



جمعية البنوك
ASSOCIATION OF BANKS

Association of Banks

28th Annual Report 2006

Jordan – Amman
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His Majesty King Abdullah II bin Al Hussein



Board of Directors

The Association's Board of Directors at the end of 2006 consisted of the following banks:

- Housing Bank for Trade and Finance/represented by His Excellency Dr. Michel Marto/Chairman
- Jordan Kuwait Bank / represented by Mr. Mohammad Yaser Al Asmar / Vice Chairman
- Arab Bank / represented by Mr. Salem Burqan / member
- Jordan Ahli Bank / represented by His Excellency Marwan Awad / member
- Union Bank for Saving and Investment / represented by Mr. Issam Salfiti / member
- Jordan Capital Bank / represented by Mr. Ali Al Husary / member
- Bank of Jordan / represented by Mr. Shaker Fakhoury / member
- Arab Jordan Investment Bank / represented by Mr. Hani Al Qadi / member
- Citibank / represented by Mr. Ziyad Aqrouq / member
- Central Bank of Jordan / represented by Ms. Malak Ghanem / (observer member)

Director General

Dr. Adli Kandah

Auditors

Messrs. Ma'moun Farouqa & Partners



Members

The membership is obligatory for all Jordanian banks and branches of foreign banks operating in Jordan. The Association's membership as it at the end of 2006 consists of the following banks:

First: Jordanian Banks

#	Member Name	Established in	Web site
1	Union Bank for Saving & Investment	1991	www.unionbankjo.com
2	Bank of Jordan	1960	www.bankofjordan.com
3	Jordan Investment & Finance Bank	1989	www.jifbank.com
4	Jordan Kuwait Bank	1977	www.jordan-kuwait-bank.com
5	Arab Jordan Investment Bank	1978	www.ajib.com
6	The Housing Bank for Trade & Finance	1974	www.thehousing-bank.com
7	Jordan Islamic Bank	1978	www.jordanislamicbank.com
8	Jordan Ahli Bank	1956	www.ahli.com
9	Societe General Bank -Jordan	1993	www.sgbj.com.jo
10	Capital Bank	1996	www.efbank.com.jo
11	Arab Bank	1930	www.arabbank.com.jo
12	International Islamic Arab Bank	1997	www.iiabank.com
13	Arab Banking Corp.	1989	www.arabbanking.com.jo
14	Cairo Amman Bank	1960	www.ca-bank.com
15	Jordan Commercial Bank	1978	www.jgbank.com.jo

Second: Foreign banks

#	Member name	License year	Web site
1	Bank Audi	2004	www.audi.com.ib
2	National Bank of Kuwait	2004	www.nbk.com
3	Egyptian Arab Land Bank	1951	www.arakari.com.jo
4	BLOM Bank	2004	www.blom.com.ib
5	Rafidain Bank	1957	www.rafidain-bank.org
6	HSBC	1949	www.jordan.hsbc.com
7	Standard Chartered	2002	www.standardchartered.com
8	Citi Bank	1974	www.citibank.com/jordan



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Chairman's foreword

In the name of God, the merciful, the compassionate

Messers/Respected members of the Association of Banks

In my name, and on behalf of the Board of Directors, I would like to thank you very much for accepting our invitation and for your attendance of the 28th annual ordinary General Assembly meeting of the Association of Banks.

It is my pleasure to present to you in my name and on behalf of my colleagues in the Board the 28th annual report about the Association's activities and its accomplishments in 2006. You are invited to discuss the audited financial statements for the year ending 31-12-2006 and hear the auditor's report addressed to your esteemed association about their examination of the statements.

Messers/Respected member of the association

Jordan pursued many programmes aimed at developing various economic sectors, encouraging national investments, attracting foreign investments and achieving economic prosperity in general. The accomplishments of the banking sector during 2006 are considered part of many and large achievements attained for the national economy. They came as a clear reflection of the intensive efforts aimed at achieving further financial, monetary and social stability. These achievements encouraged banks to play a greater and a more effective role in economic advancement.

Messers/Respected members of the association

The financial statements, shown in the report of the Board of Directors presented to you, reflects the main developments in the banking sector in 2007. These developments can be summarized by pointing to a 14.9 per cent surge in the sector's total assets, a 12.9 per cent increase in deposits at licensed banks and a 9.9 per cent growth in the net profit over those items in 2005.

Finally, please allow me to extend most thanks to all members of the Association for their efforts throughout the year to achieve the Association's objectives. It is my pleasure to express my thanks and appreciation to the governor of the Central Bank of Jordan and his team in the various departments for their continued cooperation with the association towards the interest of the national economy led by His Majesty King Abdullah II, may God keep him and protect him.

May God give you peace, mercy and blessings.

Dr. Michel Marto

Chairman of the Board



Director General's address

In the name of God, the merciful, the compassionate

The banking sector was able during 2006 to add a new chapter of distinguished and advanced achievements to the series of accomplishments over the past years. Undoubtedly, the achievements could not have been attained had it not been for the appropriate macro-economic environment provided by the Jordanian government on the one hand and, on the other, by modern legislation and prudent economic, financial and monetary policies, pursued by various economic institutions in the Kingdom with the Central Bank of Jordan at the helm.

Additionally, the senior management of banks played a positive role as they worked very keenly on strengthening the capital base of their institutions. With their wide distinguished experience, senior management of banks pressed on with the drive of adapting to progressive international developments and of modernizing and developing their services.

The advancement process at banks included raising performance efficiency and enhancing competitive capabilities on the regional and international levels through expanded usage of modern technology, using latest administrative methods, keeping up with highest standards of corporate governance and upgrading the level of staff at the various administrative levels.

For its part, the Association looks for raising its contribution in the development of the Jordanian banking sector during 2007 through providing better services to its members, looking after their interests and deepening the concepts and norms of banking operations.

I would like to seize this occasion to express thanks and appreciation to the chairman and board members for their continued support in terms of efforts and distinguished experience to the association. Thanks and appreciation go also to all member banks for their cooperation with the association. I highly value the efforts of all staff working at the Association for their efforts to develop the operations and I look forward to further progress in coming years.

May God guide our path.

Director General
Dr. Adli Kandah

First: Summary of economic situation in 2006

Economic development efforts at both the public and private sectors in the Kingdom focused during 2006 on cementing the accomplishments of comprehensive economic development achieved during the past years. Seeking to solidify the foundations for a stronger build-up of the national economy, the efforts were accompanied by serious moves to control inflation and reduce poverty and unemployment levels.

The most prominent economic developments in the Kingdom during 2006 were the following:

- **Gross domestic product (GDP):** The gross domestic product grew by 6.4 per cent at constant market prices in 2006 compared to a 7.2 per cent growth during 2005. At current market prices, the GDP grew by 12.2 per cent compared to 11.5 per cent during 2005.

The economic growth in 2006 was a result of growth in most economic sectors at rates ranging between 11.1 per cent for the construction sector and 0.6 per cent for the agricultural sector. The key sectors that led growth in 2006 were the manufacturing, construction, trade, restaurants/hotels, telecommunications / transport and finance/insurance. Combined, these sectors contributed 5.8 percentage points or 86.5 per cent of the GDP average at constant base prices during 2006.

- **External trade:** National exports were up during 2006 by JD332.5 million or 12.9 per cent whereas imports rose by JD673 million or 9.0 per cent. As such, the external trade volume (national exports plus imports) shot up by JD1005.5 million to JD11018.6 million compared to a JD1907.2 million increase during 2005.

- **Volume of investments benefiting from the Investment Promotion Law:** The overall volume of investments that benefited from the Investment Promotion Law during 2006 surged over the 2005 level by a record JD1083.6 million to JD1833.6 million (of which JD845.7 million were foreign investments) compared to JD750 million (of which JD276.3 million were foreign investments) during 2005.

This surge in the overall volume of investments during 2006 reflect increased confidence of investors, especially foreigners, in the Jordanian investment environment as the share of foreign investments rose to 46.1 per cent of total investment in 2006 compared to a 36.8 per cent share in 2005.

- **Unemployment:** The economic growth was accompanied by a contraction in jobless rates which edged down from 15.3 per cent at the end of 2005 to 14.3 per cent. But these rates are still high and stand out as most pressing challenges facing the national economy.

- **Prices:** Inflation rates are considered the most threatening risks that eat up development gains and limit their scope. Inflation rose last year to 6.5 per cent compared to 3.5 per cent in 2005.

- **Public finance:** The budget deficit after grants amounted to around JD450 million in 2006 or 4.5 per cent of GDP. Before grants, the deficit amounted to JD772 million or 7.6 per cent of GDP compared to JD978 million or 10.9 per cent of GDP in 2005.

The better budget performance in 2006 is due to a number of factors most significantly, the noticeable improvement in local revenues which resulted mainly from higher economic activity besides more efficiency in collecting tax revenue. In this context, local revenues rose by around JD570 million or 22 per cent from the 2005 level. This improvement reflected directly on the local revenues' rate of coverage of recurrent expenditure as it increased from 88.1 per cent in 2005 to 100 per cent in 2006. This is the highest rate to be registered by the general budget since 1996. The rate of general expenditures to GDP edged down from 39.3 per cent in 2005 to 38.6 per cent in 2006.

The public indebtedness, both internal and external, dropped as an absolute figure at the end of 2006 to JD7.34 billion, JD153 million or two per cent lower than the level at the end of 2005. Subsequently, the ratio of public debt to GDP declined from 83.2 per cent in 2005 to 72.7 per cent at the end of 2006. Similarly, the external debt fell as a percentage of GDP to 51.1 per cent at the end of 2006 from 56.1 per cent at the end of 2005.

- **Foreign currency reserves:** The balance of foreign currency reserves at the central bank rose during 2006 by about JD963.3 million from its 2005 level to JD4326.7 million, which is a level sufficient to cover the Kingdom's imports for six months. This level also guarantees the solid foundations of monetary stability and maintains the stability of the dinar exchange rate against foreign currencies.

- **Current account:** The current account deficit narrowed noticeably in 2006 going down as a percentage of GDP to around 15 per cent compared to 18 per cent in 2005. Despite this relative improvement in this registered deficit, it is still considered of the most pressing challenges facing the national economy.

- **Privatization:** The government implemented during 2006 a number of privatization schemes that brought up the overall privatization income by around \$650 million to about \$2 billion since the start of the privatization programme in the Kingdom at the end of the 90s.

- **Local liquidity:** Local liquidity / money supply (M2) increased by JD1745.7 million, or 14.1 per cent higher than the level in 2005, reaching JD14109.7 million. In 2005, the increase amounted to JD1792.6 million or 17 per cent. The rise (according to the components of local liquidity) was due to higher money supply in terms of M1 by JD505.2 million or 12.4 per cent and higher quasi-money by JD1240.5 million or 14.9 per cent.

- **Credit facilities:** The balance of credit facilities extended by licensed banks rose by 2017.6 million in 2006 or 26.1 per cent over the 2005 level to JD9761.9 million. The main increase was in credit facilities extended to individuals which appear as a "miscellaneous" item in the classification of credit facilities published in the statistical bulletin of the Central Bank of Jordan. Credits to individuals surged by JD925 million and accounted for 37.3 per cent of total credits. As for the distribution of credit facilities on economic sectors, general trade, construction, industry, services and general utilities accounted for 19.6 per cent, 16.0 per cent, 11.2 per cent and 6.5 per cent of the total credit facilities respectively.



- **Deposits:** The balance of deposits at the licensed banks rose by JD1472.6 million, or 11.2 per cent over the level in 2005, to JD4591.9 million. According to types of currency, deposits in dinars rose by JD1062.5 million or 12.7 per cent. Deposits in foreign currencies went up by JD410.1 million or 8.6 per cent compared to the 2005 level. This shows that the Jordanian dinar continues to be attractive and the main currency for savings.

- **Interest rate structure:** The Central Bank of Jordan raised interest rates on its monetary policy tools during 2006. Rediscount and repurchase rates were raised four times whereas rates on the window deposits were raised three times each by 25 basis points. Regarding interest rate developments in the banking market in 2006, the average weighted interest rates on time deposits rose by 161 basis points to 5.13 per cent. The average weighted interest rates on savings edged up by 16 basis points to 0.99 per cent whereas the average weighted interest rates on demand deposits rose by 40 basis points to 0.87 per cent. Countering that, the average weighted interest rates on overdrafts declined by three basis points to 9.23 per cent. The average weighted interest rates on loans and credits rose by 46 basis points to 8.56 per cent while the average weighted interest rates on promissory notes and discounted bills increased by 80 basis points to 8.72 per cent.

Second: Development of the banking system in 2006

A) The consolidated balance sheet of licensed banks

The banks continued in 2006 to achieve more distinguished results which reflected on the volume of their balance sheets and financial statements. The balance of licensed banks' assets increased by 14.9 per cent, compared to an 18.3 per cent increase in 2005, reaching JD24237.6 million at the end of 2006 from JD21086.5 million at the end of 2005.

On the liabilities' side of the balance sheet, the loans of the private sector (resident) rose by 24.6 per cent from JD7650.5 million in 2005 to JD9528.8 million in 2006. The relative importance of private sector loans to total assets edged up from 36.3 per cent in 2005 to 39.3 per cent in 2006. The balance of public sector loans rose by 24 per cent from JD1865.4 million in 2005 to JD2312.4 million in 2006. The balance held by banks at the central bank in foreign currencies increased by an average of 29.3 per cent to the equivalent of JD436.5 million in 2006 compared to JD337.7 million in 2005. The increase registered in foreign assets amounted to the equivalent of JD841.7 million or 15.7 per cent to the equivalent of JD6203.4 million at the end of 2006 compared to JD5361.8 million in 2005. In contrast, the (dinar) reserves of licensed banks dropped in 2006 by 7.2 per cent as a result of lower liquid balances that banks keep at the central bank. The overall reserves declined from JD3848.9 million in 2005 to JD3572.2 million in 2006. Consequently, its ratio to overall assets went down from 18.3 per cent in 2005 to 14.7 per cent in 2006.

