



جمعية البنوك في الأردن
ASSOCIATION OF BANKS IN JORDAN

30th Annual Report 2008

Association of Banks in Jordan
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His Majesty King Abdullah II bin Al Hussein

Board of Directors

The Association's Board of Directors comprised the following dignitaries at the end of 2008:

- H.E. Dr. Michel Marto / Chairman / The Housing Bank for Trade and Finance.
- Mr. Mohammed Yaser Al Asmar / Vice Chairman / Jordan Kuwait Bank.
- Mr. Salem Burqan / member / Arab Bank.
- H.E. Marwan Awad / member / Jordan Ahli Bank.
- Mr. Issam Salfiti / member / Union Bank.
- Mr. Haitham Qumhiyeh / member / Capital Bank.
- Mr. Shaker Fakhoury / member / Bank of Jordan.
- Mr. Hani Al Qadi / member / Arab Jordan Investment Bank.
- Mr. Ziyad Aqrouk / member / Citibank.
- H.E. Kholoud Al Saqqaf / Observer-Member / Central Bank of Jordan.

Director General

Dr. Adli Kandah

Auditors

Messers Ma'moun Faroukah & Partners

Members

Membership in the Association is mandatory for all Jordanian banks and branches of non-Jordanian banks operating in Jordan. Membership in the Association at the end of 2008 comprised the following banks:

First: Jordanian banks:

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

Second: Non-Jordanian banks:

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

Contents

| Subject | Page |
|---|-----------|
| Chairman's Foreword | 9 |
| Director General Address..... | 11 |
| First: Summary of Economic Situation in 2008..... | 15 |
| Second: Development of the Banking System during 2008..... | 21 |
| 1. Assets / Liabilities..... | 21 |
| 2. Capital, Reserves and Provisions..... | 23 |
| 3. Credit Facilities..... | 23 |
| 4. Deposits..... | 31 |
| 5. The Consolidated Balance Sheet of Jordanian Banks' Branches in Palestinian Territories ... | 32 |
| Third: Developments in Number of Banks and Branches..... | 37 |
| 1. Changes in Number of Branches..... | 39 |
| 2. Changes in Number of Offices..... | 41 |
| 3. Changes in Number of ATMs..... | 43 |
| Fourth: Performance of Banks Listed on Amman Stock Exchange..... | 47 |
| 1. Share Price Index..... | 47 |
| 2. Trading Volume..... | 49 |
| 3. Ownership of non-Jordanians in Equity of Banks..... | 50 |
| Fifth: Clearing of Cheques..... | 55 |
| Sixth: Structure of Interest Rates | 59 |
| 1. Development of Interest Rates on Deposits..... | 59 |
| 2. Development of Interest Rates on Credit Facilities..... | 60 |
| 3. Interest Rate Margin | 62 |
| 4. Prime Rates Lending..... | 63 |
| 5. Development of Interest Rates on Monetary Policy Tools..... | 63 |
| 6. Interbank Lending Rates (JODIBOR)..... | 64 |
| Seventh: New Banking Services..... | 69 |

| | |
|---|------------|
| Eighth: Ranking of Banks According to Some 2008 Financial Indicators..... | 73 |
| 1. Ranking of Banks According to Total Assets..... | 73 |
| 2. Ranking of Banks According to Average Return on Assets..... | 74 |
| 3. Ranking of Banks According to Total Deposits..... | 75 |
| 4. Ranking of Banks According to Total Credit Facilities..... | 76 |
| 5. Ranking of Banks According to Shareholder's Equity..... | 77 |
| 6. Ranking of Banks According to Average Return on Shareholder's Equity | 78 |
| 7. Ranking of Banks According to Capital..... | 79 |
| 8. Ranking of Banks According to Net Pretax Profit..... | 80 |
| 9. Ranking of Banks According to Net After Tax Profit | 81 |
| 10. Ranking of Banks According to Number of Employees..... | 82 |
| 11. Ranking of Banks According to Average Asset per Employee..... | 83 |
| 12. Ranking of Banks According to Net Profit (Before Tax) per Employee | 84 |
| Ninth: Human Resources Working at Banks in 2008..... | 87 |
| 1. Number of Employees..... | 87 |
| 2. Resignations and Appointments..... | 87 |
| 3. Academic Qualifications of Staff | 88 |
| 4. Classification of Employees by Age..... | 88 |
| 5. Employees' Social Status..... | 88 |
| 6. Geographical Distribution of Employees | 89 |
| Tenth: Activities of the Association during 2008..... | 93 |
| 1. The General Assembly | 93 |
| 2. Board of Directors | 93 |
| 3. Instructions of Central Bank of Jordan | 95 |
| 4. General Policy issues | 98 |
| 5. Seminars, Lectures, and Training Courses..... | 104 |
| 6. Other Activities and News..... | 110 |
| Eleventh: Financial Statements and Auditor's Report for the year Ended December 31st 2008 | 115 |

Chairman's Foreword

Messers / Members of the Association of Banks

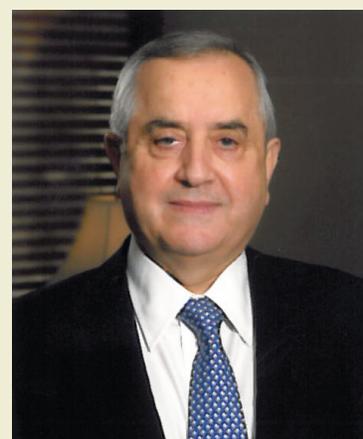
It is my pleasure to thank you very much for accepting our invitation and attending the 30th annual ordinary general assembly meeting of the Association of Banks in Jordan.

It is my pleasure to present to you the 30th annual report about the Association's activities and its accomplishments during 2008 and the audited financial statements as of Dec. 31, 2008 as well as the report of the auditor addressed to your esteemed Association about the result of the examination of the said statements.

Messers / members of the Association

Available data indicate that the national economy in general and the banking sector in particular have been slightly affected by the global financial crisis during 2008. The effect of the global financial crisis on the national economy and the banking sector is expected to show in 2009 but it is also expected that the impact would be slight due to the sound economic and monetary policies in place and the strong national economy and its capability to absorb shocks and minimize their effects.

The net banking operations, represented by the ratio of bank assets to the gross domestic product at current market prices, stood at 210.0 per cent in 2008. The assets of banks rose by 11.12 per cent to about JD 29.8 billion at the end of 2008 from the level at the end of 2007. The outstanding balance of credit facilities extended by licensed banks reached JD 13.2 billion at the end of 2008, 16.8 per cent higher than the level at the end of 2007. The balance of total deposits at the licensed banks reached JD 18.1 billion at the end of 2008, 13.2 per cent higher than the level at the end of 2007.



Messers / members of the Association

As the Association enjoys sufficient liquidity, and in order to help member banks in light of the global financial crisis, the Association's Board of Directors has decided to put on hold article 7 of the Association's regulation No 35 issued in 2005 concerning membership fees. In this regard, the Board decided to halt the members' annual subscription fee for the year 2009 and to cover the 2009 deficit from the Association's current balance on condition that the balance remains at no less than JD 1 million.

Messers / members of the Association

Finally, allow me to express much thanks to all members of the Association for the efforts exerted throughout the year to achieve the objectives of the Association. It is my pleasure to express my thanks and appreciation to the Governor of the Central Bank of Jordan and the bank's personnel for their continued cooperation with the Association for the benefit of the national economy led by His Majesty King Abdullah II Bin Al Hussein, May God protect him and keep him.

Dr. Michel Marto

Chairman of the Board of Directors

Director General Address

During 2008, the Association discussed and followed up various issues submitted to it especially those presented by member banks. Those issues were thoroughly discussed by the specialized technical committees at the Association and the banks' remarks were forwarded to the concerned parties. The response of those parties was so highly and seriously regarded that many remarks and suggestions, tabled by the Association on behalf of the banks concerning various issues, were taken up. The Association, through its legal, financial and other technical committees, discussed 13 subjects and laws related to the Central Bank and banking controls as well as general policy and legislations that deal with macro economy and the Jordanian banking and financial systems.

In the area of training and banking / financial education, the Association held a series of lectures, monthly seminars, workshops and training programmes that covered various subjects of interest to the banking sector. The Association held six seminars and six workshops and organized three training programmes besides organizing a forum about corporate financing.

In the area of studies, the Association issued during 2008 a bundle of publications, reports and studies related to the Jordanian banking sector. The Association issued a study entitled "the Development of the Jordanian Banking Sector" in which it shed light on the developments of the banking sector in Jordan between the years 2000 – 2008. The Association issued in both Arabic and English its 29th annual report for the year 2007. The Association published four issues of "Update" which is a news letter with restricted distribution for only the higher management of member banks. "Update" is issued quarterly and contains the most important decisions of the Board of Directors, public policy issues,



CBJ instructions and key economic and banking indicators. The Association published in both Arabic and English a booklet entitled "Contemporary Jordanian Financial and Banking Issues" which contains the seminars that were held in the Association of Banks in Jordan during 2007. A pamphlet about the Association of Banks was updated and printed in both Arabic and English. In cooperation with a research and consultancy company, two studies were prepared in English. The first is entitled: "The Banking Industries in Jordan, Egypt, Lebanon and the UAE: A Comprehensive Analytical Study" and the second is "Jordan Retail Banking Use and Perceptions Survey". Finally, I cannot but to extend much thanks and appreciation to the chairman and members of the Board of Directors for their continued support to the Association through their efforts and distinguished experience. Much thanks and appreciations also go to the member banks for their cooperation with the Association. I would also like to express my utmost appreciation to all the employees of the Association for their efforts to develop the work of the Association.

Dr. Adli Kandah
Director General

First: Summary of the economic situation in 2008

First: Summary of the economic situation in 2008

The national economy continued its high growth during 2008 although at a slower pace than that posted during 2007. The growth was achieved despite the impact and the frequency of external shocks especially the pricing shake ups that emanated from the international inflationary pressures during the first nine months of the year as well as the escalating repercussions from the global financial crisis during the last months of 2008.

Regarding macro–economy, the most important developments in the macro–economic indicators were the following:

Gross Domestic Product: The gross domestic product achieved a 5.6 per cent real growth in 2008 compared to a 6.6 per cent growth during 2007. The real growth in 2008 was the result of growth at most economic sectors at varied rates after considering also the regression in the sector of “producers of special not-for-profit services”. The main economic sectors that drove the real economic growth during 2008 were: “Communications and transport”, “Finance, insurance and real estate”, “Commerce, restaurants, hotels”, “Manufacturing industries” in addition to the item “net taxes on products”. These sectors combined contributed by 4.3 percentage points (or 76.8 per cent) to the average real growth in the gross domestic product.

Inflation: The average inflation, measured by the relative change in the consumer price index, increased throughout the year 2008 to 14.9 per cent compared to 5.4 per cent in 2007. The main categories that contributed to this rise were: “Fuel and electricity” by 54 per cent, “transport” by 21.6 per cent, “cereals and by-products” by 30.9 per cent, “meat and poultry” by 16.1 per cent, “dairies and by-products plus eggs” by 31.2 per cent. Prices in the “communications” category dropped by 0.9 per cent.

Foreign investment: The overall volume of investments that benefited from the investment promotion law throughout the year 2008 amounted to JD 2,268.0 million, 2.1 per cent higher than the JD 2,221.0 million during 2007.

The developments that marked the monetary and banking sector were the following:

Assets / Liabilities of licensed banks: The balance of the assets/ liabilities of licensed banks increased by 11.12 per cent to JD 29.8 billion at the end of 2008 compared to JD 26.8 billion at the end of 2007.

Foreign reserves: The balance of foreign reserves at the Central Bank of Jordan rose in 2008 by \$873.3 million (12.7 per cent) above its level at the end of 2007 reaching \$ 7,744.1 million. This high level of reserves, which covers the Kingdom's imports of goods and services for about five months, went up despite the government's early purchase of \$2.1 billion of external debt.

Local liquidity: The local liquidity rose during 2008 by JD 2,697.3 million (17.3 per cent) from its level at the end of 2007 reaching JD 18,304.2 million.

Credit facilities: The balance of credit facilities extended by the licensed banks during 2008 increased by JD 1,897.6 million (16.8 per cent) from its level at the end of 2007 to reach JD13,193.2 million.

Deposits: The balance of overall deposits at licensed banks rose during 2008 by JD2,114.5 million (13.2 per cent) from its level at the end of 2007 to reach JD18,102.6 million.

Share price index: The share price index, weighted by free float shares, stood at 2758.4 points at the end of December 2008, 916.6 points (24.9 per cent) lower than the level at the end of 2007.

Interest Rates Structure: Interest rates differed during 2008 from the levels recorded at the end of 2007 as follows:

1. Interest rates on monetary policy tools

The Central Bank of Jordan lowered three times the interest rates on its monetary policy tools during 2008. The last move was on 25/11/2008 when the central bank lowered interest rates on its monetary tools by 50 basis points on each of the rediscount, the overnight window deposit and the overnight repurchase agreements to 6.25 per cent, 4 per cent and six per cent respectively.

2. Interest rates in the banking market

Interest rates on deposits varied among the licensed banks during 2008. The weighted average interest rates on time deposits rose by 10 basis points from the level registered at the end of 2007 to reach 5.66 per cent whereas the weighted average interest rates on savings declined by six basis points reaching 1.04 per cent. The weighted average interest rates on demand deposits increased by seven basis points reaching 1.01 per cent.

The interest rates on credit facilities also varied at the licensed banks during 2008. The weighted average interest rates on overdrafts and advances under current accounts declined by 52 basis points from the level registered at the end of 2007 to reach 9.31 per cent and the weighted average interest rates on discounted bills and promissory notes dropped by 56 basis notes reaching 8.89 per cent. The weighted average interest rates on loans went up by 62 basis points reaching 9.48 per cent.

Regarding public finance, the developments were as follows:

Budget deficit: The deficit in the general budget after accounting for external aid amounted to JD 692.7 million during 2008 compared to a JD 615 million budget deficit during 2007.

Internal public debt: The overall balance of the internal public debt went up over the level recorded at the end of 2007 by JD 2059 million reaching JD 5754 million at the end of 2008 or 40.6 per cent of gross domestic product.

External public debt: The overall balance of external public debt dropped from its level at the end of 2007 by JD1613.1 million reaching JD 3640.2 million at the end of 2008 or 25.7 per cent of gross domestic product.

The developments in the foreign trade sector were the following:

Exports: overall exports (national exports + re-exports), increased by 35.9 per cent reaching JD 5522.9 million during 2008.

Imports: Imports increased by 23.2 per cent reaching JD 11973.9 million during 2008.

Trade deficit: The trade deficit widened by 14 per cent reaching JD6451 million during 2008

Second: Development of the banking system during 2008

Second: Development of the banking system during 2008

1. Assets / Liabilities

The assets / liabilities balance of the licensed banks increased by 11.12 per cent in 2008 compared to a 10.6 per cent rise in 2007. The balance reached around JD 29.8 billion at the end of 2008 from JD26.8 billion at the end of 2007. This growth was due to an increase in local assets by 18.16 per cent and a decline in foreign assets by 10.84 per cent. Debts owed by the resident private sector went up by 14.85 per cent from about JD11 billion in 2007 to JD12.6 billion in 2008.

Debts owed by the public sector surged by 41.45 per cent from around JD3.1 billion in 2007 to more than JD4.5 billion in 2008. Foreign currency balances held by the banks at the central bank increased by an average 21.35 per cent to JD573 million in 2008 from JD472.2 million in 2007. Reserves of licensed banks in Dinars rose by 10.54 per cent from JD3630.7 million in 2007 to JD4013.4 million in 2008.

By contrast, foreign assets dropped by JD706.2 million or 10.84 per cent to reach JD5810.3 million at the end of 2008 compared to JD6516.5 million in 2007.

On the liabilities side, foreign liabilities went up by 15.21 per cent from JD4793.2 million in 2007 to JD5522.2 million in 2008. The balance of loans extended by the central bank to the banks declined by JD63.2 million or 14.49 per cent to reach JD373.1 million in 2008 compared to JD436.3 million in 2007.

The foreign currency assets of licensed banks edged down by 0.63 per cent from JD7908.2 million in 2007 to JD7858.7 million in 2008 as a result of a decline in the item “balances at banks” by JD691.2 million or 12.76 per cent.

Similarly, foreign currency liabilities of licensed banks went down by 3.6 per cent or JD286.9 million in 2008 as a result of declines in deposits of customers by 11.47 per cent, of the central government by 30.43 per cent, of public institutions by 26.91 per cent and of the private sector by 11.62 per cent.

