016.

Capital Adequacy Ratio

- Member banks' capital adequacy ratio registered 17.3% by the end of 2017 compared to 17.8% a year earlier. It is worth mentioning that the minimum requirement for capital adequacy ratio set by the Central Bank of Jordan is 12% and by Basel III is 10.5%, which indicates that the level of capital adequacy for the member banks is at comfortable level.

Key Indicators for Member Banks' Financial Performance for the Last Five Years	2013	2014	2015	2016	2017
Direct Credit Facilities (Net) to Total Assets	38.0%	37.8%	39.5%	42.7%	46.0%
Financial Assets at Amortized Cost (Held to Maturity Bonds) to Total Assets	25.3%	26.2%	23.7%	22.5%	20.3%
Non-Performing Loan, Suspended Interest And Written-Off Debts to Credit Facilities Extended by Member Banks	10.6%	9.0%	7.7%	7.2%	6.8%
Cash and Cash Equivalents to Deposits (More than JD100,000)	51.3%	54.4%	32.3%	50.8%	47.4%
Capital Adequacy Ratio	18.0%	17.9%	18.3%	17.8%	17.3%
Return (Before Taxes) on Average Assets	1.9%	2.0%	2.0%	1.7%	1.7%