CONSOLIDATED BALANCE SHEET OF THE LICENSED BANKS

Million JD

	2005	Relative Importance %	2006	Relative Importance %	Change Percentage %
Assets					
Foreign Assets	5361.8	25.4	6203.4	25.6	15.7
Domestic Assets	15724.7	74.6	18034.2	74.4	14.7
Claims on Public Sector	1865.4	8.8	2312.4	9.5	24.0
(Claims on Private Sector (Resident	7650.5	36.3	9528.8	39.3	24.6
Claims on Financial Institutions	73.3	0.3	117.6	0.5	60.4
Reserves	3848.9	18.3	3572.2	14.7	-7.2
Currency	125.7	0.6	173.7	0.7	38.2
Deposits with CBJ in Jordan Dinar	3723.2	17.7	3398.5	14.0	-8.7
Deposits with CBJ in foreign currencies	337.7	1.6	436.5	1.8	29.3
Unclassified Assets	1948.9	9.2	2066.7	8.5	6.0
Total Assets=Liabilities	21086.5	100.0	24237.6	100.0	14.9
Liabilities					
Demand Deposits	3016.5	14.3	3217.8	13.3	6.7
Time and Saving Deposits	7662.7	36.3	8842.3	36.5	15.4
Foreign Liabilities	3710.7	17.6	4215.9	17.4	13.6
Central Government Deposits	444.4	2.1	477.8	2.0	7.5
Credit from CBJ	432.0	2.0	492.9	2.0	14.1
Capital Accounts & Allowances	2252.6	10.7	3183.3	13.1	41.3
Unclassified Liabilities	3567.6	16.9	3807.6	15.7	6.7

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

ASSETS OF LICENSED BANKS IN FOREIGN CURRENCIES

Million JD

	2005	Relative % Importance	2006	Relative % Importance	Change % Percentage
Cash in Vaults	80.7	1.2	67.2	0.9	-16.7
Balances with CBJ	337.7	5.2	436.5	5.8	29.3
Balances with Banks	4268.9	65.8	4834.3	64.2	13.2
Portfolio	595.5	9.2	755.2	10.0	26.8
Credit Facilities	785.1	12.1	928.4	12.3	18.3
Other	418.7	6.5	512.4	6.8	22.4
Total	6486.6	100.0	7534.0	100.0	16.1

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

As for credit facilities extended in dinars, there was a noticeable rise by 26.1 per cent to JD9761.9 million in 2006 compared to a 25.1 per cent increase in 2005 when credit facilities totalled JD7744.3 million. The concentration of the increase was in the “loans and credits” item which surged by 32.8 per cent from JD5813.9 million in 2005 to JD7722.1 million in 2006. The amounts represented 79.1 per cent and 75.1 per cent of total direct credit facilities for 2006 and 2005 respectively. A slight rise, that did not exceed 0.5 per cent, was registered in the balance of overdraft which amounted to around JD1580.5 million at the end of 2006 compared to JD1572.9 million in 2005. Despite the high level, in absolute terms, of this type of facilities; its share of total credits dropped from 20.3 per cent in 2005 to 16.2 per cent in 2006. The balance of promissory notes and discounted bills went up by 28.5 per cent from JD357.5 million in 2005 to JD459.3 million in 2006.

EXTENDED CREDIT FACILITIES BY THE BANKING SYSTEM ACCORDING TO ITS MAJOR TYPES

Million JD

Credit Facility Type	2005	Relative % Importance	2006	Relative % Importance	Change % Percentage
Overdrafts	1572.9	20.3	1580.5	16.2	0.5
Loans and Advances	5813.9	75.1	7722.1	79.1	32.8
Discounted Bills & Bonds	357.5	4.6	459.3	4.7	28.5
Total	7744.3	100.0	9761.9	100.0	26.1

Source: Central Bank of Jordan/ Monthly Statistical Bulletin



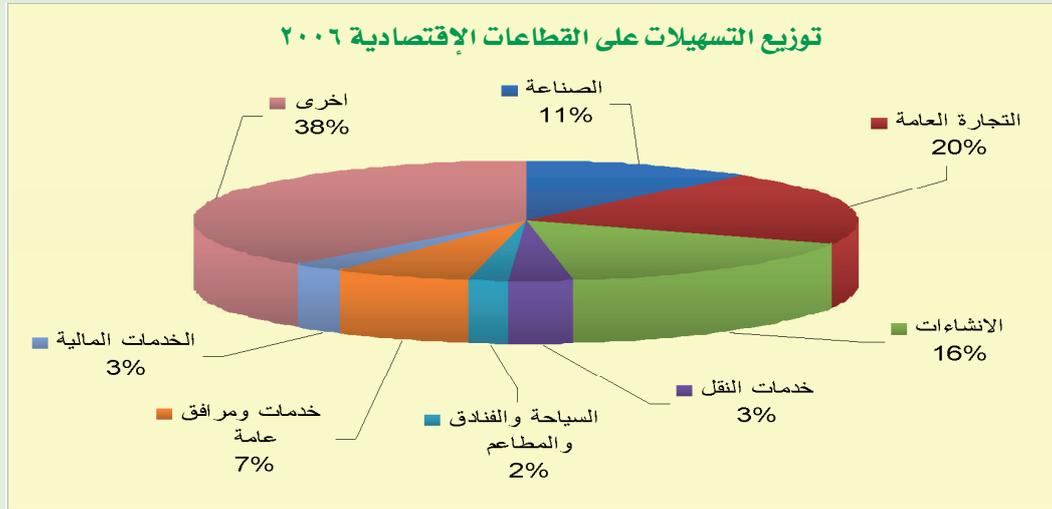
Regarding the sectoral breakdown of the JD1555.1 million increase in direct credit facilities last year, the construction sector accounted for the lion's share due to the bustling activity in real estate and land trading that marked the business in Jordan in 2006. Following the construction sector which led with a JD398.7 million share, the general trade captured JD331.6 million while the industry sector came in third place with a JD111.5 million balance of credit facilities. Services and public utilities acquired a JD83.2 million of the increase, more than the transport sector which took JD71.4 million. Remaining sectors were as follows: Financial services (JD66 million); agriculture (JD30 million), tourism, hotels and restaurants (JD13.9 million).

Credit facilities extended for “other purposes” rose by JD925 million of which JD138.9 million went for buying shares bringing up its balance from JD220.1 million in 2005 to JD359 million in 2006. The mining sector posted a lower balance of JD42.8 million, declining 13.7 per cent from the JD56.5 million in 2005.

EXTENDED CREDIT FACILITIES OVER THE ECONOMIC SECTORS

Sector	2005	Relative Importance %	2006	Relative % Importance	Increase (Decrease)	Change Percentage %
Agriculture	110.9	1.4	140.9	1.4	30.0	27.1
Mining	56.5	0.7	42.8	0.4	-13.7	-24.2
Industry	981.6	12.7	1093.1	11.2	111.5	11.4
General Trade	1585.0	20.5	1916.6	19.6	331.6	20.9
Construction	1162.1	15.0	1560.8	16.0	398.7	34.3
Transportation Services	219.6	2.8	291.0	3.0	71.4	32.5
Tourism, Hotels and Restaurants	181.2	2.3	195.1	2.0	13.9	7.7
Public Services and Utilities	554.1	7.2	637.3	6.5	83.2	15.0
Financial Services	176.1	2.3	242.1	2.5	66.0	37.5
:Other, of which	2717.2	35.1	3642.2	37.3	925.0	34.0
Buying Shares	220.1	2.8	359.0	3.7	138.9	63.1
Total	7744.3	100.0	9761.9	100.0	1555.1	26.1

Source: Central Bank of Jordan/ Monthly Statistical Bulletin



As for liabilities, 2006 marked a 13.6 per cent increase in foreign liabilities which totalled JD4215.9 million in 2006 from JD3710.7 million. The amounts represented 17.4 per cent and 17.6 per cent of total liabilities in 2006 and 2005 respectively.

LIABILITIES OF LICENSED BANKS IN FOREIGN CURRENCIES

Million JD

	2005	Relative % Importance	2006	Relative % Importance	Change % Percentage
Customers' Deposits	4754.8	73.4	5164.7	69.7	8.6
Central Government	44.0	0.7	10.7	0.1	-75.7
Public Entities	161.2	2.5	112.5	1.5	-30.2
Non-Banking Financial Institutions	9.9	0.2	7.7	0.1	-22.2
Private Sector	4539.7	70.1	5033.8	67.9	10.9
Cash Margins	493.6	7.6	475.0	6.4	-3.8
Deposits of Banks	901.1	13.9	1345.6	18.1	49.3
other	327.2	5.1	429.0	5.8	31.1
Total	6476.7	100.0	7414.4	100.0	14.5

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Concerning capital, reserves and provisions at the licensed banks, the growth in 2006 was 41.6 per cent from JD2252.6 million in 2005 to JD3183.3 million in 2006. The balance of loans extended by the central bank to the licensed banks went up by 14.1 per cent to JD492.9 million in 2006 compared to JD432 million in 2005.

Deposits of all types, except those of the central government, increased by 12.9 per cent to JD12060.1 million and represented 49.8 per cent of the total 2006 liabilities. In 2005, the increase was 17.8 per cent and the deposits were JD10679.2 million representing 50.6 per cent of total liabilities. Deposits of central government rose in 2006 by 7.5 per cent from JD444.4 million to JD477.8 million.

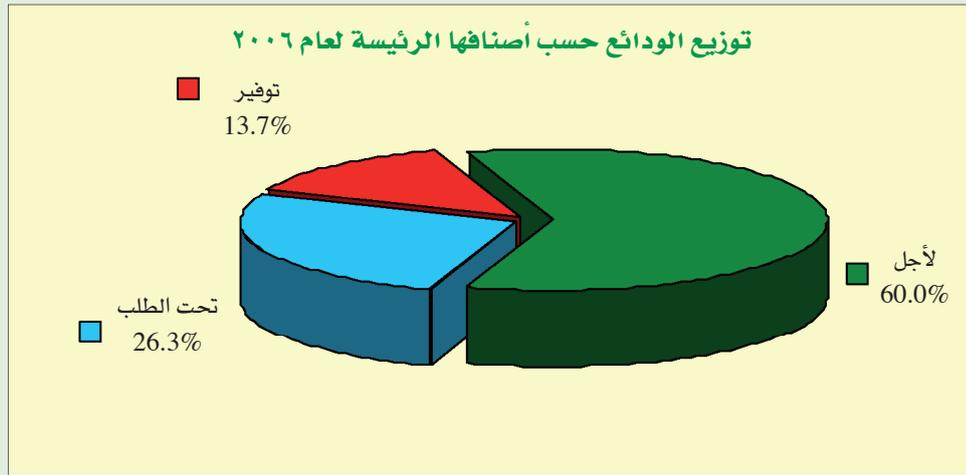
The structural growth for the main types of deposits (demand, savings and time deposits) showed a higher relative importance for the time deposits for the second consecutive year. At the end of 2006, time deposits represented 60 per cent of total deposits compared to 57.1 per cent in 2005. This increase may be attributed to higher interest rates on the dinar. The higher importance on this type came at the expense of the two other kinds which are demand deposits and savings. The relative importance of demand deposits declined from 28 per cent in 2005 to 26.3 per cent whereas the importance of savings declined from 14.9 per cent to 13.7 per cent.

EXTENDED DEPOSITS ACCORDING TO ITS MAJOR TYPES

Million JD

Deposit Type	2005	Relative % Importance	2006	Relative Importance %	Change % Percentage
Demand	3674.4	28.0	3835.4	26.3	4.4
Saving	1956.6	14.9	1997.1	13.7	2.1
Time	7488.3	57.1	8759.4	60.0	17.0
Total	13119.3	100.0	14591.9	100.0	11.2

Source: Central Bank of Jordan/ Monthly Statistical Bulletin



The consolidated balance sheet for branches of Jordanian banks in Palestinian territories

Assets of branches of Jordanian banks operating in Palestinian territories were lower by 3.5 per cent in 2006 as the balance stood at JD2664.4 million compared to JD2761.6 million in 2005. The decline was due to lower figures of main items in the consolidated balance sheet of these banks for both assets and liabilities.

In terms of assets, 2006 was marked by a sharp 41.4 per cent drop in the investments of banks in securities from the level at the end of 2005. A noticeable rise averaging 137 per cent was recorded in 2005. In contrast, a slight 0.8 per cent rise was registered on the credit facilities whose balance went up to JD781.3 million from JD775.2 million in 2005 when the increase was 24.9 per cent.

On the liabilities' side, deposits of clients at the Jordanian banks in the Palestinian territories dropped by 4.2 per cent to about 2055.2 million compared to JD2146.2 million in 2005. This was accompanied by a slight contraction in relative importance to total liabilities from 77.7 per cent to 77.1 per cent. In contrast, the volume of capital, reserves and provisions for these branches rose by 10.4 per cent to JD280.2 per cent in 2006 compared to JD253.8 million in 2005.