Consolidated Balance Sheet of Licensed Banks (2007-2008)

| End of Period | 2007 | 2008 | Change | Change |
|---|----------------|----------------|---------------|--------------|
| | JD million | JD million | JD million | % |
| Assets | | | | |
| Foreign Assets | 6516.5 | 5810.3 | -706.2 | -10.84 |
| Domestic Assets | 20299.1 | 23986.3 | 3687.2 | 18.16 |
| Claims on Public Sector | 3077.4 | 4353.1 | 1275.7 | 41.45 |
| Claims on Private Sector (Resident) | 10985.5 | 12616.8 | 1631.3 | 14.85 |
| Claims on Financial Institutions | 176.6 | 246.1 | 69.5 | 39.35 |
| Reserves | 3630.7 | 4013.4 | 382.7 | 10.54 |
| Currency | 177.8 | 206.7 | 28.9 | 16.25 |
| Deposits with CBJ in Jordan Dinar | 3452.9 | 3806.7 | 353.8 | 10.25 |
| Deposits with CBJ in foreign currencies | 472.2 | 573.0 | 100.8 | 21.35 |
| Unclassified Assets | 1956.7 | 2183.9 | 227.2 | 11.61 |
| Total Assets =Liabilities | 26815.6 | 29796.6 | 2981.0 | 11.12 |
| Liabilities | | | | |
| Demand Deposits | 3372.6 | 3785.1 | 412.5 | 12.23 |
| Time and Saving Deposits | 9999.7 | 11639.3 | 1640 | 16.40 |
| Foreign Liabilities | 4793.2 | 5522.2 | 729 | 15.21 |
| Central Government Deposits | 526.7 | 561.1 | 34.4 | 6.53 |
| Credit from CBJ | 436.3 | 373.1 | -63.2 | -14.49 |
| Capital Accounts & Allowances | 3523.0 | 3803.0 | 280 | 7.95 |
| Unclassified Liabilities | 4164.1 | 4112.3 | -51.8 | -1.24 |

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Assets of Licensed Banks in Foreign Currencies (2007-2008)

| | 2007 | 2008 | Change | Percentage Change |
|---------------------|---------------|---------------|--------------|-------------------|
| | JD million | JD million | JD million | % |
| Cash in Vaults | 96.1 | 125.7 | 29.6 | 30.80 |
| Balances with CBJ | 472.2 | 573.0 | 100.8 | 21.35 |
| Balances with Banks | 5416.6 | 4725.4 | -691.2 | -12.76 |
| Portfolio | 406.3 | 468.9 | 62.6 | 15.41 |
| Credit Facilities | 1024.1 | 1602.5 | 578.4 | 56.48 |
| Other | 492.9 | 363.2 | -129.7 | -26.31 |
| Total | 7908.2 | 7858.7 | -49.5 | -0.63 |

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Liabilities of Licensed Banks in Foreign Currencies (2007-2008)

| | 2007 | 2008 | Change | Change Percentage |
|------------------------------------|---------------|---------------|---------------|-------------------|
| | JD million | JD million | JD million | % |
| Customers' Deposits | 5370.0 | 4754.1 | -615.9 | -11.47 |
| Central Government | 9.2 | 6.4 | -2.8 | -30.43 |
| Public Entities | 108.5 | 79.3 | -29.2 | -26.91 |
| Non-Banking Financial Institutions | 18.3 | 42.8 | 24.5 | 133.88 |
| Private Sector | 5234.0 | 4625.6 | -608.4 | -11.62 |
| Cash Margins | 541.7 | 483.4 | -58.3 | -10.76 |
| Deposits of Banks | 1583.9 | 2107.7 | 523.8 | 33.07 |
| Other | 467.7 | 331.2 | -136.5 | -29.19 |
| Total | 7963.3 | 7676.4 | -286.9 | -3.60 |

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

2. Capital, reserves and provisions:

The capital, reserves and provisions of licensed banks grew in 2008 by nearly eight per cent going up from JD3523 million in 2007 to JD3803.5 million in 2008.

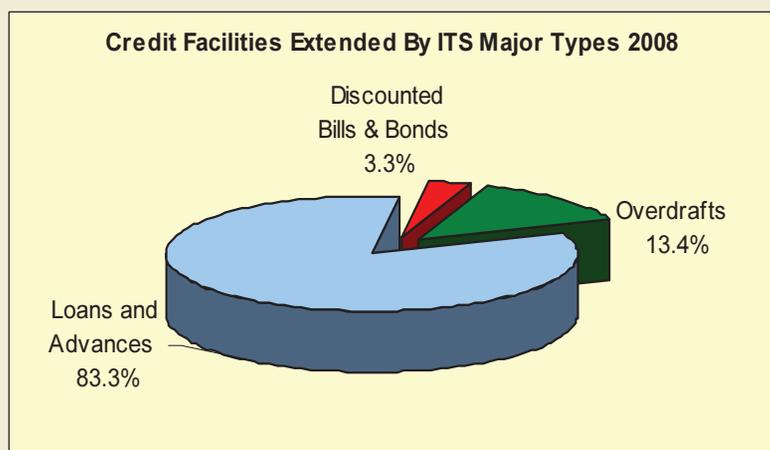
3. Credit facilities:

The balance of credit facilities extended in Jordanian Dinars by licensed banks rose markedly by 16.8 per cent to reach JD13.2 billion at the end of 2008 compared to JD11.3 billion at the end of 2007. The increase was concentrated in loans and advances of which surged by 19.5 per cent from JD9199.9 million in 2007 to JD10992 million in 2008. This amount accounted for 83.3 per cent of total direct facilities in 2008 compared to 81.5 per cent in 2007. Overdrafts balance under current account went up by 6.7 per cent reaching around JD1769.6 million at the end of 2008 compared to JD1658.6 million in 2007. Despite the absolute increase in this type of credits, its share of total facilities regressed from 14.7 per cent in 2007 to 13.4 per cent in 2008. The balance of discounted bills and bonds edged down by 1.3 per cent from JD437.2 million in 2007 to JD431.6 million in 2008.

Extended Credit Facilities by the Banking System According to its Major Types (2007-2008)

| Credit Facility Type | 2007 | Relative Importance | 2008 | Relative Importance | Percentage Change |
|--------------------------|----------------|---------------------|----------------|---------------------|-------------------|
| | JD million | % | JD million | % | % |
| Overdrafts | 1658.6 | 14.7 | 1769.6 | 13.4 | 6.7 |
| Loans and Advances | 9199.8 | 81.5 | 10992.0 | 83.3 | 19.5 |
| Discounted Bills & Bonds | 437.2 | 3.9 | 431.6 | 3.3 | -1.3 |
| Total | 11295.6 | 100.0 | 13193.2 | 100.0 | 16.8 |

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

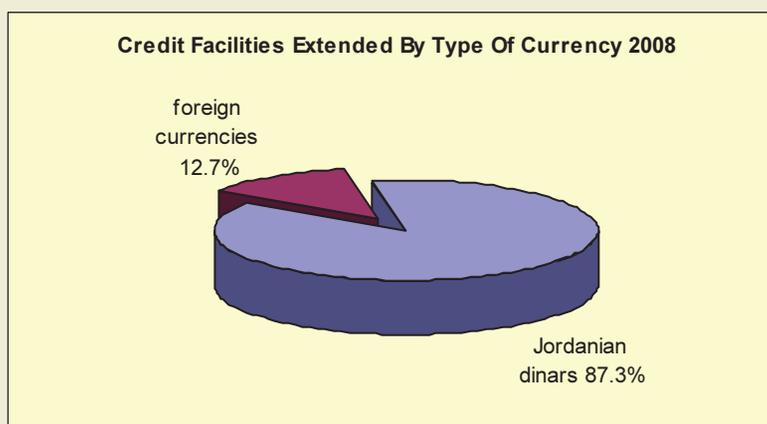


In terms of credit facilities by currency, the relative importance of those in Dinars dropped at the end of 2008 to 87.3 per cent of the credit facilities' balance compared to 90.3 per cent at the end of 2007. This decline in the relative importance of facilities extended in Dinars benefited the credits in foreign currency whose relative importance advanced from 9.7 per cent at the end of 2007 to 12.7 per cent at the end of 2008.

The distribution of Extended Credit Facilities by the Type of Currency (2007-2008)

| Credit Facilities | 2007 | Relative Importance | 2008 | Relative Importance | Percentage Change |
|--------------------|----------------|---------------------|----------------|---------------------|-------------------|
| | JD million | % | JD million | % | % |
| Jordanian Dinars | 10199.7 | 90.3 | 11519.0 | 87.3 | 12.9 |
| foreign currencies | 1095.9 | 9.7 | 1674.2 | 12.7 | 52.8 |
| Total | 11295.6 | 100.0 | 13193.2 | 100.0 | 16.8 |

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

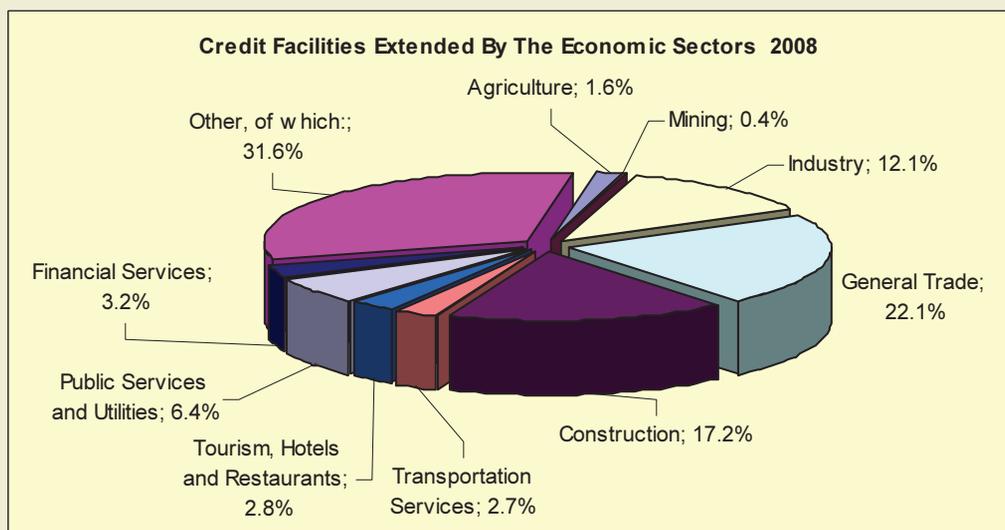


Regarding the distribution of direct credit facilities by sector, 51.4 per cent, or more than half of the balance of credit facilities at the end of 2008, benefited three economic sectors : General trade, construction and industry. General trade took the largest share which amounted to JD2909.7 million or 22.1 per cent of the total balance of credits followed by construction which received JD2270.9 million or 17.2 per cent. Industry came in third place as it received JD1594.6 million or 12.1 per cent. The other sectors were: Services and public utilities (JD848.3 million), financial services (JD424 million), tourism / hotels / restaurants (JD365.2 million), transport services (JD361.3 million), agriculture (JD210 million) and mining (JD46.7 million). Credits extended for “other purposes” accounted for 31.6 per cent of the total facilities.

The distribution of Extended Credit Facilities over the Economic Sectors (2007-2008)

| Sector | 2007 | Relative Importance | 2008 | Relative Importance | Change | Percentage Change |
|---------------------------------|----------------|---------------------|----------------|---------------------|---------------|-------------------|
| | JD million | % | JD million | % | JD million | % |
| Agriculture | 156.2 | 1.4 | 210.0 | 1.6 | 53.8 | 34.4 |
| Mining | 65.7 | 0.6 | 46.7 | 0.4 | -19.0 | -28.9 |
| Industry | 1348.1 | 11.9 | 1594.6 | 12.1 | 246.5 | 18.3 |
| General Trade | 2434.7 | 21.6 | 2909.7 | 22.1 | 475.0 | 19.5 |
| Construction | 1942.1 | 17.2 | 2270.9 | 17.2 | 328.8 | 16.9 |
| Transportation Services | 352.3 | 3.1 | 361.3 | 2.7 | 9.0 | 2.6 |
| Tourism, Hotels and Restaurants | 255.8 | 2.3 | 365.2 | 2.8 | 109.4 | 42.8 |
| Public Services and Utilities | 733.7 | 6.5 | 848.3 | 6.4 | 114.6 | 15.6 |
| Financial Services | 390.1 | 3.5 | 424.0 | 3.2 | 33.9 | 8.7 |
| Other, of which: | 3616.9 | 32.0 | 4162.5 | 31.6 | 545.6 | 15.1 |
| Buying Shares | 427.8 | - | 483.3 | - | 55.5 | 13.0 |
| Total | 11295.6 | 100.0 | 13193.2 | 100.0 | 1897.6 | 16.8 |

Source: Central Bank of Jordan/ Monthly Statistical Bulletin



Many banks provide services and facilities to its customers, of which credit cards, personal loans and car loans.

Credit cards:

Banks operating in the Kingdom offer four types of credit cards: Visa, Master card, Amex and National Express. The number of cards extended by banks during 2008 reached around 265,000 cards. The issuance fee of these cards ranged from either for free up to JD100 and the monthly interest between zero and 2.25 per cent. Commission on cash withdrawals ranged between two and four per cent. Some banks requested salary transfer as a condition for issuing credit cards whereas others did not require such terms and issued credit cards without a salary transfer.

Personal loans:

Banks operating in the Kingdom extended about 100,000 personal loans during 2008. These loans, which were in excess of JD514.7 million, carried interest rates ranging between 8 per cent and 14 per cent and commissions ranging from zero up to 2 per cent. The banks extended these personal loans, for repayment between one and eight years, against salary transfer or real estate hypothecation.

Car loans:

Banks operating in Jordan extended about 21,600 loans for car purchases during 2008. These car loans which amounted to JD194 million, carried interest rates ranging between 4.5 per cent and 11 per cent and commissions that were close to zero. Banks differed on salary transfers as conditions for car loans, the repayment of which ranged between one year and seven years.

Syndicated loans:

Eight banks participated in syndicated bank loans extended in 2008. These banks extended loans totaling JD624 million and \$101.5 million to various economic sectors especially tourism, energy, industry, education and real estate.

The Housing Bank for Trade and Finance participated in three loans in Jordanian Dinars amounting to JD177 million, Arab Bank participated in three loans in Jordanian Dinars amounting to JD169.5 million and the Jordan Investment and Finance Bank in three loans in Jordanian Dinars and dollars amounting to JD32 million and \$50 million.

Following that, Cairo Amman Bank participated in two loans in Jordanian Dinars amounting to JD74.5 million. Bank of Jordan participated in two loans in dollars amounting to \$50 million whereas Jordan Kuwait Bank, HSBC and Audi Bank participated in one loan each.

The highest participation in a single loan was 54 per cent by Bank of Jordan in dollars and 51.33 per cent by Arab Bank in Jordanian Dinars.

Credit Cards Issued in 2008

| Bank's Name | Trade Mark | # of extended card | Issuance annual fees in JD | Monthly interest rate | Commission on cash withdrawal | Salary transfer | Minimum income |
|--------------------------------------|------------------------|--------------------|----------------------------|-----------------------|-------------------------------|------------------------------|--------------------|
| Arab Bank | VISA | - | 25-50 | 2.0 | 3.0 and minimum 4JD | unconditional | Times 3 |
| Jordan Ahli Bank | VISA Master | 2518 7154 | 5-60 | 2.0 | 4.0 | Conditional unconditional | 6 Times 4 Times |
| Cairo Amman Bank | VISA | 10612 | 15-50 | 2.0 | 4.0 | conditional | 5 Times |
| Bank of Jordan | VISA | 101711 | free | 1.8 | 4.0 and minimum 5JD | unconditional | - |
| The Housing Bank for Trade & Finance | VISA Master | 10585 | 15-80 | 1.0-2.0 | 2.0-4.0 | conditional | 150 JD |
| Jordan Kuwait Bank | VISA Master Amex | 33100 162 78 | 5-150 8-30 67-532 | 2.0 - - | 4.0 4.0 5.0 | unconditional | - - - |
| Arab Jordan Investment Bank | VISA | 1931 | 0 | 1.5 | 4.0 | unconditional | Time |
| Jordan Commercial Bank | - | - | - | - | - | - | - |
| Jordan Islamic Bank | VISA Master | 17784 852 | 10-40 40 | - - | 4.0 4.0 | unconditional | - |
| Jordan Investment & Finance Bank | VISA | 1055 | 50 | 2.0 | 4.0 | unconditional | 3 Times |
| Arab Banking (Corporation) Jordan | VISA Master | 1381 | - | 2.0 | 4.0 | unconditional | 250 JD |
| Union Bank | VISA | 1453 | - | - | 4.0 | conditional | 200 JD |
| Societe General - Jordan | Master | 1326 | 35-50 | 1.50 | 2.0-4.0 | conditional | 3-5 Times |
| Capital Bank | - | 2000 | 25-50 | 2.0-2.25 | 4.0 | - | - |
| International Islamic Arab Bank | VISA | 3700 | 25-50 | 0.0 | 2.0 | conditional | 250 JD |
| HSBC | - | 57770 | 35-65 | 2.0 | 4.0 | unconditional | 700 JD |
| Egyptian Arab Land Bank | VISA Master | 4600 | Free | 2.0 | 4.0 | unconditional | 250 JD |
| Rafidain Bank | - | - | - | - | - | - | - |
| Citi Bank | - | - | - | - | - | - | - |
| Standard Chartered | VISA Master | - | 25-75 | 1.99-2.22 | 4.0 | unconditional | 500 JD |
| Bank Audi | VISA Master | 3163 | 25-40 | 1.99 | 4.0 | unconditional | 3 Times |
| National Bank of Kuwait | VISA | 355 | - | 24.0 | 4.0 | - | 500 JD |
| BLOM Bank | Master | 1615 | free | 1.5-2.25 | 3.0 and minimum 3JD | unconditional | 500 JD |

- Not Available

Personal Loans Extended in 2008

| Bank's Name | # of loans | Value of loans in JD | Salary transfer | Income multiples | Interest rate | Annual commission | Period of repayment (year) |
|--------------------------------------|------------|----------------------|-----------------|------------------|---------------|-------------------|----------------------------|
| Arab Bank | - | - | conditional | 40 | 11.75 | 1.0 | 3-7 |
| Jordan Ahli Bank | 8141 | 52.6 | - | 5-40 | 9.50-14.0 | 1.0 | 6 |
| Cairo Amman Bank | 25918 | 101 | conditional | - | 12.63 | 1.0 | 6 |
| Bank of Jordan | 18933 | 79.4 | conditional | 70 | 11.0 | 1.0 | 8 |
| The Housing Bank for Trade & Finance | 30754 | 145.0 | conditional | 50% deduction | 11.5 | 1.0 | 7-8 |
| Jordan Kuwait Bank | 2189 | 8.8 | conditional | 20 | 11.0 | 1.0 | 6 |
| Arab Jordan Investment Bank | 627 | 4.6 | conditional | 10-25 | 9.0-11.0 | 1.0 | 5-7 |
| Jordan Commercial Bank | - | - | - | - | - | - | - |
| Jordan Islamic Bank | - | - | - | - | - | - | - |
| Jordan Investment & Finance Bank | 431 | 1.1 | conditional | 24-60 | 8.0-10.0 | 1.0 | 1 |
| Arab Banking (Corporation) Jordan | 2371 | 23 | conditional | 24-36 | 11.0-12.0 | 1.0 | 6 |
| Union Bank | - | - | - | - | - | - | - |
| Societe General - Jordan | 2366 | 15.037 | conditional | 40-50 | 11.0 | 1.0 | 5-6 |
| Capital Bank | 792 | 8.539 | conditional | 5-16 | 10.15 | 1.0 | 7 |
| International Islamic Arab Bank | - | - | - | - | - | - | - |
| HSBC | 3371 | 44.00 | - | 4-5 | 4.5-15.25 | 0.0-2.0 | 7 |
| Egyptian Arab Land Bank | 2146 | 10.1 | - | 10-20 | 10.0-13.0 | 1.0 | 1-6 |
| Rafidain Bank | - | - | - | - | - | - | - |
| Citi Bank | 22 | 0.697 | - | - | 4.5 | - | - |
| Standard Chartered | - | - | unconditional | 16-25 | 10.0 | 1.0 | 6 |
| Bank Audi | 1823 | 20.000 | conditional | 25 | 10.0-11.0 | 1.0 | 6 |
| National Bank of Kuwait | 60 | 0.614 | - | - | - | - | - |
| BLOM Bank | 52 | 0.203 | conditional | - | 12.5 | - | 5 |

