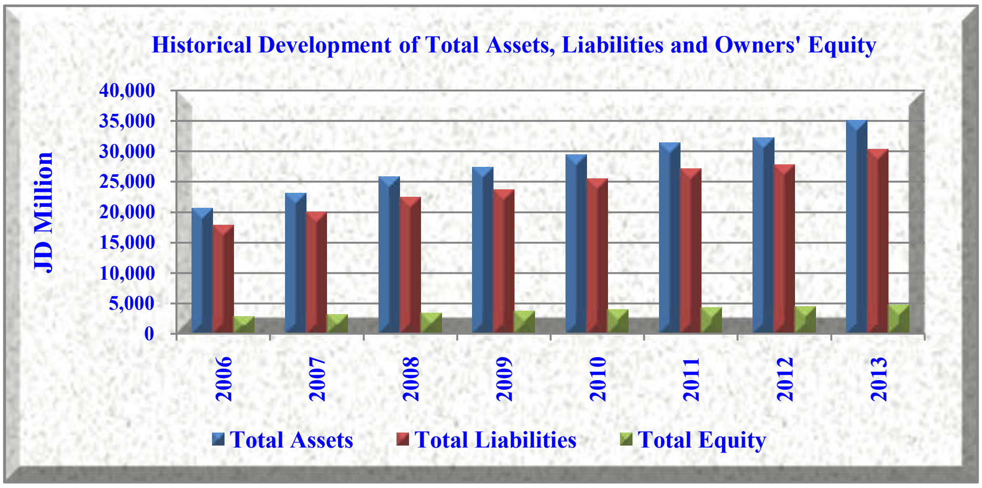
FINANCIAL PERFORMANCE OF MEMBER BANKS

The sound procedures and practices enforced in respect of regulating the banking system in general and the prudent management of banks in specific were characterized by their considerable flexibility and interaction with the supervisory and monetary policies applied by the Central Bank of Jordan. These practices aim at encountering the various types of risks and maintaining the soundness of the banking system that ultimately contributed to promote the economic growth and stability in the Kingdom. In this context, the financial indicators for member banks which represent 22 banks out of 26 banks operating in the Kingdom, showed favorable results during the year 2013 that were mainly represented in an increase in the loans loss provisions, a reduction in the non-performing loans, in addition to high capital adequacy ratios which eventually enhanced the member banks' solvency to ensure the creditworthiness of banking system against any negative exogenous or domestic shocks.

The financial performance indicators were demonstrated as follows:

- Member banks' total assets reached JD 35004.1 million by the end of 2013 compared with JD 32138.6 million a year earlier, with an increase of JD 2865.5 million or 8.9% compared to an increase of JD 795 million or 2.5% by the end of the year 2012.
- Total liabilities reached JD 30306.1 million by the end of 2013 compared with JD 27696.6 million by the end of 2012, with an increase of JD 2609.4 million or 9.4% compared to an increase of JD 591.6 million or 2.2% by the end of the year 2012.
- Total owner's equity reached JD 4698.0 million by the end of 2013 compared with JD 4442.0 million by the end of 2012, with an increase of JD 255.8 million or 5.8% compared with an increase of JD 204.1 million or 4.8% a year earlier.



Structure of Assets and Liabilities

- Total deposits at member banks reached JD 22998.3 million by the end of 2013 compared with JD 20880.1 million by the end of 2012, with an increase of JD 2118.2 million or 10.1%. Deposits represented approximately 75.9% of total liabilities by the end of 2013 compared with 75.4% by the end of 2012.

- Direct credit facilities (net) granted by member banks reached JD 13299.5 million by the end of 2013 compared with JD 12676.1 million by the end of 2012, with an increase of JD 623.4 million or 4.9%. Direct credit facilities to total assets decreased to reach approximately 38.0% by the end of 2013 compared with 39.4% a year earlier.

- Investments in amortized cost financial assets (the vast majority consists of held to maturity bonds) reached JD 8865.5 million by the end of 2013 compared with JD 7027.9 million by the end of 2012, with an increase of JD 1837.6 million or 26.1%. The ratio of these assets to total assets -on account of credit facilities- increased to reach about 25.3% by the end of 2013 compared with 21.9% by the end of the year 2012.