CONSOLIDATED BALANCE SHEET OF JORDANIAN BANKS' BRANCHES OPERATING IN PALESTINE

JD Million

	2005	Relative Importance %	2006	Relative Importance %	Change Percentage %
Cash in Vaults	134.9	4.9	82.3	3.1	-39
Balances with the Banking System	1640.9	59.4	1626.1	61	-0.9
Credit Facilities	775.2	28.1	781.3	29.3	0.8
Portfolio	133.9	4.8	78.4	2.9	-41.4
Other Assets	76.7	2.8	96.3	3.6	25.6
Total Assets=Liabilities	2761.6	100	2664.4	100	-3.5
Deposits of Banking System	145.6	5.3	160.8	6	10.4
Customers' Deposits	2146.2	77.7	2055.2	77.1	-4.2
Capital, reserves and Allowances	253.8	9.2	280.2	10.5	10.4
Other Liabilities	216	7.8	168.2	6.3	-22.1

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

B- Development of number of banks and branches

The number of licensed banks operating in the Kingdom remained unchanged from the figure in 2005 as 23 banks provided their services in most parts of the Kingdom at the end of 2006. The 15 Jordanian banks (two of which are Islamic) and eight foreign banks (five of which are Arab) covered the country with a network of 516 branches and 83 offices. The banking density indicator (population/overall number of banks' branches operating in the Kingdom) at the end of 2006 stood at 9,400 persons for each branch.

The following tables show the development of number of banks and branches in Jordan as well as the banks' branching out as of the end of 2006. Also shown are the distribution of branches and offices over the governorates in 2006, the branches and offices that were opened in 2006 and the offices as of the end of 2006 besides the automated teller machines (ATMs) at the banks in 2006.

THE DEVELOPMENT OF BANKS' NUMBER AND BRANCHES IN JORDAN

Year	Number of Branches	Number of Jordanian Banks	Number of Foreign Banks	Total
2002	471	16	5	21
2003	449	16	5	21
2004	447	16	8	24
2005	506	15	8	23
2006	516	15	8	23

THE BANKING EMBRANCHMENT AT THE END OF 2006

#	Bank's Name	Offices		Branches	
		Abroad	In Jordan	Abroad	In Jordan
1	Union Bank for Saving and Investment	0	1	1	13
2	Capital Bank	0	1	0	5
3	Societe General Bank-Jordan	0	0	0	16
4	Arab Jordan Investment Bank	1	4	1	8
5	National Bank of Kuwait	0	0	0	1
6	Arab Banking Corp.	0	0	0	12
7	Jordan Kuwait Bank	0	12	2	34
8	HSBC	0	3	0	2
9	Rafidain Bank	0	0	0	1
10	Bank of Jordan	0	27	7	45
11	Cairo Amman Bank	0	12	16	37
12	Jordan Ahli Bank	1	3	6	41
13	The Housing Bank for Trade & Finance	4	3	7	96
14	International Islamic Arab Bank	0	1	0	10
15	Citi Bank	0	0	0	2
16	Arab Bank	16	0	81	82
17	Jordan Commercial Bank	0	2	3	24
18	Jordan Investment & Finance Bank	0	0	0	7
19	Jordan Islamic Bank	0	9	0	54
20	Standard Chartered	0	1	0	8
21	Egyptian Arab Land Bank	0	2	0	8
22	Bank Audi	0	2	0	7
23	BLOM Bank	0	0	0	3
		22	83	124	516

THE DISTRIBUTION OF BRANCHES IN GOVERNORATES IN 2006

#	Bank's Name	Mafrag	Tafileh	Ajloun	Jerash	Maan	Madaba	Karak	Aqaba	"Balqa	Zarqa	Irbid	Amman
1	Union Bank for Saving & Investment	0	0	0	0	0	0	0	1	0	1	3	8
2	Capital Bank	0	0	0	0	0	0	0	0	0	1	1	3
3	Societe General Bank- Jordan	0	0	0	0	0	1	1	1	0	1	1	11
4	Arab Jordan Investment Bank	0	0	0	0	0	0	0	1	0	1	1	5
5	National Bank of Kuwait	0	0	0	0	0	0	0	0	0	0	0	1
6	Arab Banking Corp	0	0	0	0	0	0	0	1	0	1	1	9
7	Jordan Kuwait Bank	0	0	0	0	0	1	0	1	1	4	2	25
8	HSBC	0	0	0	0	0	0	0	0	0	0	0	2
9	Rafidain Bank	0	0	0	0	0	0	0	0	0	0	0	1
10	Bank of Jordan	1	0	2	1	1	1	1	1	1	4	6	26
11	Cairo Amman Bank	2	0	0	1	0	0	2	1	1	3	4	23
12	Jordan Ahli Bank	0	1	0	1	1	1	1	1	2	3	4	26
13	The Housing Bank for Trade & Finance	1	2	2	1	4	1	4	1	5	9	12	54
14	International Islamic Arab Bank	0	0	0	0	0	1	0	0	0	1	1	7
15	Citi Bank	0	0	0	0	0	0	0	0	0	0	0	2
16	Arab Bank	0	1	1	1	1	1	1	3	3	7	7	56
17	Jordan Commercial Bank	0	0	0	0	0	1	0	1	2	1	3	16
18	Jordan Investment & Finance Bank	0	0	0	0	0	0	0	1	0	1	1	4
19	Jordan Islamic Bank	1	1	2	1	2	1	2	1	3	7	7	26
20	Standard Chartered	0	0	0	0	0	0	0	1	0	0	1	6
21	Egyptian Arab Land Bank	1	0	0	0	0	0	0	1	0	1	1	4
22	Bank Audi	0	0	0	0	0	0	0	0	0	0	1	6
23	BLOM Bank	0	0	0	0	0	0	0	0	0	0	0	3
		6	5	7	6	9	9	12	17	18	46	57	324

OPENED BRANCHES IN 2006

Number	Bank's Name	In Jordan			Abroad		
		Number	Branch's Name	City	Number	Branch's Name	City
1	Union Bank for Saving & Investment	1	Mecca St.	Amman	0		
2	Arab Banking Corp. / Jordan	1	Khelda	Amman	0		
3	Jordan Kuwait Bank	3	A.Ghousheh	Amman	0		
			Moqableen	Amman			
			Marj Al Hamam	Amman			
4	Bank of Jordan	1	Khelda	Amman	0		
5	The Housing Bank for Trade & Finance	0			2	Halhoul	Halhoul
						Beir Zeit	Beir Zeit
6	Arab Bank	0			4	Hejaz	Cairo
						Gomhuria	Cairo
						Sharm Al Sheikh	Sharm Al Sheikh
						Maisoun	Ram Allah
7	Jordan Commercial Bank	1	Swefieh	Amman	0		
8	BLOM Bank	2	Wehdat	Amman	0		
			Swefieh	Amman			
9	Standard Chartered	1	Mecca St.	Amman	0		
Total		10			6		

OPENED OFFICES AT THE END OF 2006

No.	Bank's Name	Offices	
		In Jordan	Abroad
1	Union Bank for Saving & Investment	1	0
2	Capital Bank	1	0
3	Societe General Bank- Jordan	0	0
4	Arab Jordan Investment Bank	4	1
5	National Bank of Kuwait	0	0
6	Arab Banking Corp./ Jordan	0	0
7	Jordan Kuwait Bank	12	0
8	HSBC	3	0
9	Rafidain Bank	0	0
10	Bank of Jordan	27	0
11	Cairo Amman Bank	12	0
12	Jordan Ahli Bank	3	1
13	The Housing Bank for Trade & Finance	3	4
14	International Islamic Arab Bank	1	0
15	Citi Bank	0	0
16	Arab Bank	0	16
17	Jordan Commercial Bank	2	0
18	Jordan Investment & Finance Bank	0	0
19	Jordan Islamic Bank	9	0
20	Standard Chartered	1	0
21	Egyptian Arab Land Bank	2	0
22	Bank Audi	2	0
23	BLOM Bank	0	0
TOTAL		83	22

OPENED OFFICES IN 2006

Number	Bank's Name	In Jordan			Abroad		
		Number	Branch's Name	City	Number	Branch's Name	City
1	Union Bank for Saving & Investment	1	Aqaba Office		0		
2	Jordan Kuwait Bank	1	Prince Hamza Hospital	Amman	0		
3	Cairo Amman Bank	1	Prince Hamza Hospital	Amman	0		
4	Arab Bank	0			1	Ram Allah/ City Center	Ram Allah
5	Bank Audi	1	Mecca Mall Office	Amman	0		
6	Standard Chartered	1	Aqaba Port	Aqaba	0		
Total		5			1		

THE DISTRIBUTION OF THE OFFICES IN THE GORNORATES IN 2006

No.	Bank's Name	Amman	Irbid	Zarqa	Balqa'	Aqaba	Karak	Madab	معان	Jerash	Alloun	Tafileh	Maftaq
1	Union Bank for Saving & Investment	0	0	0	0	1	0	0	0	0	0	0	0
2	Capital Bank	0	0	0	0	1	0	0	0	0	0	0	0
3	Arab Jordan Investment Bank	2	1	1	0	0	0	0	0	0	0	0	0
4	Jordan Kuwait Bank	6	2	0	1	1	1	0	0	0	0	0	1
5	HSBC	3	0	0	0	0	0	0	0	0	0	0	0
6	Bank of Jordan	11	9	3	0	3	0	0	0	0	0	0	1
7	Cairo Amman Bank	7	3	1	0	0	0	0	0	1	0	0	0
8	Jordan Ahli Bank	1	1	0	1	0	0	0	0	0	0	0	0
9	The Housing Bank	0	1	0	1	0	0	0	1	0	0	0	0
10	International Islamic Arab Bank	0	0	0	0	1	0	0	0	0	0	0	0
11	Jordan Commercial Bank	0	0	1	0	1	0	0	0	0	0	0	0
12	Jordan Investment & Finance Bank	0	0	0	0	0	0	0	0	0	0	0	0
13	Jordan Islamic Bank	4	1	3	0	0	1	0	0	0	0	0	0
14	standard Chartered	0	0	0	0	1	0	0	0	0	0	0	0
15	Egyptian Arab Land Bank	2	0	0	0	0	0	0	0	0	0	0	0
16	Bank Audi	2	0	0	0	0	0	0	0	0	0	0	0
Total		38	18	9	3	9	2	0	1	1	0	0	2

THE ATMs AT BANKS IN 2006

Number	Bank's Name	Number of ATMs of the Banks at the end of 2006	Number of ATMs brought to service in 2006
1	Union Bank for Saving & Investment	14	2
2	Capital Bank	6	0
3	Societe General Bank/ Jordan	14	0
4	Arab Jordan Investment Bank	11	2
5	National Bank of Kuwait	2	0
6	Arab Banking Corp. / Jordan	24	1
7	Jordan Kuwait Bank	57	10
8	HSBC	14	1
10	Bank of Jordan	67	8
11	Cairo Amman Bank	72	11
12	Jordan Ahli Bank	50	2
13	The Housing Bank	148	5
14	International Islamic Arab Bank	5	4
15	Citi Bank	0	0
16	Arab Bank	122	2
17	Jordan Commercial BANK	25	2
18	Jordan Investment & Finance Bank	3	0
19	Jordan Islamic Bank	63	7
20	Standard Chartered	7	0
21	Egyptian Arab Land Bank	8	1
22	Bank Audi	9	2
23	BLOM Bank	3	2
Total		724	62

C- The structure of interest rates

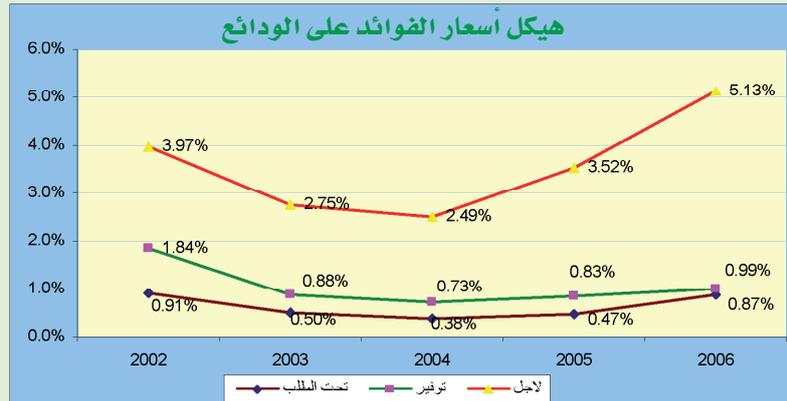
i) The development of interest rates structure on deposits

Interest rates rose on all types of deposits during 2006 as follows:

- * Time deposits: The average weighted interest rates on time deposits rose in 2006 by 161 basis points from its 2005 level to reach 5.13 per cent.
- * Savings: The average weighted interest rates on savings rose in 2006 by 16 basis points from its level at the end of 2005 to 0.99 per cent
- * Demand deposits: The average weighted interest rates and demand deposits rose in 2006 by 40 basis points from its level at the end of 2005 to 0.87 per cent.

THE WEIGHTED AVERAGE INTEREST RATES ON DEPOSITS TYPES

Year	Time %	Saving %	Demand %
2002	3.970%	1.840%	0.910%
2003	2.750%	0.880%	0.500%
2004	2.490%	0.730%	0.380%
2005	3.520%	0.830%	0.470%
2006	5.130%	0.990%	0.870%



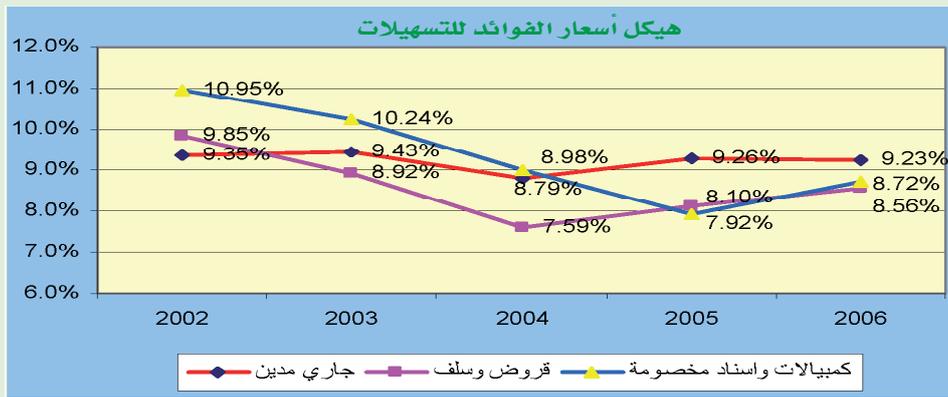
ii) The development of interest rates structure on credit facilities

To keep up with the development on international interest rates and because Jordanian banks are not isolated from world financial markets, the interest rates on credit facilities underwent the following changes:

- * Overdrafts: The average weighted interest rates on overdrafts edged down in 2006 by three basis points from its level at the end of 2005 to reach 9.23 per cent.
- * Loans: The average weighted interest rates on loans rose in 2006 by 46 basis points from its 2005 level to reach 8.56 per cent.
- * Promissory notes and discounted bills: The average weighted interest rates on promissory notes and discounted bills rose in 2006 by 80 per basis points from the level at the end of 2005 to reach 8.72 per cent.