- Not Available

Car Loans Extended in 2008

| Bank's Name | # of loans | Value of loans in JD | Salary transfer | Income multiples | Interest rate | Annual commission | Period of repayment (year) |
|--------------------------------------|------------|----------------------|-----------------|------------------|----------------|-------------------|----------------------------|
| Arab Bank | - | - | unconditional | - | 5.50 | 1.0 | 6 |
| Jordan Ahli Bank | 80 | 1.3 | unconditional | 75.000JD Maximum | 5.50-6.0 Flat | 0 | 6-7 |
| Cairo Amman Bank | 57 | 0.8 | conditional | - | 13.0 | - | 4 |
| Bank of Jordan | 966 | 16.4 | conditional | unconditional | 6.5-6.75 | 0 | 7 |
| The Housing Bank for Trade & Finance | 687 | 17.8 | conditional | unconditional | 6.0 | - | 5 |
| Jordan Kuwait Bank | 384 | 4.8 | unconditional | - | 6.25 | - | 6 |
| Arab Jordan Investment Bank | 50 | 0.500 | unconditional | 10-20 | 9.0-11.0 | 0 | 5-7 |
| Jordan Commercial Bank | - | - | - | - | - | - | - |
| Jordan Islamic Bank | 14002 | 93.1 | | | | | |
| Jordan Investment & Finance Bank | 236 | 5.7 | - | - | 6.50 Flat | - | 4-5 |
| Arab Banking (Corporation) Jordan | 125 | 2.8 | unconditional | - | 5.75-6.25 | - | 7 |
| Union Bank | 77 | 1.2 | unconditional | - | 5.50 Flat | - | 6 |
| Societe General - Jordan | 181 | 2.475 | Car pawn | 45.0 | 6.5 Flat | - | 5-6 |
| Capital Bank | 73 | 1.667 | unconditional | - | 9.10-10.92 | 1.0 | 7 |
| International Islamic Arab Bank | 2169 | 11.796 | - | - | - | - | - |
| HSBC | - | - | - | - | - | - | - |
| Egyptian Arab Land Bank | 445 | 6.9 | - | - | 6.75-5.75 flat | - | 1-7 |
| Rafidain Bank | - | - | - | - | - | - | - |
| Citi Bank | 9 | 0.122 | - | - | 4.5 | - | - |
| Standard Chartered | - | - | conditional | - | 8.1 | 0 | 6 |
| Bank Audi | 361 | 7.000 | unconditional | - | 5.5-6.5 | - | 6 |
| National Bank of Kuwait | 12 | 0.200 | - | - | - | - | - |
| BLOM Bank | 1795 | 20.323 | unconditional | - | 5.99 | - | 6 |

- Not Available

Syndicated loans in 2008

| Bank's Name | # of loans | Economic Sectors | Volume of Participation | | % Ratio to total | |
|--------------------------------------|------------|------------------------------------|-------------------------|-------------|------------------|-------|
| | | | Million JD | Million USD | JD | USD |
| Arab Bank | 3 | Tourism + Government + Energy | 87.00 | 0 | 51.33 | 0 |
| Jordan Ahli Bank | - | - | - | - | - | - |
| Cairo Amman Bank | 2 | Energy + Investment | 11.00 | 0 | 14.77 | 0 |
| Bank of Jordan | 2 | Industry + Investment | 0 | 27.00 | 0 | 54.00 |
| The Housing Bank for Trade & Finance | 3 | Real State | 58.46 | 0 | 33.03 | 0 |
| Jordan Kuwait Bank | 1 | Real State | 10.00 | 0 | 9.10 | 0 |
| Arab Jordan Investment Bank | - | - | - | - | - | - |
| Jordan Commercial Bank | 0 | - | - | - | - | - |
| Jordan Islamic Bank | 0 | - | - | - | - | - |
| Jordan Investment & Finance Bank | 3 | Investment + Stock + Real State | 8.044 | 10.00 | 25.14 | 20.00 |
| Arab Banking (Corporation) Jordan | 0 | - | - | - | - | - |
| Union Bank | - | - | - | - | - | - |
| Societe General - Jordan | 0 | - | - | - | - | - |
| Capital Bank | 0 | - | - | - | - | - |
| International Islamic Arab Bank | 0 | - | - | - | - | - |
| HSBC | 1 | Services | 2 | 0 | 4.17 | 0 |
| Egyptian Arab Land Bank | 0 | - | - | - | - | - |
| Rafidain Bank | 0 | - | - | - | - | - |
| Citi Bank | 0 | - | - | - | - | - |
| Standard Chartered | - | - | - | - | - | - |
| Bank Audi | 1 | Education + technical consultation | 6.00 | 0 | 46.15 | 0 |
| National Bank of Kuwait | 0 | - | - | - | - | - |
| BLOM Bank | 0 | - | - | - | - | - |

- Not Available

4. Deposits:

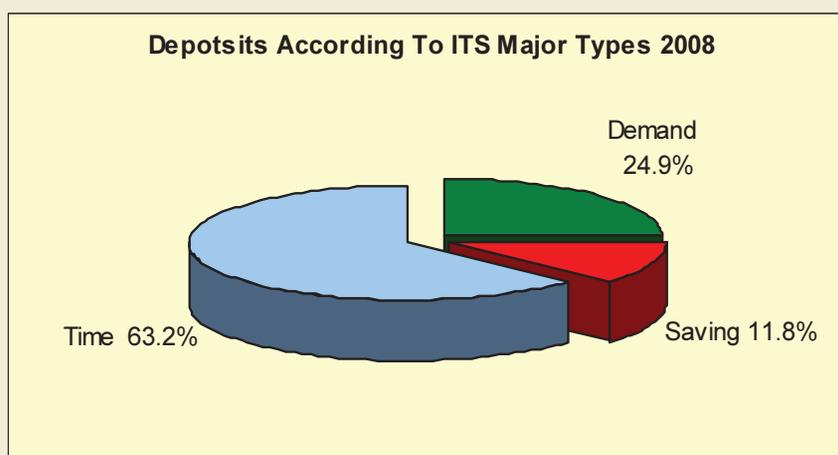
The balance of deposits at banks rose by 13.2 per cent to JD18.1 billion at the end of 2008 compared to JD16 billion at the end of 2007.

Regarding the structural development of the main types of deposits (demand, savings and time), the relative importance of time deposits increased to constitute at the end of 2008, 63.2 per cent of the balance of deposits compared to 62.4 per cent at the end of 2007. The increase in the importance of this type of deposits came at the expense of the other two types namely the demand and savings whose relative importance declined from 27.9 per cent and 12.5 per cent respectively in 2007 to 25 per cent and 11.8 per cent at the end of 2008.

Extended Deposits According to its Major Types (2007-2008)

| Deposit Type | 2007 | Relative Importance | 2008 | Relative Importance | Percentage Change |
|--------------|----------------|---------------------|----------------|---------------------|-------------------|
| | JD million | % | JD million | % | % |
| Demand | 4001.9 | 25.0 | 4512.0 | 24.9 | 12.7 |
| Saving | 2002.9 | 12.5 | 2143.6 | 11.8 | 7.0 |
| Time | 9983.3 | 62.4 | 11447.0 | 63.2 | 14.7 |
| Total | 15988.1 | 100.0 | 18102.6 | 100.0 | 13.2 |

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

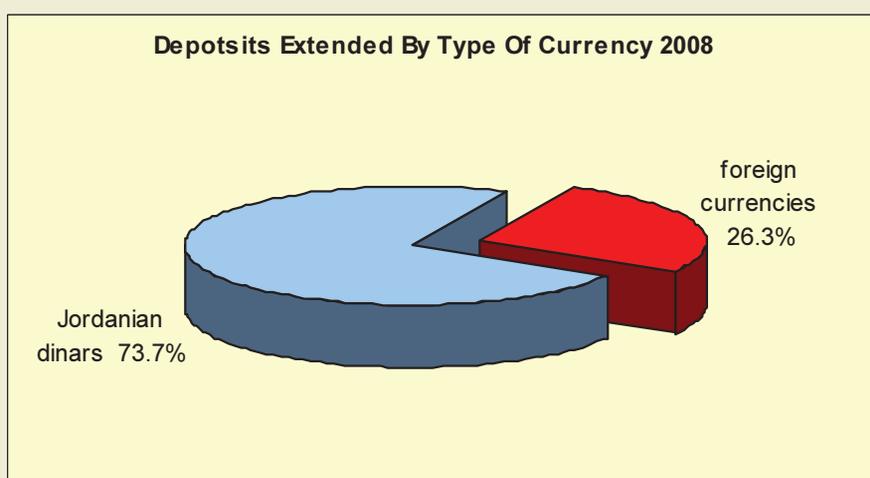


By type of currency, the relative importance in Dinar deposits went up to constitute 73.7 per cent of the balance of deposits at the end of 2008 compared to 66.4 per cent at the end of 2007. This rise in the relative importance of Dinar deposits came at the expense of deposits in foreign currencies whose relative importance dropped from 33.6 per cent at the end of 2007 to 26.3 per cent at the end of 2008.

Extended Deposits According to Type of Currency (2007-2008)

| Type of Currency | 2007 | Relative Importance | 2008 | Relative Importance | Percentage Change |
|--------------------|----------------|---------------------|----------------|---------------------|-------------------|
| | JD million | % | JD million | % | % |
| Jordanian Dinars | 10618.0 | 66.4 | 13348.5 | 73.7 | 25.7 |
| foreign currencies | 5370.1 | 33.6 | 4754.1 | 26.3 | -11.5 |
| Total | 15988.1 | 100.0 | 18102.6 | 100.0 | 13.2 |

Source: Central Bank of Jordan/ Monthly Statistical Bulletin



5. The Consolidated balance sheet of Jordanian banks' branches in Palestinian territories:

The balance of assets of Jordanian banks' branches in the Palestinian territories went up by 10.9 per cent to JD3410.8 million at the end of 2008 compared to JD3074.5 million at the end of 2007. This increase was due to higher assets and liabilities in the consolidated balance sheets of these banks.

On the assets' side, the balance of credit facilities rose at the end of 2008 by JD49.9 million or 7.4 per cent. But this increase was countered by a 21.4 per cent or JD15.2 million drop in the item "investments of banks in securities" from the 2007 level.

On the liabilities' side, the balance of "the banking sector's deposits" went up at the end of 2008 by 8.4 per cent reaching around JD146.1 million compared to JD134.8 million at the end of 2007. Deposits of clients also increased at the end of 2008 by 10.6 per cent besides capital, reserves and provisions which rose by 6.4 per cent to JD367.3 million in 2008 compared to JD345.1 million in 2007.

Consolidated Balance Sheet of Jordanian Banks' Branches Operating in Palestinian Territories

| | 2007 | 2008 | Change | Percentage Change |
|-----------------------------------|---------------|---------------|--------------|-------------------|
| | JD million | JD million | JD million | % |
| Cash in Vaults | 153.3 | 133.4 | -19.9 | -13.0 |
| Balances with the Banking System | 2076.9 | 2399.1 | 322.2 | 15.5 |
| Credit Facilities | 678.6 | 728.5 | 49.9 | 7.4 |
| Portfolio | 71.0 | 55.8 | -15.2 | -21.4 |
| Other Assets | 94.7 | 94.0 | -0.7 | -0.7 |
| Total Assets = Liabilities | 3074.5 | 3410.8 | 336.3 | 10.9 |
| Deposits of Banking System | 134.8 | 146.1 | 11.3 | 8.4 |
| Customers' Deposits | 2410.2 | 2665.4 | 255.2 | 10.6 |
| Capital, reserves and Allowances | 345.1 | 367.3 | 22.2 | 6.4 |
| Other Liabilities | 193.4 | 232.0 | 38.6 | 20.0 |

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Third: Developments in number of banks and branches

Third: Developments in number of banks and branches

The number of licensed banks operating in the Kingdom between 2005 and 2008 did not change as the number remained at 23 licensed banks operating in the Kingdom. Of those banks, 15 are Jordanian (two Islamic) and eight are foreign (five Arab). The services of these banks cover most areas of the Kingdom through a network that comprises 593 branches and 65 offices. The banking density index (number of population divided by the overall number of branches of banks operating in the Kingdom) at the end of 2008 stood at 9,700 persons for each branch.

The Development of Number of Banks and Branches in Jordan (2002-2008)

| Year | Number of Jordanian Banks | Number of Foreign Banks | Total | Number of Branches |
|------|---------------------------|-------------------------|-------|--------------------|
| 2002 | 16 | 5 | 21 | 471 |
| 2003 | 16 | 5 | 21 | 449 |
| 2004 | 16 | 8 | 24 | 447 |
| 2005 | 15 | 8 | 23 | 506 |
| 2006 | 15 | 8 | 23 | 516 |
| 2007 | 15 | 8 | 23 | 559 |
| 2008 | 15 | 8 | 23 | 593 |

The following tables show the development in the number of banks and branches in Jordan and the banking expansion as of the end of 2008. The tables also show the distribution of branches on the governorates in 2008, the branches opened in 2008, and the offices as of the end of 2008, the offices opened in 2008, the distribution of offices on the governorates in 2008 and the automated teller machines at banks in 2008.

The Banking Embranchment at the end of 2008

| Bank's Name | Branches | | Offices | |
|--------------------------------------|------------|------------|-----------|-----------|
| | In Jordan | Abroad | In Jordan | Abroad |
| Arab Bank | 78 | 165 | 1 | 13 |
| Jordan Ahli Bank | 46 | 14 | 4 | 0 |
| Cairo Amman Bank | 57 | 17 | 5 | 0 |
| Bank of Jordan | 62 | 8 | 14 | 2 |
| The Housing Bank for Trade & Finance | 98 | 10 | 3 | 4 |
| Jordan Kuwait Bank | 39 | 3 | 7 | 0 |
| Arab Jordan Investment Bank | 10 | 1 | 10 | 1 |
| Jordan Commercial Bank | 25 | 3 | 2 | 0 |
| Jordan Islamic Bank | 56 | 0 | 9 | 0 |
| Jordan Investment & Finance Bank | 9 | 0 | 0 | 0 |
| Arab Banking (Corporation) Jordan | 15 | 0 | 0 | 0 |
| Union Bank | 16 | 1 | 1 | 0 |
| Societe General - Jordan | 16 | 0 | 0 | 0 |
| Capital Bank | 8 | 0 | 1 | 0 |
| International Islamic Arab Bank | 18 | 0 | 0 | 0 |
| HSBC | 3 | 0 | 2 | 0 |
| Egyptian Arab Land Bank | 9 | 0 | 3 | 0 |
| Rafidain Bank | 1 | 0 | 0 | 0 |
| Citi Bank | 2 | 0 | 0 | 0 |
| Standard Chartered | 8 | 0 | 1 | 0 |
| Bank Audi | 8 | 0 | 2 | 0 |
| National Bank of Kuwait | 3 | 0 | 0 | 0 |
| BLOM Bank | 6 | 0 | 0 | 0 |
| Total | 593 | 222 | 65 | 20 |

1. Change in Number of Branches

The Distribution of Branches in Governorates in 2008

| Bank's Name | Amman | Irbid | Zarqa | Balqa | Aqaba | Karak | Madaba | Maan | Jerash | Ajloun | Tafleeh | Mafraq |
|--------------------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|
| Arab Bank | 50 | 5 | 8 | 5 | 2 | 1 | 1 | 2 | 1 | 1 | 1 | 1 |
| Jordan Ahli Bank | 32 | 3 | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 |
| Cairo Amman Bank | 32 | 8 | 5 | 4 | 1 | 2 | 1 | 1 | 1 | 0 | 0 | 2 |
| Bank of Jordan | 37 | 10 | 6 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 1 |
| The Housing Bank for Trade & Finance | 53 | 12 | 10 | 7 | 1 | 4 | 1 | 4 | 1 | 2 | 2 | 1 |
| Jordan Kuwait Bank | 29 | 3 | 4 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Arab Jordan Investment Bank | 7 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jordan Commercial Bank | 15 | 3 | 1 | 3 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Jordan Islamic Bank | 27 | 7 | 7 | 3 | 1 | 3 | 1 | 2 | 1 | 2 | 1 | 1 |
| Jordan Investment & Finance Bank | 6 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Arab Banking (Corporation) Jordan | 12 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Union Bank * | 11 | 3 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Societe General - Jordan | 11 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Capital Bank | 5 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| International Islamic Arab Bank | 11 | 1 | 4 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| HSBC | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Egyptian Arab Land Bank | 5 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Rafidain Bank | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Citi Bank | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Standard Chartered | 6 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank Audi | 6 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| National Bank of Kuwait | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BLOM Bank | 5 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 368 | 64 | 54 | 26 | 20 | 14 | 10 | 11 | 6 | 7 | 5 | 8 |

* According to 2007 data.