- Off balance sheet items (indirect credit facilities) reached JD 7684.1 million by the end of 2013 compared with JD 7511.7 million by the end of 2012, with an increase of JD 172.4 million or 2.3%, representing approximately 22.0% of total assets at member banks by the end of 2013 compared with 23.4% by the end of 2012.

Credit Facilities

The year 2013 revealed a relative improvement in the financial performance of credit facilities at member banks compared with the year 2012 demonstrated as follows:

- The ratio of non - performing loans, suspended interests, and written off debts to direct credit facilities(net) granted by member banks reached approximately 11.6% by the end of 2013 compared with 13.1% by the end of 2012.

- Loan loss provisions to gross loans reached 83.1% by the end of 2013 compared with 73.7% a year earlier.

- The ratio of Loan loss provisions deducted from revenues during the year 2013 to net interest revenues, a precautionary procedure for non-performing loans, reached14.2% by the end of 2013 compared with 24.5% by the end of 2012.

- Direct credit facilities granted to related parties to total credit facilities reached 2.2% by the end of 2013 compared with 2.0% a year earlier.

Capital Adequacy Ratio

Member banks recorded a capital adequacy ratio of 18.0% by the end of the year 2013 compared with 18.4% by the end of the year 2012. It is worth noting that the minimum requirement ratio set by the Central Bank of Jordan is 12% and by Basel II is 8%.

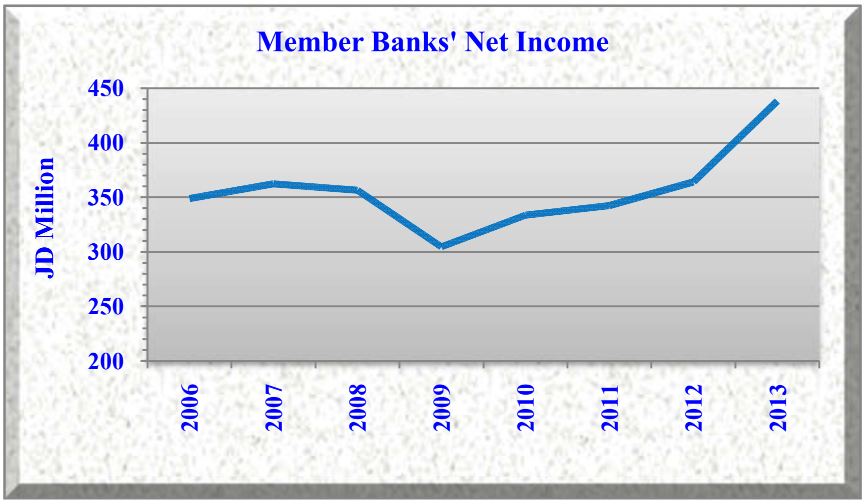
Profitability

- With regard to income statement indicators, the net profit before taxes reached JD 628.5 million by the end of 2013 compared with JD 519.7 million by the end of 2012, with an increase of JD 108.9 million or 20.9%.

- The income before taxes to average total assets at member banks (return on average assets (ROAA)) reached 1.9% during the year 2013 compared with 1.6% during the year 2012.

- The income before taxes to average owner's equity at member banks (return on average equity (ROAE)) reached 13.8% during the year 2013 compared with 12.0% during the year 2012.

- The net interest income to average direct credit facilities (net) granted by member banks reached 8.1% by the end of the year 2013 compared with 7.9% by the end of the year 2012.



Key Indicators for Member Banks' Financial Performance (2009-2013)

Financial Performance Ratios	2009	2010	2011	2012	2013
Direct Credit Facilities (Net) to Total Assets	38.5%	37.6%	33.3%	39.4%	38.0%
Investments in Amortized Cost Financial Assets to Total Assets	7.5%	6.0%	20.0%	21.9%	25.3%
Non-Performing Loans, Suspended Interest, and Written off Debts to Net Credit Facilities	9.8%	11.9%	11.6%	13.1%	11.6%
Loan Loss Provisions to Net Interest Income	21.2%	22.1%	25.7%	24.5%	14.2%
Cash and Quasi Cash to Deposits (More than JD 100,000)	69.9%	69.8%	61.0%	66.3%	51.3%
Capital Adequacy Ratio	19.8%	19.8%	18.6%	18.4%	18.0%
Return on Average Assets (Before Tax)	1.6%	1.7%	1.5%	1.6%	1.9%