THE WEIGHTED AVERAGE INTEREST RATES ON CREDIT FACILITIES TYPES

Year	Discounted Bills & Bonds	Loans & Advances	Overdrafts
	%	%	%
2002	10.950%	9.850%	9.350%
2003	10.240%	8.920%	9.430%
2004	8.980%	7.590%	8.790%
2005	7.920%	8.100%	9.260%
2006	8.720%	8.560%	9.230%



iii) Interest rate margin:

In light of interest rate developments on deposits and credit facilities, the interest rate margin, measured by the difference between the interest rate on loans and the interest rate on time deposits, declined during 2006 by 115 basis points from its level at the end of 2005 to become 3.43 per cent in 2006 compared to 4.58 in 2005.



iv) Interest rate for prime customers:

The lending interest rate for prime customers stood at 6.75 per cent, 25 basis points lower than its level at the end of 2005.

v) Development of interest rates on monetary policy tools:

In 2006, the central bank raised interest rates on its monetary policy tools by four times on each of rediscount and repurchase agreements; and by three times on window deposits. The increase, by 25 basis points each time, was according to the following:

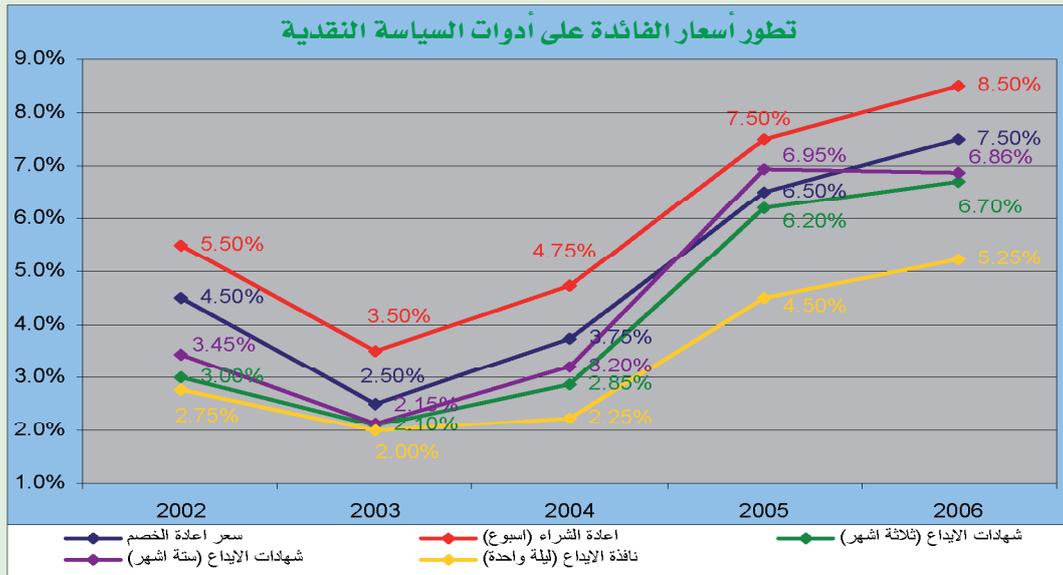
- * Rediscounts: The rate of rediscount was raised 100 basis points to 7.5 per cent in 2006 compared to 6.5 per cent in 2005.
- * Repurchase agreements: The interest rate on repurchase agreements for one week rose 100 basis points to 8.5 per cent in 2006 compared to 7.5 per cent in 2005.
- * Certificates of deposit: The interest rate on certificates of deposit for three months rose to 6.7 per cent in 2006 compared to 6.2 per cent in 2005. In contrast, the interest rate on certificates of

deposits for six months edged down to 6.862 per cent in 2006 compared to 6.950 per cent in 2005. The central bank maintained the interest rate on one-year certificates of deposit at 6.85 per cent.

* The window deposit for one night: The interest rate on window deposit for one night rose by 75 basis points to 5.25 per cent in 2006 compared to 4.5 per cent in 2005.

THE INTEREST RATES ON MONETARY POLICY INSTRUMENTS

Date	Rediscount /Rate	Repurchase Agreements		Certificates of Deposit			Deposit Window (One Night)
		(One Night)	(One Week)	(3 Months)	(6 Months)	(One Year)	
2002	4.500%		5.500%	3.000%	3.450%		
2003	2.500%		3.500%	2.100%	2.150%		2.000%
2004	3.750%	4.000%	4.750%	2.850%	3.200%		2.250%
2005	6.500%		7.500%	6.200%	6.950%	6.850%	4.500%
2006	7.500%		8.500%	6.700%	6.862%	6.850%	5.250%



D) Syndicated loans

Five banking syndicated loans were extended in the banking sector during 2006 compared to three that were extended in 2005. Eight banks, which participated in the syndicated loans in 2006, extended JD35 million and \$72 million.

The Housing Bank for Trade and Finance participated in three loans, two of which for JD8 million and the third for \$10 million. The Arab Jordan Investment Bank, Cairo Amman Bank and the Jordan Investment and Finance Bank each participated in two loans; one in dinars and the other in dollars. Participating in one loan were the Arab Banking Corporation, the Jordan Ahli Bank and Audi Bank. The Jordan Commercial Bank participated in one loan extended in dollars.

SYNDICATED LOANS IN 2006

Bank's Name	Number of Loans Participated in	Volume of Participation		Ratio to Total %	
		Million JD	Million JD	Dinar	USD
Arab Jordan Investment Bank	2	10	10	28.57	13.89
Arab Banking Corp.	1	-	12	-	16.67
Cairo Amman Bank	2	15	10	42.86	13.89
Jordan Ahli Bank	1	-	3	-	4.17
The Housing Bank	3	8	10	22.86	13.89
Bank Audi	1	-	5	-	6.94
Jordan Investment & Finance Bank	2	2	2	5.71	2.78
Jordan Commercial Bank	1	-	20	-	27.78
Total	13	35	72	100.00	100.00

E) New banking services

The new banking services introduced by the banks in 2006 were:

Name of Bank	The new banking services introduced by the bank in Arab
Capital Bank of Jordan	SMS banking service
Societe Generale de Banque/Jordanie	SECUSPEND SMS for Master card holders
	SOGEPRO
	PC Loans
	Scooter loans
	Certificates of deposits
Arab Jordan Investment Bank	Visa credit card service
	SMS service
	Internet Banking
	Salary transfer-prizes
	Swift File Act/transfer
	Safe collection of cheques
	in foreign currencies
Arab Banking Corporation	ISMS Service
Jordan Kuwait Bank	SMS pull
	Smart chip visa card

HSBC	Land loans
	Housing loans (resident + non-resident)
	SMEs under corporate accounts
Bank of Jordan	Mubarak
	Real estate loans (flat/apartment finance, Finance your own flats, land
	finance, finance for Jordanians residents abroad, office finance, construction finance)
	Bundle personal loans offering
	OK card
	Co-branding with Wanadoo
	Visa credit card
Cairo Amman Bank	Salary transfer
	Housing loans/30 years
	ATM loans
	Personal loans/JD50,000
	Prepaid cards
	Doxes
	Easy installment programes
Housing Bank	Visa electron prepaid cards (giftard, travel card, money transfer card
	Specialized personal loans
	Discounts on plastic cards
	Special discount/Sayidatey cards
Islamic International	SMS service
Arab Bank	Car financing (Murabaha)
	Nam'a growth account
	Ladies unit
	Settling Fastlink bills
	Internet shopping card
	Visa electron card
Arab Bank	Allowing Jonet subscribers to use ATMs
	SMS service
	Arab millionaire certificates
	Financing real estate projects under-construction

Jordan Commercial Bank	Extending repayment of housing loans to 30 years
	Prepaid cards
	Credits cards without interest
	Promotion campaign for Western Union
	Subscription loans
	Prizes for saving accounts
	Bank assurance
	Current account with interest
	Overdraft of electronic account
	Housing loans
	Added benefits on remaining services
Jordan Investment and Finance Bank	Custodian services
	E-Banking, E-Broker, SMS
	Investment programmes
	Revolving Visa Cards, VIP loans, loan purchases, loans for expatriates,
	land finances
Egyptian Arab Land Bank	Maestro cards
	Master revolving cards
Audi Bank	Bank assurance
	ATM service
	Credit card service
	Travel loans
	PC loans
	Internet Banking
	Personal loans
	Housing loans
	Loans
Standard Chartered Bank	Executive account
	Professional accounts



F) Human resources working at banks

A noticeable increase in the size of human resources working in the banking system was maintained for the third consecutive year following a continued decline registered in the previous six years. The number of employees in banks rose by 7.5 per cent or 983 workers to 14165 employees from 13182 employees in 2005. The increase was a natural result of a number of factors most important of which were:

* The continued vertical expansion during 2006 as banks opened 10 new branches and five banking offices in the Kingdom besides the establishment of new departments at banks in implementation of requirements for controls, compliance ... etc.

* The economic boom, particularly in trade and construction, which has intensified the need for banking services and created an additional demand for banking workforce.

* The fast progress in the Jordanian banking sector especially in the area of services and banking operations.

THE DISTRIBUTION OF EMPLOYEES BY SEX

Year	Males	Relative Distribution %	Females	Relative Distribution %	Total	Growth Rate %
2004	8715	70.1	3714	29.9	12429	+4.3
2005	9135	69.3	4047	30.7	13182	6.1+
2006	9701	68.5	4464	31.5	14165	7.5+

The distribution of employees by sex showed the number of males higher as they totalled 9701 employees in 2006, 566 persons more than the 9135 workers in 2005. Despite the absolute rise in the number of males, their ratio to the overall number of employees declined, in favour of females, from 69.3 to 68.5 per cent. This increase was matched by an increase in the number of females working in the banking sector to 4464 employees, 417 persons more than the 4047 workers in 2005. At the end of 2006, females accounted for 31.5 per cent or nearly one third of the total number of employees in banks.

i) Resignations and appointments:

Banks appointed 2761 employees last year compared to 2094 appointments in the previous year.

The number of those who quit in 2006 for all kinds of reasons was 1778 workers compared to 1341 who left their jobs in 2005. Of those newly – appointed, 35.2 per cent had previous banking experience whereas 64.8 per cent have never worked in the banking field.

The distribution of the newly-appointed according to sex showed that females who joined banks accounted for 19.6 per cent of the total number of female employees. This rate was higher than the male rate of 19 per cent.

Resignations among males were higher at 13 per cent of the total male employees whereas the female rate came at 11.6 per cent of total female staff.

As such, the employee turnover in this sector was marked by a high 31.7 per cent in 2006 compared to 26.8 per cent in the previous year.

RESIGNATIONS AND APPOINTMENTS

Year	Resignations	Appointments	Staff Turnover Rate %
2004	1015	1554	22.0
2005	1341	2094	26.8
2006	1778	2761	32.0

ii) Educational qualifications of employees

The educational level of bank employees continued to improve in 2006 as the percentage of those holding university degrees (doctorate, masters and BA degrees) reached 59.7 per cent of the total number of employees compared to 55.7 per cent in 2005. In contrast, the percentage of those who hold the Tawjihi certificate continued to decline reaching 9.5 per cent in 2005. Holders of intermediate diploma degrees also recorded a lower percentage of 20.1 per cent from 22.7 per cent. Percentage of employees having less than the Tawjih stood at 10.7 per cent, down from 11 per cent.

THE DISTRIBUTION OF EMPLOYEES ACCORDING TO THEIR EDUCATION QUALIFICATIONS

Year	Doctorate		Master		BA		Diploma		Tawjihi		Without Tawjihi		Total
	#	%	#	%	#	%	#	%	#	%	#	%	
2004	17	0.1	657	5.3	5853	47.1	2963	23.9	1520	12.2	1419	11.4	12429
2005	19	0.1	748	5.6	6582	50.0	2992	22.7	1389	10.6	1452	11.0	13182
2006	24	0.2	781	5.5	7654	54.0	2841	20.1	1347	9.5	1518	10.7	14165

iii) Structure of employees by age

The percentage of employees aged less than 25 years moved up from 14.4 per cent in 2005 to 16.3 per cent in 2006 whereas those aged 25-39 became 55.1 per cent from 54.8 per cent. In contrast, the percentage of employees aged 40-59 dropped from 29.9 per cent in 2005 to 27.9 per cent in 2007. Those above 60-years-old and still working totalled 99 persons representing 0.7 per cent of total number of employees.