Opened Branches in 2008

| Bank's Name | In Jordan | | | Abroad | | |
|--------------------------------------|-----------|---|---|----------|--|---|
| | # | Branch's Name | City | # | Branch's Name | City |
| Arab Bank | 2 | Rawnaq Zarqa Al-jadida | Amman Zarqa | 5 | Thawra Tahreer Mugatam Zamalk Shobra | Egypt Egypt Egypt Egypt Egypt |
| Jordan Ahli Bank | 2 | Alhashimim st. Larg branch | Irbid Amman | 0 | 0 | 0 |
| Cairo Amman Bank | 6 | Bagdad st. Al hussain Unv. Alhashimim st. Tabarbour Abu Nsair Omer Almukhtar st. | Zarqa Maan Amman Amman Amman Irbid | 0 | 0 | 0 |
| Bank of Jordan | 0 | 0 | 0 | 1 | Ram Allah | Ram Allah |
| The Housing Bank for Trade & Finance | 2 | City mall 5 th Circle (Priority Banking) | Amman Amman | 0 | 0 | 0 |
| Jordan Kuwait Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Arab Jordan Investment Bank | 1 | Alyasmin | Amman | 0 | 0 | 0 |
| Jordan Commercial Bank | 1 | Karak | Karak | 0 | 0 | 0 |
| Jordan Islamic Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Jordan Investment & Finance Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Arab Banking (Corporation) Jordan | 1 | Saqef-sail | Amman | 0 | 0 | 0 |
| Union Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Societe General - Jordan | 1 | Khalda | Amman | 0 | 0 | 0 |
| Capital Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| International Islamic Arab Bank | 2 | Alyasmin Khalda | Amman Amman | 0 | 0 | 0 |
| HSBC | 0 | 0 | 0 | 0 | 0 | 0 |
| Egyptian Arab Land Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Rafidain Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Citi Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Standard Chartered | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank Audi | 1 | Aqaba | Aqaba | 0 | 0 | 0 |
| National Bank of Kuwait | 2 | Swefieh Aqaba | Amman Aqaba | 0 | 0 | 0 |
| BLOM Bank | 1 | Irbid | Irbid | 0 | 0 | 0 |
| Total | 22 | | | 6 | | |

2. Changes in Number of Offices

Opened Offices in 2008

| Bank's Name | In Jordan | | | Abroad | | |
|--------------------------------------|-----------|---------------|------|----------|----------------|---------------------|
| | # | Office's Name | City | # | Office's Name | City |
| Arab Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Jordan Ahli Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Cairo Amman Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank of Jordan | 0 | 0 | 0 | 2 | Jenean Qabatia | Palestine Palestine |
| The Housing Bank for Trade & Finance | 0 | 0 | 0 | 0 | 0 | 0 |
| Jordan Kuwait Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Arab Jordan Investment Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Jordan Commercial Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Jordan Islamic Bank | - | - | - | - | - | - |
| Jordan Investment & Finance Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Arab Banking (Corporation) Jordan | 0 | 0 | 0 | 0 | 0 | 0 |
| Union Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Societe General - Jordan | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| International Islamic Arab Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| HSBC | 0 | 0 | 0 | 0 | 0 | 0 |
| Egyptian Arab Land Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Rafidain Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Citi Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Standard Chartered | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank Audi | 0 | 0 | 0 | 0 | 0 | 0 |
| National Bank of Kuwait | 0 | 0 | 0 | 0 | 0 | 0 |
| BLOM Bank | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | | | 2 | | |

- Not Available

The Distribution of Offices in Governorates in 2008

| Bank's Name | Amman | Irbid | Zarqa | Balqa | Aqaba | Karak | Madaba | Maan | Jerash | Ajloun | Tafleh | Mafraq |
|--------------------------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Arab Bank | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jordan Ahli Bank | 1 | 2 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cairo Amman Bank | 1 | 1 | 0 | 0 | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| Bank of Jordan | 2 | 5 | 1 | 2 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| The Housing Bank for Trade & Finance | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Jordan Kuwait Bank | 4 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Arab Jordan Investment Bank | 6 | 2 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jordan Commercial Bank | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jordan Islamic Bank | 4 | 1 | 3 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jordan Investment & Finance Bank | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Arab Banking (Corporation) Jordan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Union Bank | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Societe General - Jordan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Bank | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| International Islamic Arab Bank | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HSBC | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Egyptian Arab Land Bank | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rafidain Bank | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Citi Bank | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Standard Chartered | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank Audi | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| National Bank of Kuwait | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BLOM Bank | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 26 | 12 | 6 | 5 | 9 | 2 | 0 | 1 | 1 | 0 | 0 | 2 |

3. Changes in Number of ATMs

The ATMs at Banks in 2008

| Bank's Name | Number of ATMs of the Banks at the end of 2008 |
|--------------------------------------|--|
| Arab Bank | 148 |
| Jordan Ahli Bank | 57 |
| Cairo Amman Bank | 194 |
| Bank of Jordan | 80 |
| The Housing Bank for Trade & Finance | 166 |
| Jordan Kuwait Bank | 63 |
| Arab Jordan Investment Bank | 17 |
| Jordan Commercial Bank | - |
| Jordan Islamic Bank | 69 |
| Jordan Investment & Finance Bank | 8 |
| Arab Banking (Corporation) Jordan | 28 |
| Union Bank | 17 |
| Societe General - Jordan | 15 |
| Capital Bank | 8 |
| International Islamic Arab Bank | 12 |
| HSBC | 18 |
| Egyptian Arab Land Bank | 12 |
| Rafidain Bank | - |
| Citi Bank | - |
| Standard Chartered | 8 |
| Bank Audi | 14 |
| National Bank of Kuwait | 4 |
| BLOM Bank | 6 |
| Total | 944 |

- Not Available

Fourth: Performance of banks listed on Amman stock exchange

Fourth: Performance of banks listed on Amman stock exchange

Of the banks operating in the Kingdom, 14 banks were listed on the Amman Stock Exchange (ASE) in 2008. The banks were the following:

The Performance of Banks Listed on the Amman Stock Exchange in 2008

| # | Bank's Name | Symbol | Closing price At end 2008 | Value traded Million JD |
|----|---|--------|------------------------------|----------------------------|
| 1 | Arab Bank | ARBK | 15.16 | 1623.9 |
| 2 | Jordan Ahli Bank | JONB | 1.65 | 64.9 |
| 3 | Cairo Amman Bank | CABK | 2.52 | 37.1 |
| 4 | Bank of Jordan | BOJX | 2.20 | 63.5 |
| 5 | The Housing Bank for Trade & Finance | THBK | 8.33 | 121.0 |
| 6 | Jordan Kuwait Bank | JOKB | 4.69 | 394.6 |
| 7 | Arab Jordan Investment Bank | AJIB | 1.80 | 18.5 |
| 8 | Jordan Commercial Bank | JOGB | 2.27 | 16.8 |
| 9 | Jordan Islamic Bank | JOIB | 3.70 | 265.0 |
| 10 | Jordan Investment & Finance Bank | JIFB | 1.90 | 22.5 |
| 11 | Arab Banking (Corporation) Jordan | ABCO | 1.46 | 4.0 |
| 12 | Union Bank | UBSI | 3.00 | 26.8 |
| 13 | Societe General - Jordan | MEIB | 2.50 | 1.5 |
| 14 | Capital Bank | EXFB | 1.80 | 99.5 |

Source: Amman Stock Exchange

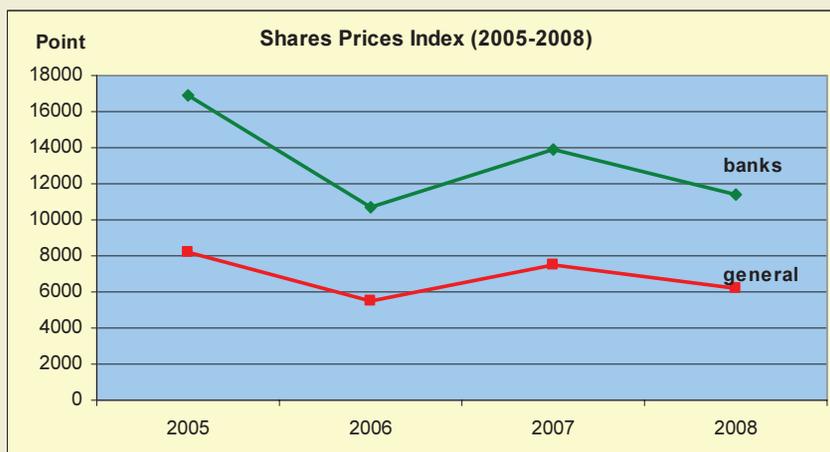
1. Share price index:

The share price index of the banks listed on Amman Bourse fell by 2506.6 points or 18 per cent to 11380.1 points at the end of 2008 compared to 13886.7 points at the end of 2007.

The share price index of banks listed on the ASE

| year | The weighted shares prices index (points) | |
|------|---|---------|
| | Banks | General |
| 2005 | 16892.0 | 8191.5 |
| 2006 | 10704.7 | 5518.1 |
| 2007 | 13886.7 | 7519.3 |
| 2008 | 11380.1 | 6243.1 |

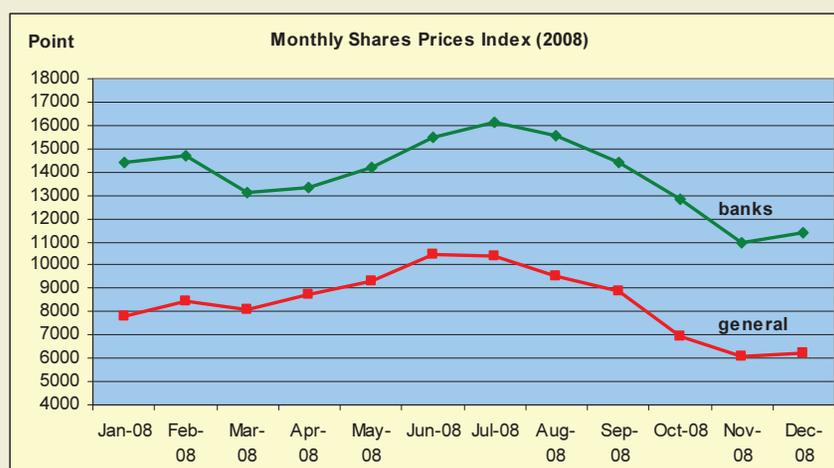
Source: Amman Stock Exchange



The share price index of banks listed on the ASE

| MONTH | Shares Prices Index (point) | |
|--------|-----------------------------|----------|
| | Banks | General |
| Jan-08 | 14,396.0 | 7,824.3 |
| Feb-08 | 14,666.5 | 8,463.0 |
| Mar-08 | 13,082.4 | 8,067.9 |
| Apr-08 | 13,317.5 | 8,711.6 |
| May-08 | 14,200.4 | 9,300.8 |
| Jun-08 | 15,451.3 | 10,490.8 |
| Jul-08 | 16,132.0 | 10,398.9 |
| Aug-08 | 15,547.7 | 9,553.3 |
| Sep-08 | 14,408.6 | 8,846.2 |
| Oct-08 | 12,814.4 | 6,955.6 |
| Nov-08 | 10,941.3 | 6,065.7 |
| Dec-08 | 11,380.1 | 6,243.1 |

Source: Amman Stock Exchange



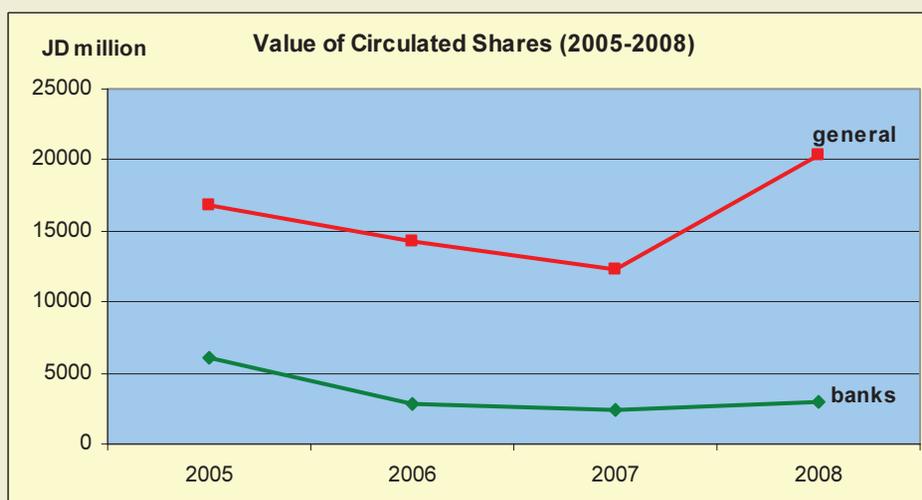
2. Trading volume:

The trading volume on bank shares listed on Amman Bourse surged from JD2460.8 million in 2007 to JD2983.8 million in 2008. But trading in bank shares listed on the stock exchange as a percentage of total trading in the market declined from 19.93 per cent in 2007 to 14.69 per cent in 2008.

The Trading volume of banks listed on the ASE

| year | Value of Circulated shares (JD million) | | |
|------|---|----------|--------------------|
| | Banks | General | Banks/ General (%) |
| 2005 | 6,043.4 | 16,871.0 | 35.82 |
| 2006 | 2,867.8 | 14,209.9 | 20.19 |
| 2007 | 2,460.8 | 12,348.1 | 19.93 |
| 2008 | 2,983.8 | 20,318.1 | 14.69 |

Source: Amman Stock Exchange



The Trading volume of banks listed on the ASE in 2008

| MONTH | Value Traded (JD million) | | |
|--------|---------------------------|----------|--------------------|
| | Banks | General | Banks/ General (%) |
| Jan-08 | 317.3 | 1,407.4 | 22.55 |
| Feb-08 | 134.8 | 1,269.4 | 10.62 |
| Mar-08 | 193.4 | 1,981.2 | 9.76 |
| Apr-08 | 104.5 | 2,046.7 | 5.11 |
| May-08 | 185.4 | 2,063.2 | 8.99 |
| Jun-08 | 481.0 | 3,525.1 | 13.65 |
| Jul-08 | 710.7 | 2,779.4 | 25.57 |
| Aug-08 | 212.9 | 1,617.1 | 13.17 |
| Sep-08 | 163.9 | 1,391.6 | 11.78 |
| Oct-08 | 219.9 | 876.6 | 25.08 |
| Nov-08 | 136.6 | 862.2 | 15.84 |
| Dec-08 | 123.5 | 498.2 | 24.78 |
| Total | 2,983.8 | 20,318.1 | 14.69 |

Source: Amman Stock Exchange



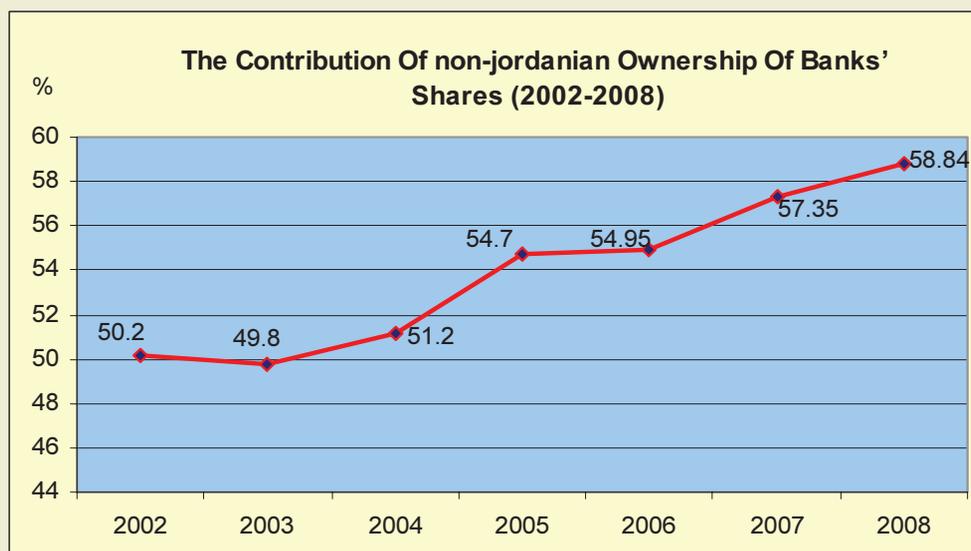
3. Ownership of Non-Jordanians in equity of banks:

As a result of the Jordanian banking sector's openness to the outside world, the equity of non-Jordanians in the ownership of bank shares listed on the stock exchange edged up from 57.35 per cent at the end of 2007 to around 58.84 per cent at the end of 2008.

The Contribution Of non-Jordanian Ownership Of Banks' Shares (2002-2008)

| Year | The Contribution of Non-Jordanians % |
|------|--------------------------------------|
| 2002 | 50.20 |
| 2003 | 49.80 |
| 2004 | 51.20 |
| 2005 | 54.70 |
| 2006 | 54.95 |
| 2007 | 57.35 |
| 2008 | 58.84 |

Source: Amman Stock Exchange



Fifth: Clearing of cheques

Fifth: Clearing of cheques

Since July 2007, Jordan implemented a comprehensive system for electronic clearing of cheques. As such, the cheques presented for clearing increased during 2008 in terms of number and value by 9.6 per cent and 32.9 per cent respectively. The number of cheques presented for clearing rose from 10,901,900 during 2007 to 11,943,600 during 2008 and the value of the cheques presented for clearing jumped from JD30233.7 million during 2007 to JD40175.8 million during 2008.

It was also noticed that bounced cheques were also higher during 2008 in terms of number and value by 16.8 per cent and 51.2 per cent respectively. As such, the percentage of bounced cheques to the total of cheques presented to clearing increased in terms of number to 6.13 per cent and in terms of value to 5.29 per cent. Cheques that bounced because of insufficient funds during 2008 accounted for 3.5 per cent of the overall number of cheques presented for clearing and for 2.63 per cent of the overall value of cheques presented for clearing.

