

## Financial Performance of Member Banks

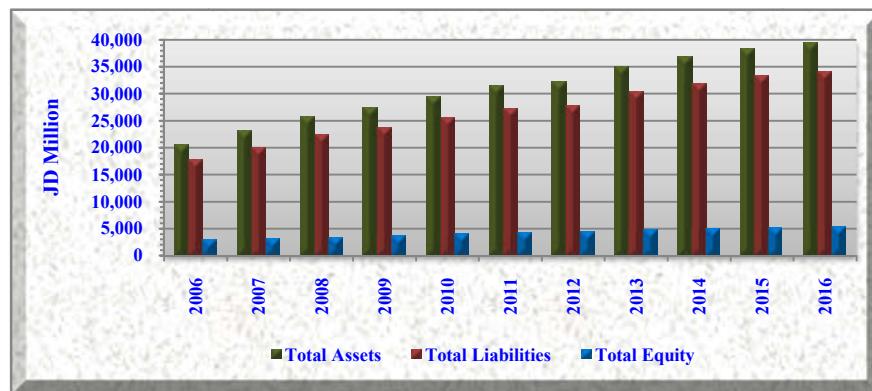
Regarding the financial performance of member banks -which represent 21 banks out of 25 banks operating in the kingdom- the following are the main financial indicators for these banks based on its financial statements as of 31/12/2016:

Member banks' total assets reached JD 38951.1 million by the end of 2016 compared to JD 38369.8 million a year earlier, indicating an increase of JD 581.4 million or 1.5%, compared to an increase of JD 1525.1 million or 4.1% by the end of the year 2015.

Total liabilities reached JD 33674.5 million by the end of 2016 compared to JD 33243.9 million by the end of 2015, with an increase of JD 430.6 million or 1.3%, compared to an increase of JD 1349.0 million and 4.2% by the end of 2015.

The owner's equity reached JD 5276.6 million by the end of 2016 compared to JD 5125.9 million by the end of 2015, with an increase of JD 150.8 million or 2.9% compared to an increase of JD 176.1 million and 3.6% a year earlier.

**Total Assets, Liabilities and Owner's Equity of Member Banks**



### Structure of Assets and Liabilities:

Total deposits at member banks reached JD 26579.8 million by the end of 2016 compared to JD 26759.6 million by the end of 2015 with a decrease of JD 179.9 million or 0.7%. These deposits represented approximately 78.9% of total liabilities by the end of 2016 compared to 80.5% by the end of 2015.

Direct credit facilities (net) extended by member banks reached JD 16,632.6 million by the end of 2016 compared to JD 15,157.6 million by the end of 2015, with an increase of JD 1,475.0 million or 9.7%.

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The ratio of direct credit facilities (net) to total assets reached 42.7% by the end of 2016 compared to 39.5% by the end of 2015.

Total member banks' financial assets at amortized cost (held to maturity bonds) reached JD 8797.6 million by the end of 2016 compared to JD 9078.0 million by the end of 2015, with a decrease of JD 280.4 million or 3.0%. The ratio of these assets to total assets reached 22.6% by the end of 2016 compared to 23.7% by the end of 2015.

Off-balance sheet liabilities (indirect credit facilities) reached JD 7942.6 million by the end of 2016 compared to JD 7909.0 million a year earlier, with an increase of JD 33.6 million or 0.4%, representing approximately 20.4% of total assets at member banks by the end of 2016 compared to 20.6% by the end of 2015.

### **Credit Facilities Portfolio**

The credit facilities of the member banks showed a relative improvement in their performance during 2016 compared to the year 2015, their quantitative measures were summarized as follows:

The ratio of non-performing loans, suspended interests and written off debts to total direct credit facilities extended by member banks reached 7.2% by the end of 2016 compared to 7.7% by the end of 2015.

Loan loss provisions to non-performing loans reached 87.0% by the end of 2016 compared to 89.6% a year earlier.

During the year, loan loss provisions deducted from revenues to net interest revenues reached 6.8% by the end of 2016 compared to 6.0% by the end of 2015.

Direct credit facilities extended to related parties at member banks to gross credit facilities reached about 2.4% by the end of 2016 compared to 2.2% a year earlier.

### **Capital adequacy ratio**

Member banks' capital adequacy ratio registered 18.1% by the end of 2016 compared to 18.3% by the end of 2015, whereas the minimum requirement ratio set by Central Bank of Jordan is 12% and by Basel III is 10.5%.

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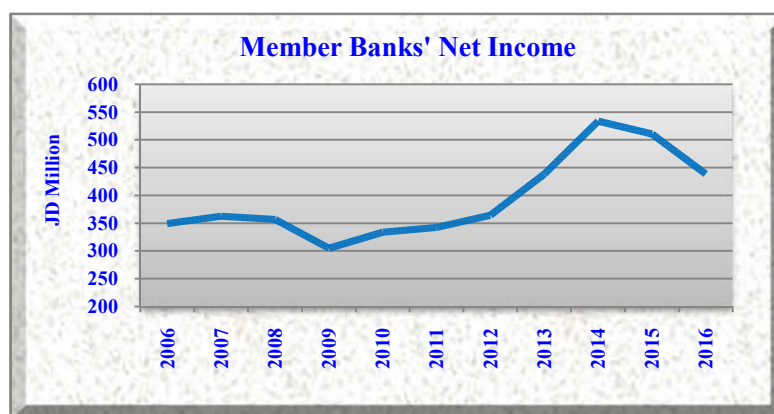
### Profitability Indicators

According to income statement data, the net profit before taxes reached JD 649.4 million by the end of 2016 compared to JD 753.8 million by the end of 2015, registering a decrease by JD 104.4 million or 13.9%.

The income before taxes to average total assets at member banks decreased to 1.7% by the end of the year 2016 compared to 2.0% a year earlier.

The income before taxes to average owner's equity at member banks reached 12.5% during the year 2016 compared to 14.9% a year earlier.

The net interest income to average credit facilities (net) extended by member banks reached 6.9% by the end of 2016 compared to 7.7% by the end of 2015.



Key indicators for Member banks' financial performance	2011	2012	2013	2014	2015	2016
Direct Credit Facilities (net) to Total Assets	33.3%	39.4%	38.0%	37.8%	39.5%	42.7%
Financial Assets at Amortized Cost (held to maturity bonds) to Total Assets	20.1%	21.9%	25.3%	26.2%	23.7%	22.6%
Non-performing Loans, Suspended Interests and Written off Debts to Total Credit Facilities	9.6%	12.0%	10.6%	9.0%	7.7%	7.2%
Loan Loss Provisions to Net Interest Income	25.7%	24.5%	14.2%	10.3%	6.0%	6.8%
Cash and Quasi Cash to Deposits (More than JD100,000)	61.0%	66.3%	51.3%	54.4%	32.3%	52.0%
Capital Adequacy Ratio	18.6%	18.4%	18.0%	17.9%	18.3%	18.1%
Return (Before Taxes) on Average Assets	1.5%	1.6%	1.9%	2.0%	2.0%	1.7%