THE DISTRIBUTION OF EMPLOYEES ACCORDING TO THEIR AGE

Year	Less than 25 years		25-39 years		40-59 years		More than 60 years		Total
	Number	%	Number	%	Number	%	Number	%	
2004	1732	13.9	7018	56.5	3584	28.8	95	0.8	12429
2005	1897	14.4	7231	54.8	3938	29.9	116	0.9	13182
2006	2305	16.3	7812	55.1	3949	27.9	99	0.7	14165



iv) Social status of workers

Bachelors in 2006 accounted for 45 per cent of total employees at bank compared to 36.1 per cent in 2005 as the percentage of unmarried workers continued to rise. The percentage of those married dropped to 55 per cent from 63.9 per cent in 2005.

THE DISTRIBUTION OF EMPLOYEES ACCORDING TO THEIR SOCIAL STATUS

Year	Singles		Married		Total
	Number	%	Number	%	
2004	4135	33.3	8294	66.7	12429
2005	4757	36.1	8425	63.9	13182
2006	6376	45.0	7789	55.0	14165

v) Geographic concentration of employees in the banking system

Banks which are members in the association station 12209 employees, or 86.2 per cent of the total workers they employ, in Amman. In Irbid, Zarqa and Aqaba, the percentages are 4.5 per cent, 3 per cent and 1.5 per cent respectively of the total employees of the banks whereas in Balqa the percentage is 1.2 per cent. In the remaining governorates, the percentage does not exceed one per cent in any one of them.

GEOGRAPHIC CONCENTRATION OF EMPLOYEES IN THE BANKING SYSTEM

Governorate	Males	Females	Total	Relative Importance %
Amman	8259	3950	12209	86.2
Irbid	468	171	639	4.5
Zarqa	330	102	432	3.0
Aqaba	148	61	209	1.5
Balqa'	111	58	169	1.2
Al Karak	86	41	127	0.9
Mafraq	76	18	94	0.7
Madaba	56	24	80	0.6
Jerash	63	12	75	0.5
Maan	53	12	65	0.5
Tafileh	27	7	34	0.2
Ajloun	24	8	32	0.2
Total	9701	4464	14165	100.0

EMPLOYEES AT BANKS IN 2006

	Bank's Name	Number
1	Arab Bank	2856
2	The Housing Bank for Trade & Finance	1701
3	Jordan Islamic Bank	1498
4	Jordan Ahli Bank	1266
5	Bank of Jordan	1210
6	Cairo Amman Bank	1182
7	Jordan Kuwait Bank	726
8	Jordan Commercial Bank	442
9	Arab Banking Corp./Jordan	377
10	Union Bank for Saving & Investment	349
11	Arab Jordan Investment Bank	347
12	HSBC	344
13	Capital Bank	290
14	International Islamic Arab Bank	286
15	Standard Chartered	265
16	Egyptian Arab Land Bank	238
17	Jordan Investment & Finance Bank	234
18	Societe General- Jordan	214
19	Bank Audi	129
20	BLOM Bank	80
21	Citi Bank	68
22	National Bank of Kuwait	32
23	Rafidain Bank	31
	Total	14165

AVERAGE ASSETS PER EMPLOYEE IN 2006

	Bank's Name	One thousand Dinars per employee
1	National Bank of Kuwait	7180.6
2	Citi Bank	3357.1
3	Capital Bank	2953.0
4	Jordan Investment & Finance Bank	2870.3
5	Rafidain Bank	2710.6
6	International Islamic Arab Bank	2690.1
7	Union Bank for Saving & Investment	2514.8
8	Audi Bank	2503.9
9	Jordan Kuwait Bank	2133.9
10	The Housing Bank for Trade & Finance	2105.1
11	Arab Bank	1847.8
12	Standard Chartered	1826.0
13	BLOM Bank	1781.9
14	HSBC	1706.6
15	Arab Banking Corp./ Jordan	1373.1
16	Arab Jordan Investment Bank	1317.2
17	Jordan Islamic Bank	1152.2
18	Jordan Commercial Bank	1144.1
19	Egyptian Arab Land Bank	1132.6
20	Jordan Ahli Bank	1090.5
21	Bank of Jordan	1020.8
22	Cairo Amman Bank	818.9
23	Societe General - Jordan	760.7
Total		1615.5

NET PROFIT (BEFORE TAX) PER EMPLOYEE IN 2006

Bank's Name		One thousand Dinars per employee
1	Egyptian Arab Land Bank	747.5
2	National Bank of Kuwait	174.9
3	Capital Bank	84.6
4	Citi Bank	73.5
5	Standard Chartered	71.8
6	The Housing Bank for Trade & Finance	69.6
7	Jordan Kuwait Bank	67.3
8	HSBC	58.4
9	Jordan Investment & Finance Bank	50.1
10	Union Bank for Saving & Investment	48.5
11	Rafidain Bank	44.5
12	International Islamic Arab Bank	44.0
13	Arab Banking Corp./ Jordan	42.3
14	Arab Bank	32.5
15	Bank of Jordan	27.4
16	BLOM Bank	26.4
17	Jordan Ahli Bank	22.6
18	Arab Jordan Investment Bank	22.5
19	Societe General - Jordan	22.2
20	Cairo Amman Bank	21.4
21	Jordan Commercial Bank	20.8
22	Bank Audi	16.3
23	Jordan Islamic Bank	15.6
Total		71.8

G) Performance of banks listed on the stock exchange

Of all the banks operating in the Kingdom, 14 were listed on the Amman Bourse in 2006. The shares of these banks were influenced by the following developments:

* The share price index: The index measuring the share price of banks listed on the Amman Bourse dropped by 36.6 per cent or 6187.3 points during 2006 to 10704.7 points from 16892.0 points in 2005.

* The market value: The market value of bank shares listed on the Amman Bourse fell from JD168.7 billion in 2005 (representing 35.8 per cent of the market value of company shares listed on the bourse) to JD142.1 billion in 2006 (representing 20.19 per cent of the market value of company shares listed on the bourse).

VALUE OF CIRCULATED BANKS' SHARES LISTED ON THE STOCK EXCHANGE MARKET

Year	Shares Prices Index		Value of Circulated shares		
	Banks	Year	Banks	Year	%
2002	255.7	170.0	349.78	946.70	36.95
2003	443.4	261.5	524.84	1,843.04	28.48
2004	723.9	424.6	1,693.00	3,793.25	44.63
2005	1689.2	819.2	6,043.41	16,871.05	35.82
2006	1070.5	551.8	2,867.83	14,205.00	20.19



* Net investment of non-Jordanians: The openness of the Jordanian banking sector to the markets abroad raised non-Jordanian investments in the equities of banks listed on the bourse from 54.7 per cent in 2005 to around 55 per cent in 2006.

THE CONTRIBUTION OF NON-JORDANIAN OWNERSHIP OF BANKS' SHARES (2002-2006)

Year	Market Value of Banks' Shares (Million JD)	Non-Jordanian Ownership (Million JD)	The Contribution of Non-Jordanians
2002	349.78	175.59	50.20
2003	524.84	261.37	49.80
2004	1,693.00	866.82	51.20
2005	6,043.41	3,305.75	54.70
2006	12,100.80	6,649.39	54.95



H) Rating of banks

Banks achieved good results in terms of credit ratings usually granted by international rating institutions, that are specialized and enjoy high level of expertise and credibility, like Moodys, Standard & Poors, Fitch, Euromoney and other international organizations. In this regard, a number of Jordanian banks scaled higher ranks while some banks came foremost on the list of banks and banking institutions in the Middle East region in general.

Obtaining good ratings does not only reflect the banks' higher credit/financial indicators and higher quality/standards of services and products that match the highest criteria in the international banking and financial industry, but also underlines the role of the higher management and all the cadres of those banks in formulating the necessary plans and strategies for advancing the banks to higher and superior levels in order to obtain best credit ratings from long-established and experienced institutions. Undoubtedly, the distinguished credit ratings are a testimony of the sound path followed by higher management which succeeded in achieving its objectives besides the accuracy and safety of banking procedures and operations in accordance with highest international standards and specifications.

RATING OF BANKS ACCORDING TO CAPITAL INTELLIGENCE RATING

Bank's Name	Financial	Support	Outlook	Since
Arab Bank	-A	3	Stable	12/2005
The Housing Bank for Trade & Finance	-A	3	Stable	10/2006
Jordan Kuwait Bank	+BBB	3	Stable	11/2006
Capital Bank	BBB	3	Stable	10/2006
Arab Jordan Investment Bank	BBB	3	Stable	10/2006
Arab Banking Corp./ Jordan	-BBB	2	Stable	8/2005
Jordan Islamic Bank	-BBB	3	Stable	10/2006
Cairo Amman Bank	+BB	3	Stable	10/2005
Jordan Investment & Finance Bank	BB	3	Stable	2/2005
Bank of Jordan	BB	3	Stable	10/2004
Jordan Ahli Bank	BB	3	Stable	1/2007

RATING OF BANKS ACCORDING TO FITCH RATING

	Outlook	Foreign Currency		Individual	Support	Senior Debt	Short Term
		(LT)	(ST)				
Arab Bank	STABLE	A-	F2	B			
Bank of Jordan	STABLE	BB-	B	C/D	3		
Bank Audi		B-	B				
HSBC	POSITIVE	AA-	F1+	B	1		
BLOM Bank		A+					
Citi Bank						AA+	
Standard Chartered	STABLE					A+	F1

RAITING OF BANKS ACCORDING TO MOODYS RATING

	Outlook	Bank Deposits		Senior Unsecured	Subordinated	JR Subordinated	Bank Financial	Short Term
		LT	ST	Debt	Debt	Debt	Strength	
Arab Bank	STA(m)	A3	P-2				C+	NP
The Housing Bank		Ba3	P-2				D+	
BLOM Bank		B2/NP					D+	
Cairo Amman Bank	NEGATIVE	Ba3/NP					E+	
National Bank of Kuwait	STABLE	Aa3						
Bank Audi		B3						NP
HSBC	STABLE	Aa3					C+	
Citi Bank				Aa1				
Standard Chartered	STABLE	A2		A2	A3	A3	C	P-1

RATING OF BANKS ACCORDING TO STANDARD & POORS RATING

	Outlook	Foreign issuer credit		Local issuer credit		Counter Party		Senior Debt
		LT	ST	LT	ST	Credit		
Arab Bank	STABLE	BBB	A-3	BBB				
BLOM Bank		A						
Bank Audi		B-	C					
Citi Bank							AA-	
Standard Chartered	STABLE	A+	A-1	A+	A-1			

I) Clearing of cheques

The volume of cheques handled at the clearing rooms was higher in terms of numbers and value. The number of cheques handled increased by 14 per cent from around 9,588 million cheques in 2005 to 10,931 million whereas the value surged by 16.7 per cent from JD22.7 billion to JD26.5 billion.

The cheques that bounced were also higher in terms of number and value as they amounted to 429,000 cheques in 2006, 11.2 per cent more than the 386,000 cheques in 2005. The value of the bounced cheques shot up by 27.2 per cent from JD626.8 million in 2005 to JD797.1 million in 2006.

The ratio of the bounced cheques to those handled continued to drop to 3.9 per cent at the end of 2006 from 4 per cent in 2005. But the ratio in terms of value rose to 3 per cent from 2.8 per cent. It should be mentioned in this context that the number of bounced cheques for lack of sufficient funds accounted in 2006 for about 2.2 per cent of the overall cheques that bounced whereas their value represented 1.4 per cent of the total value of bounced cheques.

CIRCULATED AND RETURNED CHEQUES AT THE CLEARING ROOMS

Thousand JD

Description	2005	2006	Change Percentage %
Circulated Cheques			
Number	9,588,873	10,931,886	14.0
Value	22,732,335	26,527,435	16.7
Per One Cheque	2.371	2.427	2.4
Returned Cheques			
Number	386,379	429,467	11.2
Value	626,778	797,147	27.2
Per One Cheque	1.622	1.856	14.4
Returned Cheques for insufficient balance			
Number	209,379	240,735	15.0
Value	297,242	380,677	28.1
Per One Cheque	1.420	1.581	11.4
The ratio of returned cheques to the circulated %			
Number	4.0	3.9	
Value	2.8	3.0	
The ratio of returned Cheque for insufficient balance to the circulated %			
Number	2.2	2.2	
Value	1.3	1.4	

Source: Central Bank of Jordan

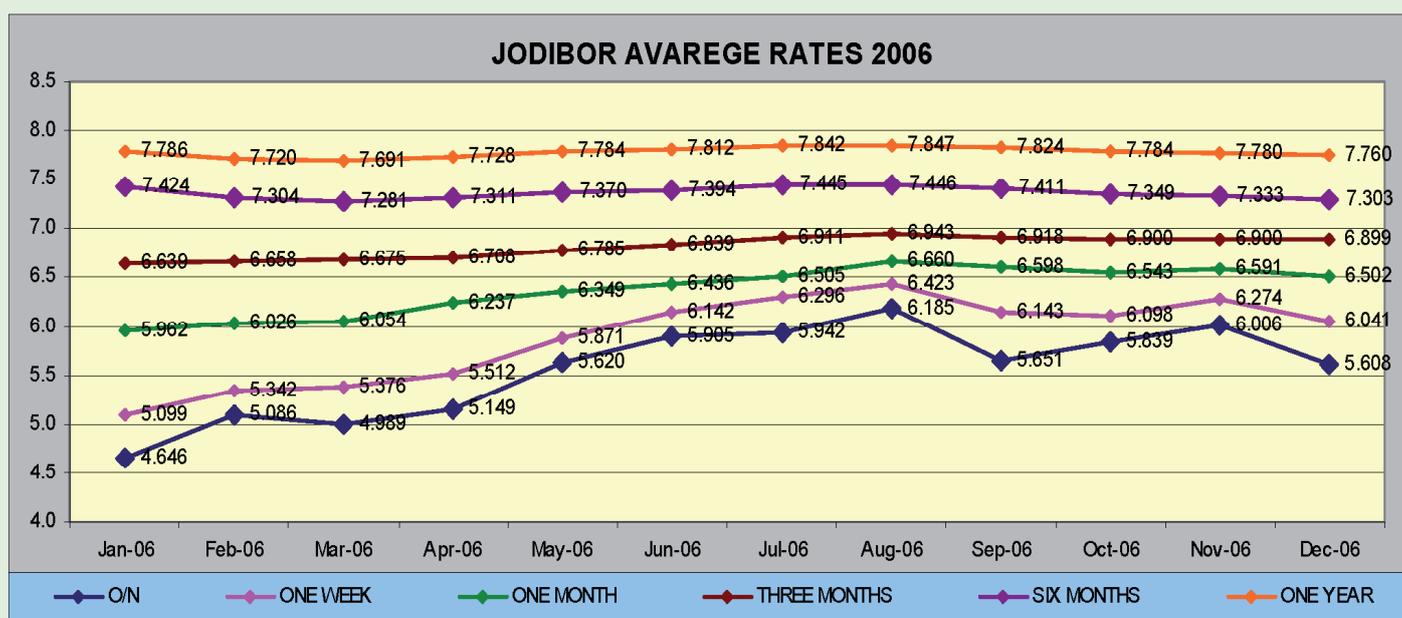
J) JODIBOR (Inter-bank lending interest rates)

A local reference index was adopted for lending rates between banks in Jordanian dinars and for short-term. This indicator, as a qualitative move and a very important step, introduced a new element to develop the monetary market in Jordanian dinars. The index provided another benefit over and above the positive advantages that characterize the financial market in Jordan and shaped up a new era of cooperation and coordination within the framework of institutions in the Jordanian banking system. The index was formulated since November 2005 as a result of joint cooperation between the association and all the banks in the Kingdom. The Central Bank of Jordan showed appreciation for the advanced step and provided all support and cooperation.