Circulated and Returned Cheques at the Clearing Rooms

| Description | 2007 | 2008 | Percentage Change % |
|---|---------|---------|---------------------|
| Circulated Cheques | | | |
| Number (thousand) | 10901.9 | 11943.6 | 9.56 |
| Value(JD million) | 30233.7 | 40175.8 | 32.88 |
| Returned Cheques | | | |
| Number (thousand) | 626.6 | 732.0 | 16.82 |
| Value(JD million) | 1404.6 | 2124.5 | 51.25 |
| The ratio to the number of Circulated Cheques (%) | 5.75 | 6.13 | - |
| The ratio to the value of Circulated Cheques (%) | 4.65 | 5.29 | - |
| Returned Cheques for insufficient balance | | | |
| Number (thousand) | 357.3 | 418.9 | 17.24 |
| Value(JD million) | 733.2 | 1056.9 | 44.15 |
| The ratio to the number of Circulated Cheques (%) | 3.44 | 3.51 | - |
| The ratio to the value of Circulated Cheques(%) | 2.43 | 2.63 | - |
| Returned Cheques for another reasons | | | |
| Number (thousand) | 269.3 | 313.0 | 16.23 |
| Value(JD million) | 671.4 | 1067.9 | 59.06 |
| The ratio to the number of Circulated Cheques (%) | 2.47 | 2.62 | - |
| The ratio to the value of Circulated Cheques(%) | 2.22 | 2.66 | - |

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Sixth: Structure of interest rates

Sixth: Structure of interest rates

1. Development of interest rates on deposits:

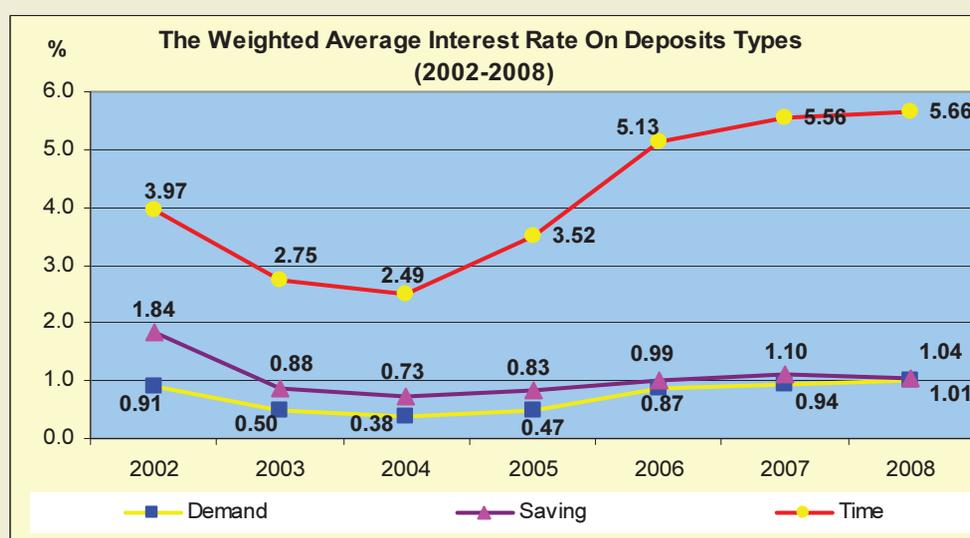
Interest rates on all types of deposits during 2008 changed as follows:

- Time deposits: The weighted average interest rates on time deposits rose at the end of 2008 from its level at the end of 2007 by 10 basis points reaching 5.66 per cent.
- Saving deposits: The weighted average interest rates on saving deposits edged down at the end of 2008 from the level at the end of 2007 by six basis points reaching 1.04 per cent.
- Demand deposits: The weighted average interest rates on demand deposits edged up at the end of 2008 from its level at the end of 2007 by seven basis points reaching 1.10 per cent.

The Weighted Average Interest Rates on Deposits Types (2002-2008)

| Year | Demand % | Saving % | Time % |
|------|----------|----------|--------|
| 2002 | 0.910 | 1.840 | 3.970 |
| 2003 | 0.500 | 0.880 | 2.750 |
| 2004 | 0.380 | 0.730 | 2.490 |
| 2005 | 0.470 | 0.830 | 3.520 |
| 2006 | 0.870 | 0.990 | 5.130 |
| 2007 | 0.940 | 1.100 | 5.560 |
| 2008 | 1.01 | 1.04 | 5.66 |

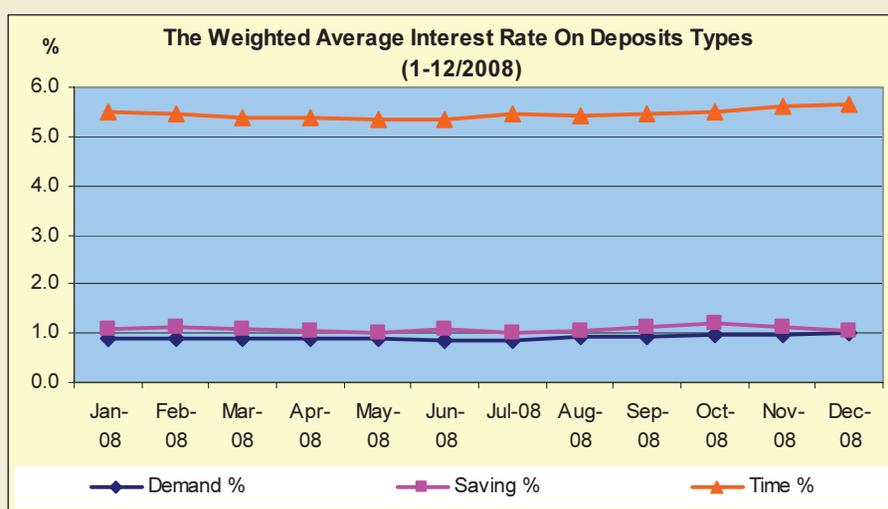
Source: Central Bank of Jordan/ Monthly Statistical Bulletin



The Weighted Average Interest Rates on Deposits Types 2008

| MONTH | Demand % | Saving % | Time % |
|---------|----------|----------|--------|
| Jan-08 | 0.89 | 1.07 | 5.49 |
| Feb-08 | 0.90 | 1.12 | 5.44 |
| Mar-08 | 0.88 | 1.09 | 5.38 |
| Apr-08 | 0.90 | 1.04 | 5.39 |
| May-08 | 0.90 | 1.01 | 5.36 |
| Jun-08 | 0.86 | 1.07 | 5.36 |
| Jul-08 | 0.87 | 1.02 | 5.44 |
| Aug-08 | 0.92 | 1.05 | 5.42 |
| Sep-08 | 0.93 | 1.11 | 5.47 |
| Oct-08 | 0.96 | 1.19 | 5.50 |
| Nov-08 | 0.98 | 1.14 | 5.62 |
| Dec-08 | 1.01 | 1.04 | 5.66 |
| Average | 0.92 | 1.08 | 5.46 |
| MAX | 1.01 | 1.19 | 5.66 |
| MIN | 0.86 | 1.01 | 5.36 |

Source: Central Bank of Jordan/ Monthly Statistical Bulletin



2. Development of interest rates on credit facilities:

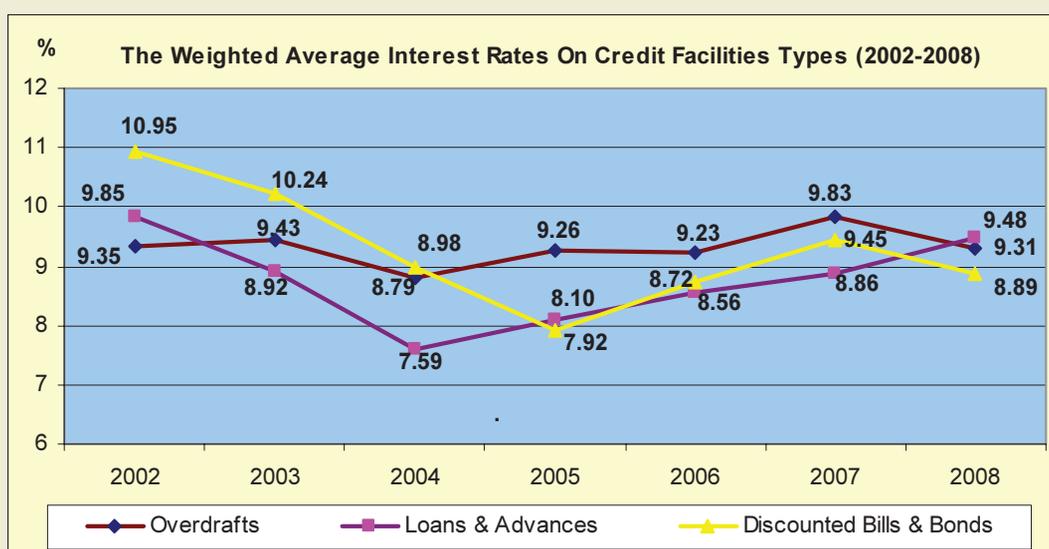
Interest rates on various types of credit facilities during 2008 changed as follows:

- Overdrafts: The weighted average interest rates on overdrafts and advances under current accounts dropped at the end of 2008 from its level at the end of 2007 by 52 basis points reaching 9.31 per cent.
- Loans and advances: The weighted average interest rates on loans and advances fell at the end of 2008 from its level at the end of 2007 by 62 basis points reaching 9.48 per cent.
- Discounted bills and bonds: The weighted average interest rates on promissory notes and discounted bills and bonds declined at the end of 2008 from its level at the end of 2007 by 56 basis points reaching 8.89 per cent.

The Weighted Average Interest Rates on Credit Facilities Types (2002-2008)

| Year | Overdrafts % | Loans & Advances % | Discounted Bills & Bonds % |
|------|-----------------|-----------------------|-------------------------------|
| 2002 | 9.350 | 9.850 | 10.950 |
| 2003 | 9.430 | 8.920 | 10.240 |
| 2004 | 8.790 | 7.590 | 8.980 |
| 2005 | 9.260 | 8.100 | 7.920 |
| 2006 | 9.230 | 8.560 | 8.720 |
| 2007 | 9.830 | 8.860 | 9.450 |
| 2008 | 9.31 | 9.48 | 8.89 |

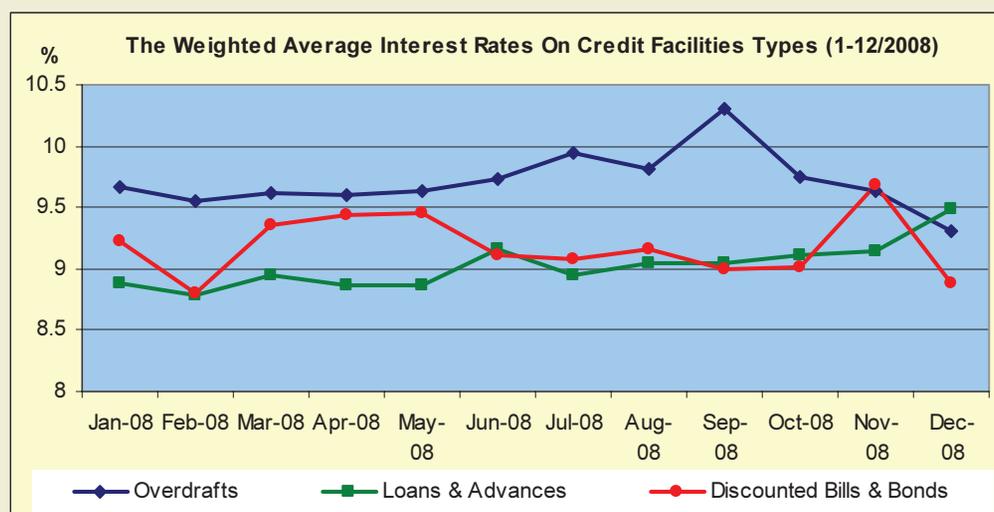
Source: Central Bank of Jordan/ Monthly Statistical Bulletin



The Weighted Average Interest Rates on Credit Facilities Types 2007

| MONTH | Overdrafts % | Loans & Advances % | Discounted Bills & Bonds % |
|---------|--------------|--------------------|----------------------------|
| Jan-08 | 9.66 | 8.88 | 9.23 |
| Feb-08 | 9.56 | 8.79 | 8.80 |
| Mar-08 | 9.62 | 8.94 | 9.36 |
| Apr-08 | 9.60 | 8.87 | 9.44 |
| May-08 | 9.63 | 8.87 | 9.45 |
| Jun-08 | 9.74 | 9.16 | 9.11 |
| Jul-08 | 9.95 | 8.94 | 9.08 |
| Aug-08 | 9.81 | 9.04 | 9.16 |
| Sep-08 | 10.31 | 9.04 | 9.00 |
| Oct-08 | 9.75 | 9.11 | 9.01 |
| Nov-08 | 9.64 | 9.15 | 9.68 |
| Dec-08 | 9.31 | 9.48 | 8.89 |
| Average | 9.72 | 9.02 | 9.18 |
| MAX | 10.31 | 9.48 | 9.68 |
| MIN | 9.31 | 8.79 | 8.80 |

Source: Central Bank of Jordan/ Monthly Statistical Bulletin



3. 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, increased by 53 basis points from its level at the end of last year reaching 3.82 per cent at the end of 2008 compared to 3.3 per cent at the end of 2007.



4. Prime Rates Lending:

The prime rates lending stood at 8.45 per cent, 30 basis points higher than the 8.15 per cent level recorded at the end of 2007.

5. Development of interest rates on monetary policy tools:

The open market committee at the Central Bank of Jordan decided to lower the key interest rates by 50 basis points or 0.5 per cent from November 25, 2008 as follows:

- The rediscount rate (6.25 per cent) instead of (6.75 per cent) annually.
- The repurchase agreements rate (6.00 per cent) instead of (6.50 per cent) annually.
- Window deposits rate for Jordanian Dinars (4.00 per cent) instead of (4.50 per cent) annually.

The open market committee also decided to lower the mandatory cash reserve on deposits of clients in Dinars and foreign currencies at the licensed banks by one percentage point from 10 per cent to 9 per cent as of November 25, 2008.

The Interest Rates on Monetary Policy Instruments (2002-2008)

| Year | Rediscount /Rate % | Repurchase Agreements | | Certificates of Deposit | | | Deposit Window |
|------|--------------------|-----------------------|------------|-------------------------|--------------|------------|----------------|
| | | One Night % | One Week % | (3) Months % | (6) Months % | One Year % | (One Night) % |
| 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 |
| 2007 | 7.359 | 7.039 | 8.500 | 6.365 | 6.508 | — | 5.109 |
| 2008 | 6.250 | 6.000 | — | — | — | — | 4.000 |

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

The Interest Rates on the Monetary Policy Instruments

| MONTH | Re-discount Rate % | Repo (overnight) % | CD's | | Overnight window |
|--------|--------------------|--------------------|------------|------------|------------------|
| | | | (3 Months) | (6 Months) | Deposit rate % |
| Jan-08 | 7.000 | 6.750 | 5.678 | 5.753 | 4.750 |
| Feb-08 | 6.750 | 6.500 | 5.481 | 5.588 | 4.500 |
| Mar-08 | 6.750 | 6.500 | 5.404 | 5.510 | 4.500 |
| Apr-08 | 6.750 | 6.500 | 5.544 | 5.650 | 4.500 |
| May-08 | 6.750 | 6.500 | 5.544 | 5.738 | 4.500 |
| Jun-08 | 6.750 | 6.500 | 5.625 | 5.748 | 4.500 |
| Jul-08 | 6.750 | 6.500 | 5.580 | 5.814 | 4.500 |
| Aug-08 | 6.750 | 6.500 | 5.675 | 5.926 | 4.500 |
| Sep-08 | 6.750 | 6.500 | 5.675 | 5.993 | 4.500 |
| Oct-08 | 6.750 | 6.500 | 5.641 | 5.936 | 4.500 |
| Nov-08 | 6.250 | 6.000 | 5.641 | 5.936 | 4.000 |
| Dec-08 | 6.250 | 6.000 | 5.641 | 5.936 | 4.000 |

6. Interbank lending rates (JODIBOR)

Following are the developments of inter-bank lending rates (JODIBOR) during 2008.

- A decline in the average overnight lending interest rates in 2008 compared to 2007 by 84 points reaching 5.066 per cent.
- A decline in the average lending interest rates for one week in 2008 compared to 2007 by 80 points reaching 5.419 per cent.
- A decline in the average lending interest rates for one month in 2008 compared to 2007 by 74 points reaching 5.748 per cent.

- A decline in the average lending interest rates for three months during 2008 compared to its average in 2007 by 65 points reaching 6.107 per cent.
- A decline in the average lending interest rates for six months during 2008 compared to its average in 2007 by 61 points reaching 6.397 per cent.
- A decline in the average lending interest rates for one year during 2008 compared to its level in 2007 by 47 points reaching 6.939 per cent.

Inter-Bank Lending Interest Rates (JODIBOR) in (2006-2008)

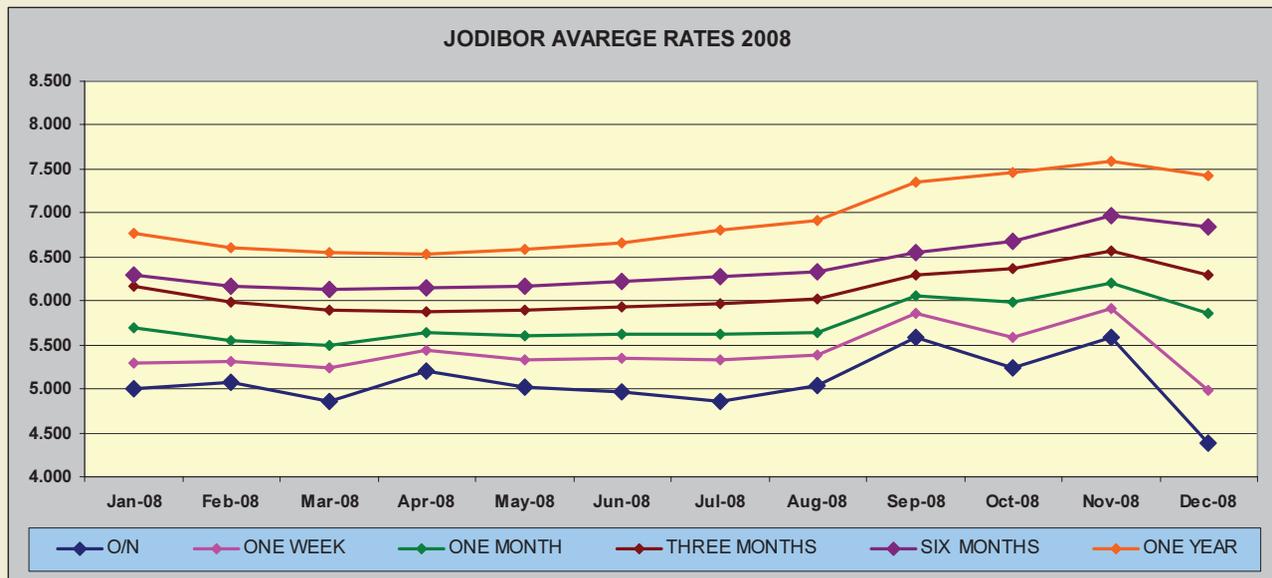
| Period | O/N | ONE WEEK | ONE MONTH | THREE MONTHS | SIX MONTHS | ONE YEAR |
|--------|-------|----------|-----------|--------------|------------|----------|
| 2006 | 5.552 | 5.885 | 6.372 | 6.814 | 7.364 | 7.780 |
| 2007 | 5.904 | 6.219 | 6.492 | 6.756 | 7.005 | 7.411 |
| 2008 | 5.066 | 5.419 | 5.748 | 6.107 | 6.397 | 6.939 |

The following table shows the monthly developments on average inter-bank lending interest rates during 2008 for all maturities (overnight, one week, one month, three months, six months, and one year).