The following table shows the monthly progress on the average interest rates of inter-bank lending during 2006 and for all maturities (one night, a week, a month, three months, six months and one year). From the table, it is clear that the average interest rate of inter-bank lending moved up during August 2006 for all maturities. This is clear from the graph below.

INTER-BANK LENDING INTEREST RATES (JODIBOR) IN 2006

MONTH	O/N	ONE WEEK	ONE MONTH	THREE MONTHS	SIX MONTHS	ONE YEAR
1/2006	4.646	5.099	5.962	6.639	7.424	7.786
2/2006	5.086	5.342	6.026	6.658	7.304	7.720
3/2006	4.989	5.376	6.054	6.675	7.281	7.691
4/2006	5.149	5.512	6.237	6.708	7.311	7.728
5/2006	5.620	5.871	6.349	6.785	7.370	7.784
6/2006	5.905	6.142	6.436	6.839	7.394	7.812
7/2006	5.942	6.296	6.505	6.911	7.445	7.842
8/2006	6.185	6.423	6.660	6.943	7.446	7.847
9/2006	5.651	6.143	6.598	6.918	7.411	7.824
10/2006	5.839	6.098	6.543	6.900	7.349	7.784
11/2006	6.006	6.274	6.591	6.900	7.333	7.780
12/2006	5.608	6.041	6.502	6.899	7.303	7.760
AVERAGE	5.552	5.885	6.372	6.814	7.364	7.780
MAX	6.185	6.423	6.660	6.943	7.446	7.847
MIN	4.646	5.099	5.962	6.639	7.281	7.691



Third: The association's activities during 2006*

A) Banking issues tabled by member banks

i) Banks undertaking bank assurance within the financial activities subject to the approval of the central bank

A number of financial managers of member banks held a meeting at the premises of the association on 10-10-2006 and discussed means for banks to undertake bank assurance within their banking activities. The association sent a letter to the Central Bank of Jordan on 18-10-2006 about this subject and the central bank responded to the association's request on 12-12-2006 emphasizing that the practicing of bank assurance by banks falls within the financial activities that the central bank approves based on the provisions of article (34/A/13) of the Banks Law No. (28) issued in 2000 and its amendments. The central bank indicated in its response that it had previously issued a circular to all bank informing them about the instructions for "licensing bank assurance and regulating its work and responsibilities" as issued by the Insurance Commission whose sanctioning and the prior approval of the central bank for this activity is essential. The association sent the answer of the central bank to all its members.

ii) Discarding electronically archived documents

In accordance with the provision of article (92) of the Banks Law No. 28 issued in 2000 which allows banks to maintain, for the period required by the law, micro-films on other formats instead of the original documents and paper related to its financial work, so that these micro-films can be used as evidence, banks prepared an integrated microfiche archiving system. But because of instability in handling electronically archived documents at courts, banks became aware that these courts could not activate the system and the micro-films were not used as evidence in financial claims.

The Central Bank of Jordan requested the association on 15-11-2006 to form a legal committee to study all aspects of discarding the electronically archived documents in order to come up with appropriate solutions. The legal committee discussed this matter and saw a need for legislative amendment. A member of the committee was tasked to prepare a study on this issue.

(iii) Law of leasing fixed assets and selling them for non-Jordanians and corporate bodies.

The legal committee discussed the law of leasing fixed assets and selling them to non-Jordanians No. 47 issued in 2006 and its impact on banks. The committee found that the law did not include the amendment to article 14/A of the law as proposed by the association. As such, the committee tasked one of its members to prepare a document for discussion showing the disadvantages of this law towards the banks and banking operations.

* Summary of the main activities.

iv) Shares hypothecated at banks as collateral for facilities

On 24-11-2005, the Amman Bourse started implementing a new mechanism for specifying share prices of companies that raise their capital through private placements. Under the new method, the bourse calculates a new opening price based on the closing share price of the company on the 10th day from the decision of the securities commission board in addition to the rate of capital increase. This led to a sudden drop in prices of shares hypothecated for the banks as collateral for facilities extended to their clients taking into consideration that the shares in which customers subscribe, in the form of private placement, are not included in the hypothecated shares or those resulting from the share split.

A number of member banks requested the association to contact the Jordan Securities Commission to arrive at the appropriate mechanism for preserving the rights of banks in the shares that are subscribed to in the private placement and to consider those as defacto hypothecated shares in favour of the banks. The Jordan Securities Commission had already ruled, when previously contacted by banks, that it is not permissible to consider the shares, subscribed to in a private placement, as defacto hypothecated in favour of the banks. The commission stated that the hypothecation of the shares obtained through private placement cannot be processed unless agreed to in advance between the two parties (mortgagor) and mortgagee).

The legal committee discussed this subject on 22-5-2006 and found out that from a legislative perspective, the shares obtained from private placement are not hypothecated in favour of the bank. In light of the absence of any legislative clause in force to look into this case, this matter requires a legislative amendment. As for the impact of private placement on the drop in the value of hypothecated shares, banks may apply the terms of contract by requesting additional collateral or consider the debt to be falling due.



B) Subjects related to the central bank

(i) Banks' working hours

With many request from banks to change the working hours, the central bank asked the association to discuss this matter with the banks and to provide it with the opinion of the majority of banks in order to study the view, reconsider the present working hours and take the necessary measures in light of this decision.

The association consulted the banks for their views on this matter and prepared a study on 4-6-2006. The board of directors, after looking at the results of the survey, decided at its session held on 23-8-2006 to leave to the central bank the freedom of taking the appropriate decisions in this regard. The association sent a letter to the central bank on 31-8-2006 and enclosed the decision of the board of directors and a summary of the aforementioned survey. The banks' views differed on this subject as can be seen from the following summary of views:

1- Keep the working hours unchanged as they are now:

Banks justified this option on the grounds that previous experiences applied various methods of working hours including the two shifts. Also, the wide network of automated teller machines provide basic banking services round the clock and during holidays. Accordingly, the working hours applied now are suitable in terms of the particularity of banking operations, the requirement of customers and the satisfaction of employees.

2- Giving banks the freedom to open some branches that enjoy advantageous location or to change the daily working hours from 8:30 a.m until 4:00 p.m. to avoid the traffic jams or to have banks work on Saturday from 8:00 a.m. until 2:00 p.m. Other views were for returning to the old working hours from 8:00 a.m. until 2:00 p.m. six days a week or giving the banks the freedom to set the working hours in harmony with work requirements and needs as long as such a timing does not contradict with the labour law regarding specific working hours. Some responses proposed working hours in the evening period, on Saturdays and some official holidays. Yet, others suggested an amendment to the working hours while taking into consideration a continuation of the regular mechanism of daily work and keeping Fridays and Saturdays as official holidays besides issuing instructions to adopt unified mechanism to calculate overtime in accordance with the law. Finally, a proposal recommended that the central bank specify the time of opening hours to the public but leave to the banks' discretion the freedom to set the working hours for the employees in accordance with the law.

The justification of banks opting for change in working hours was to meet the needs of the market in light of economic activity and the strong desire of clients (individuals) to deal with banks at times when they are outside working time. Moreover, the change was in response to the strong desire of companies and institutions to conduct their bank requirements in the evening period and on Saturdays, especially for depositing, withdrawing and other transactions.

(ii) Classifying credit facilities and calculating the diminution provision and general banking risks' reserve.

The central bank issued on 15-12-2005 new instructions (No 24/2005) for classifying credit facilities and calculating the diminution provision and the risks reserve. The association conducted a comparison between the new instructions and the old instructions No. (1/2000) and this assessment was discussed during a broad meeting of member banks presided over by the chairman on 23-1-2006. A committee was formed to study these instructions which were found to include many important issues that require clarification, simplification and reconsideration.

The association sent a letter to the central bank on 14-2-2006 and attached it the comments and the suggestions of the committee about these instructions. The central bank replied on 21-3-2006 telling the association that it had studied the proposals in all aspects and that it prepared amended instructions for classifying credit facilities and calculating the diminution provision and the general banking risks reserve No. (26/2006) dated 21-3-2006. The central bank indicated that banks will be exceptionally allowed, for 2006 only, to classify the slow-moving overdrafts within the category "Under monitoring" provided the balance does not reach 50 per cent or below the credit ceiling at least once during the mentioned year. Later on, and starting 1-1-2007, banks should abide by the item (second/c-2) of these instructions.

On 14-5-2006, the association's board of directors held a meeting that was attended by Deputy Governor Sharif Fares Sharaf. During the meeting, the instructions for classifying credit facilities and calculating the diminution provision and the general banking risks reserve were discussed. Board members explained the remarks of the association and the justifications for the requested amendments which were previously sent to the central bank but were not taken into consideration. The board hoped the central bank would take into account the association's remarks and that the instructions be re-evaluated after one year of applying them. Sharif Sharaf expressed readiness of the Central Bank to reconsider some items of the instructions in light of the remarks made by the board.

The Central Bank of Jordan issued new instructions on 13-6-2006 under No. (30/2006). Upon reviewing these instructions by the association, it was obvious that the central bank had accepted many of the association's proposals and remarks regarding these instructions. The association also prepared a study showing the previous instructions, the association's suggestions regarding them and the amendments that were made by the central bank. The study was distributed to member banks on 11-7-2007.

(iii) Draft instructions for compliance control

To underline the vision of the Central Bank of Jordan in building a banking system that operates efficiently and competitively while adhering to laws, regulations, instructions, orders, codes of conduct, standards, professional practices and ethics issued by local and international control parties, the central bank prepared two drafts of instructions for controlling compliance and requested the association to provide it with the remarks of its members on 19-9-2006.

The association had asked the banks for their views on 29-10-2006 on these instructions and held several meetings for representatives of banks to discuss them. Two committees from bank representatives were formed to study the responses of banks in order to arrive at a final text of the amendments to the instructions before sending them to the central bank. The comments/remarks of the banks were



sent to the Central Bank of Jordan on 5-12-2006. The main observations of the banks on the draft instructions were:

- * Adding a special clause for controlling cross-border compliance that would touch upon the principles of practicing the task of cross-border compliance especially for banks which have branches outside Jordan, because of the varied legal and organizational requirements, with reference to what is stated in the Basle instructions in this regard.
- * Designing a form for the compliance guide and the practical practices guide.
- * The instructions did not show the extent of application on the companies affiliated with the banks.
- * Adding a clause about the concerned party that would look after the compliance policy of the foreign banks which do not have board of directors in Jordan.

(iv) Draft of instructions on managing assets/liabilities of banks in foreign currencies.

With the aim of improving and encouraging the capabilities of licensed banks to manage their assets and liabilities in foreign currencies; and with the aim of developing the management of banking risks and consolidating the capability of banks to face various types of risks and to respond to the standards and requirements of Basle 2, the central bank issued on 29-8-2006 the draft of instructions for managing the assets/liabilities of banks in foreign currencies based on provisions of article (99/ B) of the Banks Law. This draft, which when issued in final form would replace the memorandum No. (179/2000) dated 5-7-2000, was a response to a request from the association's management that stressed the need to reconsider the memorandum. The banks' remarks on this issue were centered on:

- * The suggested instructions to include a special section for Islamic banks in line with the nature of their operations.
- * Reconsidering the issue of funds' employment which does not suit the Islamic banks and finding acceptable solutions for this sector; perhaps by coming up with some special exemptions.

(v) Draft of norms, working rules and instructions for electronic clearing of cheques

To organize the relationship among member banks regarding the mechanism of work used in electronic clearing, and based on the provisions of para B of article (37) of the Central Bank Law No. (23) dated 1971 and its amendments and article (92) of the Banks Law No. (28) dated 2000 and article (29) of the electronics transactions law No. (85) dated 2001; the central bank prepared a draft of norms, working rules and instructions for electronic clearing of cheques. The central bank provided the association on 24-5-2006 with a copy of the draft for the electronic clearing of cheques and the association for its part, distributed copies of the draft to the banks to study and submit their remarks about it.

During a number of meetings, held for representatives of banks and attended by clearing managers, authorized persons of information technology and representatives of legal departments, the draft was discussed within general frameworks. A small committee representing several banks prepared a final text that included the comments of banks.

The association sent the banks' remarks and suggestions about the draft to the central bank on 10-7-2006 expressing hope that the input be studied to arrive at results that meet the expectations of the central bank and the need of banks.

(vi) Draft of instructions for managing and marketing portfolios and investment funds in favour of clients.

To complement the drive of the Central Bank of Jordan in updating all the instructions that it had issued, the association consulted with member banks on 27-12-2006 about a draft of the instructions for managing and marketing portfolios and investment funds in favour of clients which the central bank intends to issue in replacement of memorandum No. (3/93) dated 15-1-1993. The central bank will be provided with the remarks and suggestions of the members about this draft after receiving them from the member banks and examining them by a committee to be formed for this purpose.

C) Government laws, regulations and decisions

(i) Applications of the income tax law and its instructions and the draft of the amended income tax law

The Ministry of Finance prepared in July 2006 a draft amendment to the income tax law after a series of dialogues between Deputy Prime Minister and Finance Minister Ziyad Fariz and private sector representatives about the policies proposed for inclusion in the law. The association conducted a comparative study to the original law before the amendment and the suggested core changes on some of its items related to the performance of the banking system and institutions. The most prominent proposals included in the draft amendment were reducing exemptions to widen the tax base besides unifying the tax treatment so that a 20 per cent of the income subject for tax is charged for any legal body or company including banks. As such, fairness will be achieved in the distribution of tax duty besides enticing economic activities and encouraging investment.

The association sent a letter to the minister of finance on 27-8-2006 expressing the association's thanks and appreciation for his efforts and the consultations he held with the private sector in order to prepare a draft tax law that balances between the interest of the Treasury and the interest of taxpayers and enhances confidence in the Kingdom's economic climate. In the letter, the association stated its view on the draft amendment and on some issues related to the income tax law and its instructions, namely, the suspended interest.

a) Article (3/A/3) of the income tax law No. (57) dated 1985 and its amendments state the following: "As for the interests and commissions on doubtful credits commonly described as suspended interests and commissions at banks, financial companies and specialized lending institutions, the tax is charged in the year it is collected in accordance with instructions issued by the director for this purpose after the approval of the minister.

b) In line with instructions of the Income and Sales Tax Department concerning suspend interests No. (19) dated 2003, interests and commissions are considered suspended after the lapse of at least 180 days from the date of payment stoppage by the client. The suspension is considered as cancelled if the client repays during the year any amounts of the principal or interests and commissions as long as they are no less than 50 per cent of the interest amount due in that year.

The instructions are criticized for being in contradiction with central bank instructions No. 30/2006 (Fifth/2) issued on the basis of the provisions of article (99/B) of the Banks Law which considers interests and commissions as suspended after the lapse of 90 days from the date of payment stoppage by the client.

(ii) Draft of new labour law

Within the drive of the Ministry of labour to develop and upgrade the labour law in order to create an environment that accommodates the interests of all labour parties and within its endeavours to receive the remarks and suggestions of various sectors and production parties, the ministry prepared and distributed on 12-12-2006 an amended labour law draft.

The association approached member banks on 21-12-2006 for their views on the draft and a legal committee, comprising a number of bank lawyers, was formed to study the draft and the remarks of banks in this regard. It is hoped that the committee would submit its recommendations and observations to the ministry by early 2007.

(iii) Amended draft law of Companies' Law

Keen to contribute to the issuance of a modern companies' law that would be in line with fast developments in the various economic fields, the association invited Dr. Mahmoud Ababneh, the comptroller of companies at the Ministry of Industry and Trade, and the banks' lawyer to a meeting that was held at its premises to point out the banks' views about the articles of the law. The association also consulted the banks about the law and formed a committee from banks' lawyers to study the remarks of banks and sent a summary of those notes to the department of the comptroller of companies. The association named Mr. Usama Sukkari as representative of banks in one of the committees that was formed by the department to study and prepare an amended draft of the law.

D) Seminars, lectures and training courses

(1) Association organizes two meetings between the governor of the central bank and the banking community during 2006.

The Association of Banks organized two expanded meetings between the governor of the Central Bank of Jordan and the Jordanian banking community at the association's premises. The first meeting, held on 26-2-2006, focused on the "Objectives of the central bank and the Jordanian Banking System." The second, held on 17-10-2006, centered on "The Vision and Mission of the Central Bank of Jordan and its Strategic Plan."

(2) Hosting the programme of the International Women Forum/Jordan for enhancing leadership skills.

The association hosted the workshops specialized in developing human resources, which were held by the International Women Forum/Jordan Chapter within the training programme it is implementing

under the title: “Enhancing the Leadership Skills and Intrinsic Education.” The aim of the training is to consolidate the efficiency and capabilities of leading women cadres in various sectors of national economy, especially the banking sector, and to spread the banking and administrative awareness and culture in addition to developing leadership skills among women bankers.

(3) Banking courses for judges

In cooperation with the Judicial Institute of Jordan (JIJ), the MASAQ Rule of Law Programme and the Jordan Kuwait Bank, the Association of Banks held three courses in specialized banking services for judges at the JIJ premises. The programmes were held in February, May and September 2006. The programmes, for one week each, was attended by 60 judges from various courts. Each programme covered several banking aspects such as deposits, credit facilities, letters of credit, letters of guarantees, bills and banking cards.

(4) Workshop on anti money-laundering methods

In cooperation with Citigroup Jordan, the Association of Banks held an intensive workshop on 17-5-2006 on anti money – laundering measures. Attended by bankers and concerned officials at banks operating in Jordan, the workshop tackled, in a comprehensive manner, the challenges of the money-laundering phenomenon its impacts and the means to safeguard against/counter this unlawful activity. The workshop, directed by James Royen, head of compliance with laws, regulations and anti money-laundering at the international Citigroup, showed the participants the mechanisms to uncover sources of funds and the various stages of money-laundering as well as the economic impact of those operations.

(5) Preparatory seminar for rehabilitating anti-money-laundering specialists.

The Association of Banks, in cooperation with Risk Management Consultants, held on 22-6-2006 a preparatory workshop for the first exam to rehabilitate the certified anti money-laundering specialists (CAMS) in Jordan. The workshop aimed at qualifying the 25 trainees from the banks to sit for CAMS which was held at the association premises on 24-6-2006.

(6) Seminar on “Brokerage Law.”

The Association of Banks held a seminar on 2-7-2007, in cooperation with the US Bar Association, to raise awareness about the brokerage law No. 12 issued in 2006. Lecturing at the association’s premises, two legal experts shed light on a number of aspects related to this new law such as the ways of solving commercial disputes while maintaining secrecy of information regarding the conflict and avoiding publicity about it. Also highlighted were the role of the neutral mediator in assisting the parties to resolve the disputes that may be unsolvable and the advantages of this law in terms of saving long time at courts. The speakers explained how the pioneering brokerage programme, to be applied in Jordanian courts, would help avoid long-term and costly disputes.



(7) A specialized seminar on Publication 600 of norms and customs

On 16-9-2006, the Association of Banks in Jordan held a specialized seminar on Publication 600 concerning unified norms and customs of letters of credit prepared by the International Chamber of Commerce (ICC) in Paris to close gaps and current loopholes in the Publication 500 covering norms and customs of letters of credit. The seminar was part of the association's effective contribution in developing and enhancing the capabilities and efficiency of the employees in the banking system and keeping them updated about latest developments in the world especially that the new rules will enter the implementation stage in early 2007. Two specialized experts in letters of credit lectured at the seminar which was attended by around 55 persons specialized in letters of credits and auditors who are knowledgeable in this regard in addition to employees from the banks' legal departments.

The most important items stressed during the seminar were the reasons that compelled the ICC to amend the norms and customs of letters of credit besides on introduction about the Publication 600 and the developments that required amending some SWIFT messages used in letters of credit. Furthermore, the seminar discussed the accessibility in letters of credit, place of validity, the obligations of the bank opening the letter of credit and the confirming banks, the role of the first and second advising banks, the problem of specifying the acceptance or rejection of the amendments, the latest developments in the standards of auditing documents, the method for reconciling the info on one document with other documents, the mechanism for rejecting documents and the time needed for that. The seminar examined the subject of shipping bills and the impact of new amendments on insurance documents in addition to shipping and partial drafts.

(8) Specialised seminar on Strategy of Banking Services for Small and Medium Size Enterprises (SMEs)

In cooperation with the Financial Services Voluntary Corps (FSVC), the association held a specialized on November 15-16, 2006 entitled: "Strategy of Banking Services for SMEs). Main lecturers in this seminar, which was financed by the Middle East Partnership Initiative, were voluntary experts from Bank of America. A large number of bankers and employees in the Jordanian banking system as well as staff employed in the area of credit facilities for corporations and various enterprises participated in the seminar.

During the past years and specifically since 2004, banks in Jordan showed, through their approaches and strategies, a great interest in meeting the needs of small and medium-size enterprises. The results of a survey conducted by a team from the FSVC in May 2006 about the banking services in Jordan to small and medium-size enterprises were summarized in the following two main challenges that were specified by the majority in this survey:

- Focusing on the selling operations for SME clients
- Managing the risks of SMEs

The discussion and dialogue during the seminar centered on a number of issues related to banking services to the sector of small and medium-size enterprises and the risk management associated with it within the framework of encouraging banks in Jordan to set up banking services units specialized in the sector of small and medium-size enterprises.

The lectures focused specifically on selling and risks relying on the survey conducted in May 2006 by the FSVC to measure the extent of interest of banks in Jordan in coming up with such services. The results showed that the banks faced challenges in defining the SMEs and their needs which, consequently, meant challenges in building up administrations for banking services to those institutions.

E) Other activities and news

(1) Meeting of the general assembly

At the invitation of the board of directors of the Association of Banks and in accordance with the provisions of Para A of article (10) of the bylaw of the Association of Banks, Bylaw No. (35) issued in 2005, the association's general assembly held its annual ordinary meeting on 30-8-2006 at the association's premises. The meeting was chaired by Board of Directors Chairman Dr. Michel Marto and attended by members of the association's board of directors, representatives of member banks including the chairmen of boards of directors, the executive presidents and general managers of Jordanian banks besides the regional managers for non-Jordanian members. Also attending as an observer was the Central Bank of Jordan represented by Malak Ghanem, director of the Banks' Control Department, in addition to the association's legal auditor and the association's general manager Dr. Adli Kandah.

The general assembly reviewed the minutes of the general assembly meeting held on 19-10-2005, discussed and approved the report of the board of directors regarding the work of the association during 2005. The general assembly endorsed the financial report presented by the legal auditor of the association after discussing the 2005 balance sheet. The association's projected budget for 2006 was endorsed by the general assembly which also sanctioned the reappointment of Ma'moun Farouqa and Partners as legal auditor to audit the accounts of the association in 2006.

(2) The variable subscription fee collected by the association from members

The association's general manager and a legal consultant from the Arab Bank held a meeting with advisors from the Prime Ministry's Legislative Bureau on 17-8-2006 at the premises of the Legislative Bureau to study the texts that need to be amended as suggested by the Association of Banks' general assembly during its ordinary annual meeting held on 19-10-2005. The focus was on modifying the text of article (7/A/3) of the association's basic bylaw No.(35) issued in 2005 concerning the variable subscription fee that the association collects from the members and the reasons for requesting the amendment. It was found that the letter sent by the central bank to the Prime Ministry did not quote the exact wording of the general assembly's decision and that resulted in a major discrepancy in the variable subscription fee. In other words, the phrase "one and half per thousand of the member's profit before tax" was separated and not considered as part of the other phrase which stated: "as long



as this fee is no less than JD7,500 and no more than JD75,000 ”. The detachment may open wide the last phrase and burden banks with more annual subscription fees. The association’s board of directors expressed its hopes on 3-9-2006 that the governor of the Central Bank of Jordan would send another letter to the Prime Ministry to rely on the text of the general assembly in follow-up to the previous letter sent on 16-3-2006.

(3) Amending article (3) Para (c) of the association’s basic bylaw

At its session on 1-10-2006, the association’s board of directors entrusted the legal committee to discuss the issue of amending article (3) Para (c) of the association’s bylaw No (35) issued in 2005 to resolve the problem of representation and authorization as the association’s chairman has to personally show up at some government departments to sign some official documents because the present bylaw does not explicitly allow the chairman to delegate another party to complete the procedures. The board looked at the memorandum submitted by the legal committee on 26-11-2006 and decided to approve the amendment of article (3) Para (c) of the association’s basic bylaw and refer it for the approval of the general assembly at its coming ordinary session in order to proceed with it for official processing.

Present bylaw: Article (3) C = The chairman represents the association at third parties.

Recommended bylaw: Article (3) C = The association is represented at third parties by its chairman or the person he delegates in writing for all financial, administrative, legal and judicial matters.

(4) Doing Business 2007 report issued by World Bank

The Association of Banks participated in the meeting that was held by the Ministry of Industry and Trade under the patronage of the minister of industry and trade on 20-12-2006. During the meeting, the Doing Business 2007 report issued by the World Bank was discussed taking into consideration that the report studied the organizational costs for starting businesses in 175 countries including Jordan. The report included a classification of countries based on ten indicators among which was an indicator related to obtaining loans. Dr. Kandah represented the association in this meeting alongside Mr. Mohammed Al Qaryuti / Housing Bank and Mr. Yousef Al Badri / Arab Bank to study the aspects and standards related to obtaining loans.