- **Overnight:** The average overnight lending interest rates fluctuated between going up and registering the highest average of 5.588 per cent during September and going down to the lowest average of 4.379 per cent during December. As such, the average coefficient of variation stood at 2.9175 per cent in 2008.
- **One week:** The average lending interest rates for one week rose gradually since the beginning of the year until reaching the year's highest average of 5.918 per cent in November. It dropped significantly in the following month of December when it registered the year's lowest average of 4.987 per cent. The result was a 2.960 per cent average coefficient of variation in 2008.
- **One month:** March 2008 marked the month when the average lending interest rates for one month posted the lowest figure of 5.5 per cent. A gradual rise followed until the month of November when the year's highest average of 6.209 per cent was recorded. Consequently, the average coefficient of variation came at 2.8624 per cent in 2008.
- **Three months:** April 2008 marked the month when the average lending interest rates for three months posted the lowest figure of 5.876 per cent. A gradual rise followed until the month of November when the year's highest average of 6.566 per cent was registered resulting in a 1.4694 per cent average coefficient of variation for three months maturity in 2008.
- **Six months:** The lowest average lending interest rates for six months stood at 6.127 per cent in March 2008. After a gradual increase, the rate reached the year's highest average of 6.977 per cent in November. As such, the average coefficient of variation came at 1.7774 per cent in 2008.
- **One year:** The lowest average lending interest rates for one year was 6.540 per cent recorded in April 2008. After rising gradually over the following months, the year's highest average reached 7.593 per cent in November. Consequently, the coefficient of variation for one year maturity stood at 2.3941 per cent in 2008.

Inter-Bank Lending Interest Rates (JODIBOR) in 2008

| Period | O/N | ONE WEEK | ONE MONTH | THREE MONTHS | SIX MONTHS | ONE YEAR |
|---------|-------|----------|-----------|--------------|------------|----------|
| Jan-08 | 4.998 | 5.293 | 5.697 | 6.164 | 6.297 | 6.772 |
| Feb-08 | 5.076 | 5.320 | 5.547 | 5.988 | 6.171 | 6.608 |
| Mar-08 | 4.854 | 5.232 | 5.500 | 5.894 | 6.127 | 6.549 |
| Apr-08 | 5.202 | 5.447 | 5.636 | 5.876 | 6.142 | 6.540 |
| May-08 | 5.018 | 5.332 | 5.608 | 5.899 | 6.160 | 6.596 |
| Jun-08 | 4.970 | 5.340 | 5.615 | 5.925 | 6.223 | 6.663 |
| Jul-08 | 4.851 | 5.328 | 5.625 | 5.974 | 6.272 | 6.799 |
| Aug-08 | 5.031 | 5.378 | 5.631 | 6.024 | 6.338 | 6.921 |
| Sep-08 | 5.588 | 5.866 | 6.065 | 6.293 | 6.543 | 7.351 |
| Oct-08 | 5.243 | 5.592 | 5.984 | 6.375 | 6.677 | 7.456 |
| Nov-08 | 5.586 | 5.918 | 6.209 | 6.566 | 6.977 | 7.593 |
| Dec-08 | 4.379 | 4.987 | 5.855 | 6.300 | 6.834 | 7.420 |
| AVERAGE | 5.066 | 5.419 | 5.748 | 6.107 | 6.397 | 6.939 |
| MAX | 5.588 | 5.918 | 6.209 | 6.566 | 6.977 | 7.593 |
| MIN | 4.379 | 4.987 | 5.500 | 5.876 | 6.127 | 6.540 |



Seventh: New banking services

Seventh: New banking services

The banks operating in Jordan achieved important quality leaps and conducted speedy steps to upgrade and develop their products in order to keep up with the international banking industry. The banks initiated quality measures in developing their services and diversifying products that conform with the results and output of the telecommunications and information technology revolution. During 2008, the banks introduced 40 new services which fully utilized the technology for servicing clients.

The New Banking Services Introduced by the Banks in 2008

| Bank's Name | No. of Services | The New Banking Services |
|--|-----------------|---|
| Arab Bank | 8 | A direct participation in «Hala Arabi» service through the ATMs. issuance of two cash deposit cards for clients of the corporate sector and «Kids» product. Installation of new 14 BNA instruments. Issuance of an updated version of the banking services through the mobile phone. The launching of «Arab Generation» product. The launching of «Express Loan» product. The launching of «Zain Co-branded Credit Card» product. |
| Jordan Ahli Bank | 5 | Amendment in granting personal loans. Modify the terms of housing loans product. Amending the limits of revolving credit cards and advantages. Launch an online financial transfers |
| Cairo Amman Bank | 1 | Withdrawal service through the eye-mark. |
| Bank of Jordan | 3 | The launch of saving accounts with extra advantages. Launch the VISA credit cards campaign. The establishment of a new direct sales centers. |
| The Housing Bank for Trade and Finance | 1 | E-Banking Business |
| Jordan Kuwait Bank | 4 | Travel loans product Refrain from Smoking product Vision Correction Product VIP Cards product |
| Arab Jordan Investment Bank | - | - |
| Jordan Commercial Bank | - | - |
| Jordan Islamic Bank | - | - |
| Jordan Investment & Finance Bank | - | - |
| Arab Banking Corp. /Jordan | - | - |
| Union Bank | 1 | VISA card |

| | | |
|---------------------------------|---|--|
| Societe General – Jordan | 2 | Crystal Product for retails Diamond Product for corporate |
| Capital Bank | 4 | SMS Service Visa Elecron Visa Revolving Social Security Payment Project |
| International Islamic Arab Bank | 5 | SMS Service PCs Finance Service Talking Bank Service Opening new branches Installation of a new ATMs |
| HSBC | - | - |
| Egyptian Arab Land Bank | 2 | Internet Bank SMS Service |
| Rafidain Bank | - | - |
| CitiBank | - | - |
| Standard Chartered | 2 | Online Banking Services Platinum Master Card |
| Bank Audi | - | - |
| National Bank of Kuwait | - | - |
| BLOM Bank | 2 | Call Center Petra Fund |

**Eighth: Ranking of Banks According to some 2008
Financial Indicators for the Year 2008**

Eighth: Ranking of Banks According to some 2008 Financial Indicators for the Year 2008

1. Ranking of Banks According to Total Assets for the Year 2008 (Only Jordan Branches)

Ranking of Jordanian Commercial Banks

| Bank's Name | Ranking 2008 | Assets (JD million) | Ratio to Total Assets % |
|--------------------------------------|--------------|---------------------|-------------------------|
| Arab Bank | 1 | 7189.000 | 25.02 |
| The Housing Bank for Trade & Finance | 2 | 4528.000 | 15.76 |
| Jordan Kuwait Bank | 3 | 1772.000 | 6.17 |
| Jordan Ahli Bank | 4 | 1640.000 | 5.71 |
| Bank of Jordan | 5 | 1465.450 | 5.10 |
| Cairo Amman Bank | 6 | 1161.782 | 4.04 |
| Union Bank | 7 | 1121.894 | 3.90 |
| Capital Bank | 8 | 919.196 | 3.20 |
| Jordan Investment & Finance Bank | 9 | 689.000 | 2.40 |
| Jordan Commercial Bank | 10 | 610.916 | 2.13 |
| Arab Banking (Corporation) Jordan | 11 | 568.000 | 1.98 |
| Arab Jordan Investment Bank* | 12 | 516.000 | 1.80 |
| Societe General _ Jordan | 13 | 276.286 | 0.96 |
| Total | | 22457.524 | 78.15 |

* 2007 Data

Ranking of Islamic Banks

| Bank's Name | Ranking 2008 | Assets (JD million) | Ratio to Total Assets % |
|---------------------------------|--------------|---------------------|-------------------------|
| Jordan Islamic Bank | 1 | 2170.338 | 7.55 |
| International Islamic Arab Bank | 2 | 906.312 | 3.15 |
| Total | | 3076.650 | 10.71 |

Ranking of Foreign Banks

| Bank's Name | Ranking 2008 | Assets (JD million) | Ratio to Total Assets % |
|-------------------------|--------------|---------------------|-------------------------|
| HSBC | 1 | 923.000 | 3.21 |
| Standard Chartered | 2 | 601.800 | 2.09 |
| Bank Audi | 3 | 431.329 | 1.50 |
| BLOM Bank | 4 | 346.000 | 1.20 |
| Egyptian Arab Land Bank | 5 | 330.000 | 1.15 |
| National Bank of Kuwait | 6 | 213.200 | 0.74 |
| Citi Bank | 7 | 212.669 | 0.74 |
| Rafidain Bank | 8 | 143.236 | 0.50 |
| Total | | 3201.234 | 11.14 |

2. Ranking of Banks According to Average Return on Assets for the Year 2008 (Only Jordan Branches)

Ranking of Jordanian Commercial Banks

| Bank's Name | Ranking 2008 | Average return on assets % |
|--------------------------------------|--------------|----------------------------|
| Jordan Kuwait Bank | 1 | 2.05 |
| The Housing Bank for Trade & Finance | 2 | 2.05 |
| Bank of Jordan | 3 | 1.90 |
| Arab Banking (Corporation) Jordan | 4 | 1.60 |
| Societe General _ Jordan | 5 | 1.55 |
| Jordan Commercial Bank | 6 | 1.34 |
| Union Bank | 7 | 1.33 |
| Arab Jordan Investment Bank* | 8 | 1.20 |
| Jordan Investment & Finance Bank | 9 | 1.20 |
| Capital Bank | 10 | 1.13 |
| Arab Bank | 11 | 1.10 |
| Cairo Amman Bank | 12 | 1.05 |
| Jordan Ahli Bank | 13 | 0.54 |
| Average | | 1.39 |

* 2007 Data

Ranking of Islamic Banks

| Bank's Name | Ranking 2008 | Average return on assets % |
|---------------------------------|--------------|----------------------------|
| Jordan Islamic Bank | 1 | 1.72 |
| International Islamic Arab Bank | 2 | 1.00 |
| Average | | 1.36 |

Ranking of Foreign Banks

| Bank's Name | Ranking 2008 | Average return on assets % |
|-------------------------|--------------|----------------------------|
| HSBC | 1 | 2.79 |
| Citi Bank | 2 | 2.09 |
| National Bank of Kuwait | 3 | 1.46 |
| Standard Chartered | 4 | 1.23 |
| BLOM Bank | 5 | 1.20 |
| Bank Audi | 6 | 1.15 |
| Rafidain Bank | 7 | 0.55 |
| Egyptian Arab Land Bank | 8 | 0.06 |
| Average | | 1.32 |

3. Ranking of Banks According to Total Deposits for the Year 2008 (Only Jordan Branches)

Ranking of Jordanian Commercial Banks

| Bank's Name | Ranking 2008 | Deposits (JD million) | Ratio to Total Deposits % |
|--------------------------------------|--------------|-----------------------|---------------------------|
| Arab Bank | 1 | 6165.000 | 27.64 |
| The Housing Bank for Trade & Finance | 2 | 3367.000 | 15.10 |
| Jordan Kuwait Bank | 3 | 1278.000 | 5.73 |
| Jordan Ahli Bank | 4 | 1197.000 | 5.37 |
| Bank of Jordan | 5 | 995.320 | 4.46 |
| Cairo Amman Bank | 6 | 941.338 | 4.22 |
| Union Bank | 7 | 771.100 | 3.46 |
| Capital Bank | 8 | 561.504 | 2.52 |
| Jordan Investment & Finance Bank | 9 | 522.058 | 2.34 |
| Jordan Commercial Bank | 10 | 442.155 | 1.98 |
| Arab Banking (Corporation) Jordan | 11 | 413.000 | 1.85 |
| Arab Jordan Investment Bank* | 12 | 343.000 | 1.54 |
| Societe General _ Jordan | 13 | 164.900 | 0.74 |
| Total | | 17161.375 | 76.95 |

* 2007 Data

Ranking of Islamic Banks

| Bank's Name | Ranking 2008 | Deposits (JD million) | Ratio to Total Deposits % |
|---------------------------------|--------------|-----------------------|---------------------------|
| Jordan Islamic Bank | 1 | 1881.687 | 8.43 |
| International Islamic Arab Bank | 2 | 774.525 | 3.47 |
| Total | | 2656.212 | 11.91 |

Ranking of Foreign Banks

| Bank's Name | Ranking 2008 | Deposits (JD million) | Ratio to Total Deposits % |
|-------------------------|--------------|-----------------------|---------------------------|
| HSBC | 1 | 740.369 | 3.32 |
| Standard Chartered | 2 | 496.000 | 2.22 |
| Bank Audi | 3 | 349.530 | 1.57 |
| BLOM Bank | 4 | 254.000 | 1.14 |
| Egyptian Arab Land Bank | 5 | 238.000 | 1.07 |
| Citi Bank | 6 | 153.991 | 0.69 |
| National Bank of Kuwait | 7 | 149.550 | 0.67 |
| Rafidain Bank | 8 | 101.925 | 0.46 |
| Total | | 2483.365 | 11.14 |

4. Ranking of Banks According to Total Credit Facilities for the Year 2008 (Only Jordan Branches)

Ranking of Jordanian Commercial Banks

| Bank's Name | Ranking 2008 | Credit Facilities (JD million) | Ratio to Total Credit Facilities % |
|--------------------------------------|--------------|--------------------------------|------------------------------------|
| Arab Bank | 1 | 2279.000 | 17.87 |
| The Housing Bank for Trade & Finance | 2 | 1745.000 | 13.69 |
| Jordan Kuwait Bank | 3 | 1062.000 | 8.33 |
| Jordan Ahli Bank | 4 | 774.000 | 6.07 |
| Bank of Jordan | 5 | 752.000 | 5.90 |
| Union Bank | 6 | 591.388 | 4.64 |
| Capital Bank | 7 | 576.859 | 4.52 |
| Cairo Amman Bank | 8 | 561.487 | 4.40 |
| Jordan Commercial Bank | 9 | 383.019 | 3.00 |
| Jordan Investment & Finance Bank | 10 | 298.920 | 2.34 |
| Arab Banking (Corporation) Jordan | 11 | 244.000 | 1.91 |
| Arab Jordan Investment Bank* | 12 | 235.000 | 1.84 |
| Societe General _ Jordan | 13 | 164.851 | 1.29 |
| Total | | 9667.524 | 75.80 |

* 2007 Data

Ranking of Islamic Banks

| Bank's Name | Ranking 2008 | Credit Facilities (JD million) | Ratio to Total Credit Facilities % |
|---------------------------------|--------------|--------------------------------|------------------------------------|
| Jordan Islamic Bank | 1 | 1434.002 | 11.25 |
| International Islamic Arab Bank | 2 | 291.375 | 2.29 |
| Total | | 1725.377 | 13.54 |

Ranking of Foreign Banks

| Bank's Name | Ranking 2008 | Credit Facilities (JD million) | Ratio to Total Credit Facilities % |
|-------------------------|--------------|--------------------------------|------------------------------------|
| HSBC | 1 | 385.000 | 3.02 |
| Standard Chartered | 2 | 259.000 | 2.03 |
| Bank Audi | 3 | 212.402 | 1.67 |
| Egyptian Arab Land Bank | 4 | 185.000 | 1.45 |
| BLOM Bank | 5 | 161.000 | 1.26 |
| National Bank of Kuwait | 6 | 89.160 | 0.70 |
| Citi Bank | 7 | 66.522 | 0.53 |
| Rafidain Bank | NA | NA | NA |
| Total | | 1358.084 | 10.66 |

5. Ranking of Banks According to Shareholders Equity for the Year 2008 (Only Jordan Branches)

Ranking of Jordanian Commercial Banks

| Bank's Name | Ranking 2008 | Equity Rights (JD million) | Ratio to Total Equity Rights % |
|--------------------------------------|--------------|----------------------------|--------------------------------|
| The Housing Bank for Trade & Finance | 1 | 856.000 | 23.79 |
| Arab Bank | 2 | 576.400 | 16.02 |
| Jordan Kuwait Bank | 3 | 228.000 | 6.34 |
| Union Bank | 4 | 214.727 | 5.91 |
| Jordan Ahli Bank | 5 | 186.000 | 5.17 |
| Capital Bank | 6 | 183.774 | 5.11 |
| Bank of Jordan | 7 | 161.240 | 4.48 |
| Cairo Amman Bank | 8 | 128.343 | 3.57 |
| Arab Jordan Investment Bank* | 9 | 118.000 | 3.28 |
| Jordan Investment & Finance Bank | 10 | 85.302 | 2.37 |
| Jordan Commercial Bank | 11 | 85.112 | 2.37 |
| Arab Banking (Corporation) Jordan | 12 | 73.500 | 2.04 |
| Societe General _ Jordan | 13 | 48.150 | 1.34 |
| Total | | 2944.548 | 81.79 |

* 2007 Data

Ranking of Islamic Banks

| Bank's Name | Ranking 2008 | Equity Rights (JD million) | Ratio to Total Equity Rights % |
|---------------------------------|--------------|----------------------------|--------------------------------|
| Jordan Islamic Bank | 1 | 160.990 | 4.47 |
| International Islamic Arab Bank | 2 | 92.209 | 2.56 |
| Total | | 253.199 | 7.03 |

Ranking of Foreign Banks

| Bank's Name | Ranking 2008 | Equity Rights (JD million) | Ratio to Total Equity Rights % |
|-------------------------|--------------|----------------------------|--------------------------------|
| HSBC | 1 | 101.000 | 2.81 |
| Standard Chartered | 2 | 69.000 | 1.92 |
| National Bank of Kuwait | 3 | 60.100 | 1.67 |
| Bank Audi | 4 | 42.862 | 1.19 |
| BLOM Bank | 5 | 38.000 | 1.06 |
| Citi Bank | 6 | 34.903 | 0.97 |
| Rafidain Bank | 7 | 29.729 | 0.83 |
| Egyptian Arab Land Bank | 8 | 27.000 | 0.75 |
| Total | | 402.594 | 11.2 |

6. Ranking of Banks According to Average Return on Shareholders Equity for the Year 2008 (Only Jordan Branches)

Ranking of Jordanian Commercial Banks

| Bank's Name | Ranking 2008 | Average return on equity rights % |
|--------------------------------------|--------------|-----------------------------------|
| Bank of Jordan | 1 | 16.77 |
| Jordan Kuwait Bank | 2 | 16.72 |
| Arab Banking (Corporation) Jordan | 3 | 13.10 |
| Arab Bank | 4 | 12.79 |
| The Housing Bank for Trade & Finance | 5 | 10.57 |
| Societe General _ Jordan | 6 | 10.23 |
| Jordan Investment & Finance Bank | 7 | 10.00 |
| Cairo Amman Bank | 8 | 9.47 |
| Jordan Commercial Bank | 9 | 9.26 |
| Union Bank | 10 | 6.58 |
| Arab Jordan Investment Bank* | 11 | 6.40 |
| Capital Bank | 12 | 5.97 |
| Jordan Ahli Bank | 13 | 4.65 |
| Total | | 10.19 |

* 2007 Data

Ranking of Islamic Banks

| Bank's Name | Ranking 2008 | Average return on equity rights % |
|---------------------------------|--------------|-----------------------------------|
| Jordan Islamic Bank | 1 | 23.87 |
| International Islamic Arab Bank | 2 | 8.00 |
| Total | | 15.94 |

Ranking of Foreign Banks

| Bank's Name | Ranking 2008 | Average return on equity rights % |
|-------------------------|--------------|-----------------------------------|
| HSBC | 1 | 25.21 |
| Citi Bank | 2 | 13.87 |
| Standard Chartered | 3 | 12.04 |
| Bank Audi | 4 | 11.82 |
| BLOM Bank | 5 | 10.30 |
| National Bank of Kuwait | 6 | 4.80 |
| Rafidain Bank | 7 | 2.43 |
| Egyptian Arab Land Bank | 8 | 0.72 |
| Total | | 10.15 |

7. Ranking of Banks According to Capital for the Year 2008 (Only Jordan Branches)

Ranking of Jordanian Commercial Banks

| Bank's Name | Ranking 2008 | Capital (JD million) | Ratio to Total Capital % |
|--------------------------------------|--------------|----------------------|--------------------------|
| Arab Bank | 1 | 356.000 | 18.17 |
| The Housing Bank for Trade & Finance | 2 | 252.000 | 12.86 |
| Capital Bank | 3 | 132.280 | 6.75 |
| Jordan Ahli Bank | 4 | 110.000 | 5.62 |
| Bank of Jordan | 5 | 100.000 | 5.10 |
| Arab Jordan Investment Bank* | 6 | 100.000 | 5.10 |
| Jordan Kuwait Bank | 7 | 100.000 | 5.10 |
| Union Bank | 8 | 95.000 | 4.85 |
| Cairo Amman Bank | 9 | 80.000 | 4.08 |
| Jordan Commercial Bank | 10 | 69.575 | 3.55 |
| Arab Banking (Corporation) Jordan | 11 | 64.400 | 3.29 |
| Jordan Investment & Finance Bank | 12 | 61.325 | 3.13 |
| Societe General _ Jordan | 13 | 40.456 | 2.07 |
| Total | | 1561.036 | 79.69 |

* 2007 Data

Ranking of Islamic Banks

| Bank's Name | Ranking 2008 | Capital (JD million) | Ratio to Total Capital % |
|---------------------------------|--------------|----------------------|--------------------------|
| Jordan Islamic Bank | 1 | 81.250 | 4.15 |
| International Islamic Arab Bank | 2 | 73.000 | 3.73 |
| Total | | 154.250 | 7.88 |

Ranking of Foreign Banks

| Bank's Name | Ranking 2008 | Capital (JD million) | Ratio to Total Capital % |
|-------------------------|--------------|----------------------|--------------------------|
| National Bank of Kuwait | 1 | 50.000 | 2.55 |
| Standard Chartered | 2 | 43.733 | 2.23 |
| Bank Audi | 3 | 31.328 | 1.60 |
| BLOM Bank* | 4 | 30.000 | 1.53 |
| HSBC | 5 | 25.000 | 1.28 |
| Citi Bank | 6 | 23.520 | 1.20 |
| Egyptian Arab Land Bank | 7 | 20.000 | 1.02 |
| Rafidain Bank | 8 | 20.000 | 1.02 |
| Total | | 243.581 | 12.43 |

* 2007 Data

8. Ranking of Banks According to Net Pretax Profit for the Year 2008 (Only Jordan Branches)

Ranking of Jordanian Commercial Banks

| Bank's Name | Ranking 2008 | Net pretax profit (JD million) | Ratio to Total Net pretax profit % |
|--------------------------------------|--------------|--------------------------------|------------------------------------|
| The Housing Bank for Trade & Finance | 1 | 121.000 | 21.86 |
| Arab Bank | 2 | 105.740 | 19.10 |
| Jordan Kuwait Bank | 3 | 52.000 | 9.39 |
| Bank of Jordan | 4 | 36.710 | 6.63 |
| Union Bank | 5 | 19.061 | 3.44 |
| Jordan Ahli Bank | 6 | 15.000 | 2.71 |
| Cairo Amman Bank | 7 | 14.131 | 2.55 |
| Capital Bank | 8 | 13.671 | 2.47 |
| Arab Banking (Corporation) Jordan | 9 | 12.400 | 2.24 |
| Jordan Investment & Finance Bank | 10 | 10.713 | 1.94 |
| Jordan Commercial Bank | 11 | 9.833 | 1.78 |
| Arab Jordan Investment Bank* | 12 | 8.000 | 1.45 |
| Societe General _ Jordan | 13 | 5.612 | 1.01 |
| Total | | 423.871 | 76.57 |

* 2007 Data

Ranking of Islamic Banks

| Bank's Name | Ranking 2008 | Net pretax profit (JD million) | Ratio to Total Net pretax profit % |
|---------------------------------|--------------|--------------------------------|------------------------------------|
| Jordan Islamic Bank | 1 | 50.061 | 9.05 |
| International Islamic Arab Bank | 2 | 11.372 | 2.05 |
| Total | | 61.433 | 11.10 |

Ranking of Foreign Banks

| Bank's Name | Ranking 2008 | Net pretax profit (JD million) | Ratio to Total Net pretax profit % |
|-------------------------|--------------|--------------------------------|------------------------------------|
| HSBC | 1 | 33.000 | 5.96 |
| Standard Chartered | 2 | 11.076 | 2.00 |
| Citi Bank | 3 | 6.809 | 1.23 |
| Bank Audi | 4 | 6.787 | 1.23 |
| BLOM Bank | 5 | 5.000 | 0.90 |
| National Bank of Kuwait | 6 | 4.200 | 0.76 |
| Rafidain Bank | 7 | 1.313 | 0.24 |
| Egyptian Arab Land Bank | 8 | 0.032 | 0.01 |
| Total | | 68.217 | 12.33 |

9. Ranking of Banks According to Net After Tax Profit for the Year 2008 (Only Jordan Branches)

Ranking of Jordanian Commercial Banks

| Bank's Name | Ranking 2008 | Net After Tax Profit (JD million) | Ratio to Total Net After Tax Profit % |
|--------------------------------------|--------------|-----------------------------------|---------------------------------------|
| The Housing Bank for Trade & Finance | 1 | 89.000 | 23.50 |
| Arab Bank | 2 | 73.170 | 19.32 |
| Jordan Kuwait Bank | 3 | 36.000 | 9.51 |
| Bank of Jordan | 4 | 25.980 | 6.86 |
| Union Bank | 5 | 14.064 | 3.71 |
| Cairo Amman Bank | 6 | 11.831 | 3.12 |
| Capital Bank | 7 | 10.217 | 2.70 |
| Arab Banking (Corporation) Jordan | 8 | 9.200 | 2.43 |
| Jordan Investment & Finance Bank | 9 | 8.310 | 2.19 |
| Jordan Ahli Bank | 10 | 6.400 | 1.69 |
| Societe General _ Jordan | 11 | 3.854 | 1.02 |
| Jordan Commercial Bank | 12 | 2.655 | 0.70 |
| Arab Jordan Investment Bank | NA | NA | NA |
| Total | | 290.681 | 76.77 |

Ranking of Islamic Banks

| Bank's Name | Ranking 2008 | Net After Tax Profit (JD million) | Ratio to Total Net After Tax Profit % |
|---------------------------------|--------------|-----------------------------------|---------------------------------------|
| Jordan Islamic Bank | 1 | 35.141 | 9.28 |
| International Islamic Arab Bank | 2 | 6.508 | 1.72 |
| Total | | 41.649 | 11.00 |

Ranking of Foreign Banks

| Bank's Name | Ranking 2008 | Net After Tax Profit (JD million) | Ratio to Total Net After Tax Profit % |
|-------------------------|--------------|-----------------------------------|---------------------------------------|
| HSBC | 1 | 23.000 | 6.07 |
| Standard Chartered | 2 | 7.098 | 1.87 |
| Bank Audi | 3 | 4.782 | 1.26 |
| Citi Bank | 4 | 4.755 | 1.26 |
| BLOM Bank | 5 | 3.000 | 0.79 |
| National Bank of Kuwait | 6 | 2.800 | 0.74 |
| Rafidain Bank | 7 | 0.691 | 0.18 |
| Egyptian Arab Land Bank | 8 | 0.191 | 0.05 |
| Total | | 46.317 | 12.22 |

10. Ranking of Banks According to Number of Employees for the Year 2008 (Only Jordan Branches)

Ranking of Jordanian Commercial Banks

| Bank's Name | Ranking 2008 | Number Of Employees | Ratio to Total Employees % |
|--------------------------------------|--------------|---------------------|----------------------------|
| Arab Bank | 1 | 2974 | 18.73 |
| The Housing Bank for Trade & Finance | 2 | 1813 | 11.42 |
| Cairo Amman Bank | 3 | 1417 | 8.92 |
| Jordan Ahli Bank | 4 | 1391 | 8.76 |
| Bank of Jordan | 5 | 1365 | 8.60 |
| Jordan Kuwait Bank | 6 | 856 | 5.39 |
| Jordan Commercial Bank | 7 | 476 | 3.00 |
| Union Bank | 8 | 463 | 2.92 |
| Arab Banking (Corporation) Jordan | 9 | 412 | 2.59 |
| Arab Jordan Investment Bank | 10 | 372 | 2.34 |
| Capital Bank | 11 | 331 | 2.08 |
| Jordan Investment & Finance Bank | 12 | 243 | 1.53 |
| Societe General _ Jordan | 13 | 213 | 1.34 |
| Total | | 12326 | 77.62 |

Ranking of Islamic Banks

| Bank's Name | Ranking 2008 | Number Of Employees | Ratio to Total Employees % |
|---------------------------------|--------------|---------------------|----------------------------|
| Jordan Islamic Bank | 1 | 1656 | 10.43 |
| International Islamic Arab Bank | 2 | 368 | 2.32 |
| Total | | 2024 | 12.75 |

Ranking of Foreign Banks

| Bank's Name | Ranking 2008 | Number Of Employees | Ratio to Total Employees % |
|-------------------------|--------------|---------------------|----------------------------|
| HSBC | 1 | 424 | 2.67 |
| Egyptian Arab Land Bank | 2 | 275 | 1.73 |
| Standard Chartered | 3 | 265 | 1.67 |
| BLOM Bank | 4 | 180 | 1.13 |
| Bank Audi | 5 | 174 | 1.10 |
| National Bank of Kuwait | 6 | 132 | 0.83 |
| Citi Bank | 7 | 56 | 0.35 |
| Rafidain Bank | 8 | 22 | 0.14 |
| Total | | 1528 | 9.62 |

11. Ranking of Banks According to Average Assets Per Employee for the Year 2008 (Only Jordan Branches)

Ranking of Jordanian Commercial Banks

| Bank's Name | Ranking 2008 | One thousand Dinars per employee |
|--------------------------------------|--------------|----------------------------------|
| Jordan Investment & Finance Bank | 1 | 2,835.39 |
| Capital Bank | 2 | 2,777.03 |
| The Housing Bank for Trade & Finance | 3 | 2,497.52 |
| Arab Bank | 4 | 2,417.28 |
| Union Bank | 5 | 2,281.43 |
| Jordan Kuwait Bank | 6 | 2,070.09 |
| Arab Jordan Investment Bank | 6 | 1,387.10 |
| Arab Banking (Corporation) Jordan | 8 | 1,378.64 |
| Societe General _ Jordan | 9 | 1,297.12 |
| Jordan Commercial Bank | 10 | 1,283.44 |
| Jordan Ahli Bank | 11 | 1,179.01 |
| Bank of Jordan | 12 | 1,073.59 |
| Cairo Amman Bank | 13 | 819.89 |
| Average | | 1792.12 |

Ranking of Islamic Banks

| Bank's Name | Ranking 2008 | One thousand Dinars per employee |
|---------------------------------|--------------|----------------------------------|
| International Islamic Arab Bank | 1 | 3,048.43 |
| Jordan Islamic Bank | 2 | 1,310.59 |
| Average | | 2179.51 |

Ranking of Foreign Banks

| Bank's Name | Ranking 2008 | One thousand Dinars per employee |
|-------------------------|--------------|----------------------------------|
| Rafidain Bank | 1 | 6,510.73 |
| Citi Bank | 2 | 3,797.66 |
| Bank Audi | 3 | 2,478.90 |
| Standard Chartered | 4 | 2,270.94 |
| HSBC | 5 | 2,176.89 |
| BLOM Bank | 6 | 1,922.22 |
| National Bank of Kuwait | 7 | 1,615.15 |
| Egyptian Arab Land Bank | 8 | 1,200.00 |
| Average | | 2746.56 |

12. Ranking of Banks According to Net Profit (Before Tax) Per Employee for the Year 2008 (Only Jordan Branches)

Ranking of Jordanian Commercial Banks

| Bank's Name | Ranking 2008 | One thousand Dinars per employee |
|--------------------------------------|--------------|----------------------------------|
| The Housing Bank for Trade & Finance | 1 | 66.74 |
| Jordan Kuwait Bank | 2 | 60.75 |
| Jordan Investment & Finance Bank | 3 | 44.09 |
| Capital Bank | 4 | 41.30 |
| Union Bank | 5 | 39.24 |
| Arab Bank | 6 | 35.55 |
| Arab Banking (Corporation) Jordan | 7 | 30.10 |
| Bank of Jordan | 8 | 26.89 |
| Societe General _ Jordan | 9 | 26.35 |
| Arab Jordan Investment Bank | 10 | 21.51 |
| Jordan Commercial Bank | 11 | 20.66 |
| Jordan Ahli Bank | 12 | 10.78 |
| Cairo Amman Bank | 13 | 9.97 |
| Average | | 33.38 |

Ranking of Islamic Banks

| Bank's Name | Ranking 2008 | One thousand Dinars per employee |
|---------------------------------|--------------|----------------------------------|
| International Islamic Arab Bank | 1 | 30.90 |
| Jordan Islamic Bank | 2 | 30.24 |
| Average | | 30.57 |

Ranking of Foreign Banks

| Bank's Name | Ranking 2008 | One thousand Dinars per employee |
|-------------------------|--------------|----------------------------------|
| Citi Bank | 1 | 121.59 |
| HSBC | 2 | 77.83 |
| Rafidain Bank | 3 | 59.68 |
| Standard Chartered | 4 | 41.80 |
| Bank Audi | 5 | 39.01 |
| National Bank of Kuwait | 6 | 31.82 |
| BLOM Bank | 7 | 27.78 |
| Egyptian Arab Land Bank | 8 | 0.12 |
| Average | | 49.95 |

Ninth: Human Resources Working in Banks in 2008

Ninth: Human Resources Working in Banks in 2008

1. Number of Employees

The size of human resources working in the banks continued to increase noticeably for the fifth consecutive year. The number of bank employees rose by 5.4 per cent or 813 workers reaching 15,878 employees in 2008, from 15,065 employees in 2007.

The Distribution of Employees by Gender (2004-2008)

| 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 |
| 2007 | 10160 | 67.44 | 4905 | 32.56 | 15065 | 6.4 |
| 2008 | 10611 | 66.83 | 5267 | 33.17 | 15878 | 5.4 |

Distributed by Gender, the number of male employees in the banks went up from 10,160 workers in 2007 to 10,611 workers in 2008, an increase of 451 employees. Despite the absolute rise in the number of male workers, their percentage to the total number of employees regressed in favor of the female category from 67.44 per cent in 2007 to 66.83 per cent in 2008. This was matched by an increase in the number of females by 362 employees reaching 5,267 workers from 4,905. As such, females accounted for 33.17 per cent of the overall number of staff at banks.

2. Resignations and Appointments

Banks appointed 2,857 employees in the past year compared to 3,168 employees in the previous year. The number who quit their jobs for all kinds of reasons reached 2,200 workers in 2008 compared to 2,131 workers in 2007. Consequently, the staff turnover rate (total resignations ÷ total employees x 100) declined to 13.86 per cent in 2008 from 14.15 per cent in 2007.

Resignations and Appointments (2004-2008)

| Year | Resignations* | Appointments | Staff Turnover Rate % |
|------|---------------|--------------|-----------------------|
| 2004 | 1015 | 1554 | 8.17 |
| 2005 | 1341 | 2094 | 10.17 |
| 2006 | 1778 | 2761 | 12.55 |
| 2007 | 2131 | 3168 | 14.15 |
| 2008 | 2200 | 2857 | 13.86 |

* Resignations include all employees who resigned willingly, Resignations ... etc.

3. Academic Qualifications of Staff:

The educational level of bank employees continued to improve as the rate of those who hold university degrees (Doctorate, Masters and Baccalaureate) reached 65.1 per cent of the total employees compared to 63 per cent in 2007. By contrast, the rate of those with a Tawjihi certificate continued to drop accounting for 7.7 per cent in 2008 from 8.4 per cent in 2007. Also, the rate of diploma holders went down from 18.9 per cent in 2007 to 17.4 per cent in 2008.