(5) Inter-banks offer rates (JODIBOR)

(A) Article (9) of the code of conduct related to JODIBOR states that the association and the advisory committee would evaluate the method of calculating JODIBOR every six months for the purpose of seeking a better approach.

(B) The association held two meetings for the ten banks participating in the JODIBOR pricing. The first was held on 26-7-2006 and attended by a representative from the central bank and the second meeting was held on 2-8-2006 with the aim of formulating standards for evaluating JODIBOR and to conduct an initial evaluation for the JODIBOR scheme. The association requested the ten banks to provide it with remarks about the pricing mechanism.

(C) The Central Bank invited the participating banks and the association to a meeting presided by Sharif Faris Sharaf, deputy governor of the Central Bank of Jordan, on 6-8-2006 to evaluate the JODIBOR during the period 1-11-2005 until 31-5-2006.

The following points were tackled:

- A comprehensive evaluation of the JODIBOR during the first six months taking into consideration that an evaluation will be conducted when the scheme completes one year of implementation.
- Pricing efficiency and means to improve pricing for longer terms than one night.
- Performance of each bank participating in the pricing.
- Reconsidering the number of banks participating in the pricing.
- The slow pace in utilizing JODIBOR as a reference for pricing financial tools.

(D) It was agreed with the central bank that the association is committed for another evaluation after the lapse of one year on the scheme to be carried out by the advisory committee.

(E) The association intends to publish an informative guide in both Arabic and English to explain the JODIBOR project in terms of the structure, pricing mechanism and other indicators related to it in commemoration of JODIBOR's first year of implementation.

(6) Forming advisory commission for editing Banks in Jordan Magazine

The association formed an advisory commission for editing the Bank in Jordan magazine. The commission comprises Dr. Adli Kandah, general manager of the Association of banks, as chairman and the following as members:

- Mr. Samer Sunnoqrot, deputy executive manager for investment at Jordan Ahli Bank
- Reem Al Iseis, manager of Treasury Department at Cairo Amman Bank
- Dr. Samer Rjoub, associate professor of finance and banks at Al Hashimiyeh University
- Mr Marwan Kardoush, director of research at the Jordanian Center for Dialogue of National Policies
- Mr. Mohammad Amin, journalist and editor-in-chief of the Banks in Jordan magazine.

The commission will draw the mechanism for holding the ordinary and private meetings as well as the general and moral responsibilities of the commission.



CASH FLOWS STATEMENT FOR THE YEAR ENDED DECEMBER 31ST 2006



INDEPENDENT AUDITOR'S REPORT

Messrs Members of Association of Banks
Association with juridical independent personality
Amman – The Hashemite Kingdom of Jordan.

We have audited the accompanying financial statements of the Association of Banks – Association with juridical independent personality, which comprise the balance sheet as of December 31, 2006, The Income Statement and The Cash Flows for the year ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Associations management is responsible for the preparation and fair presentation of these financial statements in accordance with international Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of (or "present fairly, in all material respects.") the financial position of Association of Banks as of December 31 2006, and of its financial performance and its cash flows for the year ended in accordance with International Reporting Standards.

AMMAN, March 26th 2007

MA'MOUN FAROUKA
LICENSED AUDITOR NO. 265
MA'MOUN FAROUKA & CO.



Association of Banks

An Association with Juridical Independent Personality
Amman – The Hashemite Kingdom of Jordan

EXHIBIT A

BALANCE SHEET AS OF DECEMBER 31ST 2006

		<u>2006</u>	<u>2005</u>
		<u>JD</u>	<u>JD</u>
Assets			
Current Assets			
	Note		
Cash on hand		1,300	1,000
Cash at bank	3	091.806	614.910
Accounts Receivable	4	28.217	17.163
Refundable Deposits		982	982
Prepaid Expenses		3.061	2.764
Total Current Assets		<u>1.125.366</u>	<u>636.819</u>
Non Current Assets			
Total Fixed Assets at Cost	5	2.215.707	2.221.787
Accumulated Depreciation		(520.663)	(475.044)
Net book value		1.695.044	1.746.743
Total Assets		<u>2.820.410</u>	<u>2.383.562</u>
Liabilities & Accumulated Surplus			
Current Liabilities			
Credit Banks		5.563	28.799
Account Payable		1.562	6.039
Deductions Employee Income Tax		000	1.431
Accrued Expenses		1.955	1.659
Trustees	6	13.955	16.591
Total Current Liabilities		<u>23.035</u>	<u>54.519</u>
Provision for Compensating the end of Employee Service		59.309	52.425
Accumulated Surplus			
Retained Surplus		2.276.618	2.208.313
Surplus for this year-Exhibit B		461.448	68.305
Accumulated Surplus Total		2.738.066	2.276.618
Total Liabilities & Accumulated Surplus		<u>2.820.410</u>	<u>2.383.562</u>

The Accompanying Notes Constitute an Integral Part of This Statement

Association of Banks

An Association with Juridical Independent Personality
 Amman – The Hashemite Kingdom of Jordan

EXHIBIT B

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31st 2006

		<u>2006</u>	<u>2005</u>
		<u>J D</u>	<u>J D</u>
Revenues	Note		
Subscription Fees		796.738	438.929
Revenues Other		10.163	9.306
I.D manual check		000	50
Revenue Halls Rent		3.250	450
Bank Interest Revenue		40.298	15.656
Revenue Conferences		000	13.578
Total Revenues		<u>850.449</u>	<u>477.969</u>
 Banks Magazine			
Magazine Revenue	A/7	41.172	50.915
Expenses Magazine :Less	A/8	<u>(29.413)</u>	<u>(33.834)</u>
Banks Magazine Profit		11.759	17.081
 Training Courses			
Training courses Revenue	B/7	14.513	14.869
Expenses Training courses :Less	B/8	<u>(10.604)</u>	<u>(23.748)</u>
Profit (loss) from Training Courses		3.909	(8.879)
 Total Revenues & Gain from Banks Magazine and Training Courses		866.117	486.171
General & Administrative Expenses :Less	9	<u>(404.669)</u>	<u>(417.866)</u>
Year's Surplus – Exhibit A		<u>461.448</u>	<u>68.305</u>

The Accompanying Notes Constitute an Integral Part of This Statement

Association of Banks

An Association with Juridical Independent Personality
Amman – The Hashemite Kingdom of Jordan

EXHIBIT C

CASH FLOWS STATEMENT FOR THE YEAR ENDED DECEMBER 31ST 2006

	<u>2006</u>	<u>2005</u>
	<u>JD</u>	<u>JD</u>
Cash Flows from Operating Activities		
Surplus for the Year	461.448	68.305
End of service Compensating provision	6.884	3.031
Depreciation Expenses	45.619	63.975
Net Income Before Changes in Working Capital	513.951	135.311
Increase (Decrease In Current Assets)		
Subscription fees	000	6.230
Account Receivables	(11.054)	(11.668)
Prepaid Expenses	(297)	166
Increase (Decrease) In Current Liabilities		
Accounts Payable	(4.477)	(15.932)
Other Credit Balances	(3.771)	(25.106)
Net cash flow from operating activities	494.352	89.001
Cash Flow From Investment Activities		
Changes in Fixed Assets	6.080	(6.617)
Cash Flow From Financing Activities		
Credit Bank	(23.236)	(5.548)
Net increase in cash during the year	477.196	76.836
Cash balance in the beginning of the year	615.910	539.074
Cash balance in the end of the year	1.093.106	615.910

The Accompanying Notes Constitute an Integral Part of This Statement

Association of Banks

An Association with Juridical Independent Personality
Amman – The Hashemite Kingdom of Jordan

NOTES TO THE FINANCIAL STATEMENTS

1. The Registration And Objectives of The Association

The Association was registered on October 1st 1978 as an ordinary association which enjoys juridical personality and managerial & financial independency, under the associations and social societies law number (33) for the year 1966 and emendation number (9) for the year 1971, After the issuance of the Banks Law number (28) for the year 2000 the Association become an institution virtue the term of the banks law according to article (95) of that law. Where the reverence Council of Ministers issued in the March 29th 2005, (Association of Banks) regulation number (35) for the year 2005, and published it in the Official Gazette (4707 edition) of May 16th 2005.

The Association Aims at Raising and Uplifting the Banking Business by:

- o Support the advantages of members and coordination between them to inquest their common behalf.
- o Develop and modernize the banks services.
- o Stabilize the concept of bank business and bank business customs and follow an unified regulations and procedures for this purpose

2. Significant Aaccounting Policies

A. Fixed Assets are depreciated at the Cost According to Straight – Line Depreciation Method.

Lands	
Constructions	2%
Furniture	10%
Equipments & Tools	15%
Computer devices	20%
Books	10%

B. The Association follows Cash Basis in showing the Banks Magazine Subscription Revenue, whereas it follows the Accrual Basis to record other monetary treatments.

3. Cash at Banks

This item consists of the following:-

	2006	2005
	<u>JD</u>	<u>JD</u>
Arab bank / Deposit account	574.632	531.113
Housing bank / Current account	4.735	2.600
Housing bank / Deposit account	<u>512.439</u>	<u>81.197</u>
Total	<u>1.091.806</u>	<u>614.910</u>

4. Accounts Receivable

This item consists of the following:-

	2006	2005
	<u>JD</u>	<u>JD</u>
Members accounts	25.859	12.358
Employees accounts	3	600
Other accounts	<u>2.355</u>	<u>4.205</u>
Total	<u>28.217</u>	<u>17.163</u>

5. Fixed Assets

This item consists of the following:-

	Cost			
	31/12/2005	Additions	Omissions	31/12/2006
Association's land	326.477	000	000	326.477
Association's Construction	1.557.388	000	000	1.557.388
Equipment & tools	118.534	5.595	000	124.129
Furniture's & decorations	162.144	180	000	162.324
Books	7.244	812	267	7.789
Cars	50.000	37.600	50.000	37.600
Total	2.221.787	44.187	50.267	2.215.707

Accumulated Depreciation

	31/12/2005	Additions	Omissions	31/12/2006
Association's land	000	000	000	000
Association's construction	249.134	31.148	000	280.282
Equipments & Tools	91.559	6.868	000	98.427
Furniture & Decorations	123.204	16.193	000	139.397
Books	1.772	785	000	2.557
Cars	9.375	6.288	15.663	000
Total	475.044	61.282	15.663	520.663

Total Net Book value of Fixed Assets

1.746.743

1.695.044

6. Deposits

This item consists of the following:-

	2006 <u>JD</u>	2005 <u>JD</u>
The University Student Fund	1.225	1.225
The Information Technology Center Fund	12.730	12.730
The Project of Specimens Fund	000	2.636
Total Deposits	<u><u>13.955</u></u>	<u><u>16.591</u></u>

7. Association of Banks Magazine & Training Courses Gains

A. the Association of Banks magazine Revenues

This item consists of the following:-

	2006 <u>JD</u>	2005 <u>JD</u>
Subscription Revenue	26.268	30.493
Advertisings Revenue	14.732	20.300
Sales Revenue	172	122
Total Revenue from the Association of Banks Magazine	<u><u>41.172</u></u>	<u><u>50.915</u></u>

B. Training courses Revenues

This item consists of the following:-

	2006 <u>JD</u>	2005 <u>JD</u>
Letter of Credit Course	4.125	000
Bank Strategic Course	4.388	000
Fraud combax Course	6.000	000
Financial Leasing Course	000	5.838
Electronic Dealings Fraud Course	000	3.949
Building Course	000	5.082
Total Training Courses Revenues	<u>14.513</u>	<u>14.869</u>

8. Association of Banks Magazine & Training Courses Expenses

A. the Association of Banks magazine Expenses

This item consists of the following:-

	2006 <u>JD</u>	2005 <u>JD</u>
Rewards	13.735	13.540
Printing	15.085	19.494
Miscellaneous	593	800
Total Banks Magazine Expenses	<u>29.413</u>	<u>33.834</u>

B. Training courses Expenses

This item consists of the following:-

	2006 <u>JD</u>	2005 <u>JD</u>
Bank Strategic Course	1.293	000
Electronic Dealings Fraud Course	000	1.774
Letter of Credit Workshop	1.112	000
Training Courses	7.189	6.570
Fraud on Banks Course	1.010	000
Bank Business	000	1.190
Building Course	000	3.655
Financial Leasing Course	000	1.735
Risk Management Conference	000	8.824
Total Training Courses Expenses	<u>10.604</u>	<u>23.748</u>

9. General & Administrative Expenses

This item consists of the following:-

	2006 JD	2005 JD
Salaries and wages	177.553	189.075
Social Security	13.746	19.678
Saving fund	11.856	14.180
Consulting Expenses	220	2.150
Traveling & Transportation	5.637	3.484
Medical Expenses	31.256	5.742
Electricity & Water.	6.778	6.703
Hospitality & Cleaning	5.578	3.321
Post , Telephone & Internet	9.977	10.000
Real Estate Tax	7.050	7.050
Bank Commissions and Charges	103	131
Office Supplies	53	1.531
Stationary and Publications	8.138	5.720
Compensating the end of Service	6.884	3.031
Maintenance & Repair expenses	6.179	4.749
Cars & Motorbikes Expenses	2.877	1.830
Insurance	2.745	3.337
Garden Expenses	47	357
Depreciations	61.282	63.975
Auditing Fees	812	812
Attesting Notary Expenses	600	600
Tax on Deposit Expenses	2.015	783
Meetings & Parties	10.415	5.749
Jodibor Project	000	6.000
Donations	6.500	40.000
General Miscellaneous Expenses	19.716	13.927
Studies & Researches Expenses	2.320	1.500
Fuel Expenses	2.131	1.677
Employees Clothing>s Expenses	2.076	731
Translation Expenses	125	43
TOTAL	404.669	417.866