The Distribution of Employees According to their Education Qualifications (2004-2008)

| 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 |
| 2007 | 26 | 0.2 | 834 | 5.5 | 8638 | 57.3 | 2844 | 18.9 | 1268 | 8.4 | 1455 | 9.7 | 15065 |
| 2008 | 32 | 0.2 | 904 | 5.7 | 9402 | 59.2 | 2761 | 17.4 | 1224 | 7.7 | 1555 | 9.8 | 15878 |

4. Classification of Employees by Age:

The rate employees who are under 25 years of age increased from 16.9 per cent in 2007 to 17.3 per cent in 2008. Also the rate of those aged 25 – 39 rose from 54.4 per cent in 2007 to 56.3 per cent in 2008. The rate of those aged 40 – 59 years declined from 28.2 per cent in 2007 to 25.9 per cent in 2008. Those aged more than 60 years and still employed accounted for 0.5 per cent of the total number of workers in 2008.

The Distribution of Employees According to their Age (2004-2008)

| 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 |
| 2007 | 2541 | 16.9 | 8196 | 54.4 | 4251 | 28.2 | 77 | 0.5 | 15065 |
| 2008 | 2747 | 17.3 | 8944 | 56.3 | 4107 | 25.9 | 80 | 0.5 | 15878 |

5. Employees' Social Status:

The rate of unmarried employees to the overall number of bank workers rose in 2008 to 42.6 per cent compared to 42.2 per cent in 2007. Married workers accounted for 57.4 per cent of the overall number of employees in 2008, lower than the 57.8 per cent in 2007.

The Distribution of Employees According to their Social Status (2004-2008)

| Year | Singles | | Married | | Total |
|------|---------|-------|---------|-------|-------|
| | Number | % | Number | % | |
| 2004 | 4135 | 23.3 | 8294 | 66.7 | 12429 |
| 2005 | 4757 | 36.1 | 8425 | 63.9 | 13182 |
| 2006 | 6376 | 45.0 | 7789 | 55.0 | 14165 |
| 2007 | 6364 | 42.2 | 8701 | 57.8 | 15065 |
| 2008 | 6762 | 42.59 | 9116 | 57.41 | 15878 |

6. Geographical Distribution of Employees:

The number of bank employees in Amman stood at 13,387 workers or 84.31 per cent of the overall number of employees in the banks. Irbid governorate accounted for 5.15 per cent of the overall number of bank employees followed by Zarqa (3.45 per cent), Aqaba (1.47 per cent), Karak (1.22 per cent) and Balqa (1.30 per cent). In the remaining governorates, the rate in each did not exceed one per cent.

Geographical Distribution of Employees in 2008

| Governorate | Number Of Employees | Geographical distribution of employees |
|--------------|---------------------|--|
| Amman | 13387 | 84.31 |
| Irbid | 818 | 5.15 |
| Zarqa | 547 | 3.45 |
| Aqaba | 234 | 1.47 |
| Balqa' | 206 | 1.30 |
| Al Karak | 193 | 1.22 |
| Mafraq | 96 | 0.60 |
| Madaba | 103 | 0.65 |
| Jerash | 85 | 0.54 |
| Maan | 103 | 0.65 |
| Tafileh | 47 | 0.30 |
| Ajloun | 59 | 0.37 |
| Total | 15819 | 100 |

The geographical concentration of employees per Governorate =
 (# of banks' employees in the Governorate / total banks' employees) * 100

The Distribution of Employees According to Governorates in 2008

| Bank's Name | Amman | Irbid | Zarqa | Balqa' | Aqaba | Karak | Madab | Maan | Jerash | Ajloun | Tafleeh | Mafraq |
|--------------------------------------|--------------|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|
| Arab Bank | 2781 | 39 | 62 | 8 | 23 | 10 | 9 | 14 | 9 | 4 | 6 | 9 |
| Jordan Ahli Bank | 1184 | 52 | 32 | 30 | 16 | 17 | 14 | 11 | 11 | 0 | 13 | 11 |
| Cairo Amman Bank | 1089 | 134 | 62 | 34 | 19 | 31 | 11 | 10 | 15 | 0 | 0 | 12 |
| Bank of Jordan | 1152 | 95 | 33 | 11 | 12 | 11 | 9 | 9 | 11 | 10 | 0 | 12 |
| The Housing Bank for Trade & Finance | 1446 | 135 | 70 | 37 | 12 | 32 | 12 | 26 | 11 | 10 | 7 | 15 |
| Jordan Kuwait Bank | 757 | 26 | 33 | 12 | 13 | 4 | 6 | 0 | 0 | 0 | 0 | 5 |
| Arab Jordan Investment Bank | 337 | 15 | 10 | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jordan Commercial Bank | 392 | 28 | 11 | 19 | 11 | 8 | 7 | 0 | 0 | 0 | 0 | 0 |
| Jordan Islamic Bank | 981 | 193 | 163 | 55 | 24 | 76 | 25 | 33 | 28 | 35 | 21 | 22 |
| Jordan Investment & Finance Bank | 217 | 7 | 9 | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Arab Banking (Corporation) Jordan | 386 | 8 | 5 | 0 | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Union Bank | 410 | 24 | 9 | 0 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Societe General - Jordan | 189 | 5 | 5 | 0 | 6 | 4 | 4 | 0 | 0 | 0 | 0 | 0 |
| Capital Bank | 312 | 6 | 6 | 0 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| International Islamic Arab Bank | 319 | 10 | 26 | 0 | 7 | 0 | 6 | 0 | 0 | 0 | 0 | 0 |
| HSBC | 424 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Egyptian Arab Land Bank | 234 | 10 | 11 | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 10 |
| Rafidain Bank | 22 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Citi Bank | 56 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Standard Chartered | 253 | 7 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank Audi | 158 | 10 | 0 | 0 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| National Bank of Kuwait | 122 | 0 | 0 | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BLOM Bank | 166 | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 13387 | 818 | 547 | 206 | 234 | 193 | 103 | 103 | 85 | 59 | 47 | 96 |

Tenth: Activities of the Association during 2008

Tenth: Activities of the Association during 2008

During 2008, the Association discussed and followed-up various issues presented to it, especially those submitted by member banks. These issues were thoroughly discussed by the concerned technical committees in the Association and the banks' remarks regarding them were forwarded to the parties concerned. The response of those parties was highly constructive as many remarks and suggestions, tabled by the Association on behalf of the banks about various issues, were adopted.

As for training, the Association held several meetings, seminars, workshops, training courses and lectures during 2008 about subjects and issues of interest to the banking system. Regarding studies, the Association issued during 2008 a collection of publications, reports and studies related to the Jordanian banking system.

Following are the most prominent activities of the Association in 2008.

1. The General Assembly

* The General Assembly:

The general assembly of the Association of Banks in Jordan held its annual or Dinary meeting at the premises of the Association on Thursday – 8/5/2008. The meeting was chaired by Dr. Michel Marto, chairman of the Association's Board of Directors, and attended by the members of the Board of Directors and the representatives of the banks that are members of the general assembly, whether CEOs or general managers. The Association's legal auditor and the Director General were also present.

The Association's general assembly approved the Board of Directors' annual report covering the Association's operations in 2007 and also approved the final accounts and the auditor's

report for 2007. The 2008 budget of the Association was also approved.

2. Board of Directors:

The Board of Directors convened five meetings during 2008. During these meetings, various subjects of interest to the banking system and to the member banks were discussed. The Board of Directors took a number decision during 2008, the most important of which were:

1. Agreeing to the offer presented by Arab Advisors Group to conduct a comparative study about banking sectors in Jordan, United Arab Emirates, Egypt and Lebanon.
2. Approving the appointment of Faeq Hijazin as editor-in-chief of the Banks Magazine
3. Approving the recommendation of the Director General to form an information technology committee similar to other committees formed in the Association.
4. Purchasing the survey study prepared by Arab Advisors Group on "Jordan Retail Banking Use and Perceptions Survey" and distributing it free-of-charge to member banks.
5. Suspending the 2009 annual subscription fees for the members in light of a JD 1,909,044 surplus as shown in the Association's balance at the banks on 16/10/2008 and covering the 2009 deficit from the Association's present balance provided it does not go below JD 1 million. The Board decided to send the matter regarding the suspension of 2009 subscription fees to the general assembly for endorsement.

As for the relationship between the Association and the member banks with the Central Bank

of Jordan, the Association's Board of Directors took note of the central bank's decision to lower the repurchase agreements rate, the rediscount rate and the Dinar deposit interest rate by 50 basis points. The Board decided to send a letter to the governor of the central bank thanking him for lowering interest rates and asking him to lower the mandatory reserve to the five per cent minimum rate stated in the law instead of nine per cent.

The Association's Board of Directors took note of the instructions amending the classification of credit facilities and, after examining them item by item, decided that the amendments were good and fall in the interest of banks. The Board decided to ask the Central Bank of Jordan for some amendments to a number of instructions, most importantly:

- Decreasing the mandatory cash reserve to the lowest level specified in article 42/A of the Jordan Central Bank Law number 23 issued in 1971, instead of nine per cent.
- Excluding until the end of 2009 the credit facilities under structuring from being considered as non-performing or on the watch-list, regardless of the number of structuring, if the customer services the debt. This should be seen as a flexibility in light of current financial and economic conditions prevailing on the local and international levels.
- Exempting clients from a first cash payment of on less than 10 per cent of the credit facilities' balance, when rescheduling for a first time, if the debt can be guaranteed by sufficient security.
- Allowing banks to extend credits to clients that are under watch, if they are able to enhance their guarantees with further new security.

- Not classifying all accounts of a client should one of the credit accounts be placed under watch?
- Widening the exemption from the condition of mandatory "non-operational" classification (stated in article (7/ fifth) of the instructions regarding classification of credit facilities and calculation of provision decline and general bank risk reserve number (30/2006) dated 13/6/2006); to include commercial projects, hotels, and housing and construction ventures and not only the projects that have independent accounts, guaranteed by the transfer of proceeds or specific sources of repayment and have no commotions with other accounts for the client.
- Amending article (48/B) of the Banks Law No (28) issued in 2000 concerning the banks' acquisition of real estate so that banks can take possession of property for four years instead of two years without computing the estate in the bank's organizational capital.

*** Annual meeting between the governor of the Central Bank of Jordan and the top administrations of the banks.**

Since 1987, the Association of Banks has been holding an annual meeting between the central bank governor and the top administrations of the banks operating in Jordan. In cooperation and coordination between the central bank and the Association of Banks, an annual meeting was held at the Association of Banks on 25/2/2008 between His Excellency the governor of the Central Bank of Jordan and the top management of the banks.

In this address to more than 60 representatives of the banking sector, His Excellency the governor stressed that studies continually support the linkage of the Dinar to the dollar

at the present rates. Regarding the policy of the central bank towards the banking system, His Excellency the governor re-emphasized the policy of grouping the banking system's unit so that they become larger and more capable of competition regionally and internationally. Bigger banks would be able to overcome the problems of liquidity size, shortage of human resources and deposit volume. Also they would be subject to the standards prepared by the Banks Control Department in cooperation with regional and international parties. The meeting was an opportunity for constructive dialogue and positive interaction on issues of interest to the banking system.

*** Receiving the governor of the Romanian central bank**

On 28/5/2008, the Board of the Association of Banks in Jordan received the governor of the Romanian central bank and the ambassador of Romania in Jordan. During the meeting, which was attended by Dr. Umayah Touqan, governor of the Central Bank of Jordan; Khoulood Al Saqqaf, the deputy governor and the general manager of the Association of Banks, the two sides discussed prospects of cooperation between Jordanian banks and Romanian banks as well as exchanging expertise.

3. Instructions of the Central Bank of Jordan

*** Draft instructions related to Basel II standard**

The Central Bank of Jordan prepared on 29/1/2008 the draft instructions related to Basel II standard and requested the Association to submit its remarks about these instructions. The Association distributed the draft instructions to the member banks to obtain their feedback on the draft. The Association received responses from 12 banks and the comments / suggestions were sent to the central bank on 3/3/2008.

*** Draft instructions on the rate of investments in Jordanian Dinars**

The Association distributed the draft instructions to member banks which were asked to comment on the draft. The Association received remarks from eight banks and forwarded them to the central bank on 3/3/2008.

*** Norms, work principles and instructions concerning electronic clearing**

The Association sent a letter to the central bank on 16/1/2008 stating the remarks of banks on electronic clearing instructions. It was also indicated that the banks have no objection to remove the "death of the drawer" from the reasons that mandate the returning of a cheque. The central bank issued a circular to the banks on this point.

*** Draft of liquidity instructions according to maturity**

The Central Bank of Jordan prepared on 24/4/2008 a draft of liquidity instructions according to maturity and requested the Association for its remarks about it. The Association distributed the draft instructions to member banks requesting their remarks on it. The Association received comments from 12 banks and it forwarded them to the central bank on 5/5/2008.

*** Central bank circular on including interest and commission rates in customers' account statements**

On 17/2/2008, the central bank issued a circular to all licensed banks requesting that account statements of banks' customers include in a clear and understandable manner the interest and commission rates on deposits and credit facilities. The central bank also requested the method of calculating the interests and commissions, the computing date during the contractual period, the late payment interest

rates and the interest rates on exceeding credit ceilings. Banks were given a certain time to comply with the circular from 31/3/2008. On 20/5/2008, the Association held a meeting that was attended by representatives of member banks to discuss the subject and ask the central bank for possibly more detailed clarification regarding the content of the customers' account statements and for more time to execute the request. The central bank was contacted on this issue and it responded to the Association's letter stating that the objective of the circular was to achieve more transparency of the banks' dealings with their customers. The central bank said it was up to each bank to respond in the way it deems appropriate to the requirements contained in the circular and that the central bank does not mind to stretch the period of implementation for three months to the banks that were unable to carry out the necessary amendments to their systems. The circular of the central bank was sent to member banks on 11/6/2008.

*** Central bank decision raising by one percentage point the mandatory cash reserve rate on customers' deposits**

The Central Bank of Jordan decided to raise the mandatory cash reserve on customers' deposits in Dinars and foreign currencies at the licensed banks by one percentage point from eight per cent to nine per cent from 17/6/2008. The increase came to emphasize the keenness for monetary stability and the stability of prices with regard to local changes, especially expectations of price levels, and the need that these expectations take into consideration the keenness of the financial and monetary policies to create the appropriate environment to contain inflationary pressures. This step came also in light of the continued increase in the international prices of basic commodities such as oil and food which contributed in raising the inflation rates during the first five months of this year.

*** Central bank raises mandatory cash reserve rate by one percentage point**

The Central Bank of Jordan raised another time this year the mandatory cash reserve rate on customers' deposits in Dinar and foreign currencies at licensed banks by one percentage point to contain inflationary pressures. Starting 2/9/2008, the rate became 10 per cent instead of nine per cent. The measure of the central bank came to emphasize the keenness for monetary stability and the stability of prices with regard to local changes, especially expectations of price levels, and the need that these expectations take into consideration the keenness of the disciplined financial and monetary policies to create the appropriate environment to contain inflationary pressures. The central bank said it will continue studying the main changes in the national economy and will take any measures it deems necessary to limit the negative effect of inflationary expectations on price levels.

*** Central bank lowers interest rates by half percentage point and the mandatory cash reserve by one point**

The open market committee decided to lower the key interest rates at the central bank by 50 basis points or 0.5 per cent effective 25/11/2008 as follows:

- Rediscount rate (6.25 per cent) instead of (6.75 per cent) annually.
- Repurchase agreements rates (6.00 per cent) instead of (6.50 per cent) annually.
- Dinar window deposit rate (4.00 per cent) instead of (4.50 per cent) annually.

*** Central bank amends instructions to banks to ease restrictions on credit facilities**

The central bank amended some items of its instructions to the banks in order to ease conditions for lending and loan repayments. Foremost of these amendments was extending the period for covering overdraft accounts or

advances under current accounts of become 90 days instead of 30 days that the instructions specified. These amendments, which specifically affect the commercial sector, also eased previous conditions allowing clients to deposit in or withdraw from their overdrafts or advances twice during the period instead of four times.

The central bank indicated that the amendments of the instructions does not mean there are problems in the repayments of loans but rather aim at easing restrictions, that banks were obliged to adhere to, in order to face the repercussions of the international financial crisis.

As per the instructions, the central bank asked the banks for some degree of strictness to face cases of uncertainty and concern that spread as a result of the crisis and emphasized to the banks a loosening of some restrictions by amending previous instructions. By adjusting the provisions to be taken against credits, the central bank was relaxing the conditions for borrowers and opening the door to the banks for activating credit operations but without harming the banking system and its soundness.

The amendments came as a response to a general view among the public that banks were tightening up credit extensions. What the central bank did by amending some of its instructions to the banks was an attempt to influence them into easing restrictions.

*** Central bank circular to member banks for disposing of real estate held by banks**

The technical and financial committee discussed the subject of the circular and suggested that the Association send a letter to the central bank saying that to limit the effect of the international financial crisis on the Jordanian economy in general and the banking sector in particular, it would be wise for the central bank to reconsider

the circular for the following reasons:

- The banks' floating of these real estate for sale in the market may give rise for misunderstandings among clients and may lead to many rumors that could impact the banking sector in general and some banks in particular at a time when we are seeking to enhance trust in the Jordanian banking system.
- Disposing of the properties would have direct effects by pushing the real estate sector into further slowdown.
- Concern among clients from contest cases against purchases of real estate from banks, makes the issue of disposing from these properties a difficult one during the period specified in the instruction.
- There are difficulties at present to market these real estate especially when shares are involved or the property is owned by many persons.
- Many holdings of the real estate portfolio were contested during the foreclosing procedures and they are now in court where the bank cannot take any action.

Although the Central Bank of Jordan tries to allay the concerns among customers, the repercussions from executing the above instruction through various means and an announcement that the banks intend to sell the properties at attractive prices for disposal reasons, would trigger a new form of distrust and anxiety that may extend to the Jordanian banking sector in general.

To counter these repercussions and neutralize our banking system and national economy from the impact of the crisis and to become more sound and strong, we propose that these instructions be frozen until the local and global economic and financial situation stabilizes or at

least until the end of 2009 for the benefit of all concerned parties.

The central bank agreed to this letter as it froze the implementation of the circular number 10/1/1812.

4. General policy issues

* Affixing stamps on share hypothecation deeds

The Ministry of Finance asked the banks operating in Jordan to affix revenue stamps on deeds of securities' hypothecations at a rate of (0.003) three per thousand of the hypothecation amount. Jordan Kuwait Bank wrote to the Ministry of Finance requesting and exemption from the stamps if hypothecation deeds of securities were associated with another contract on which stamp fees were paid. The Association tabled the subject to the legal committee and a letter expressing the legal view of the banks on this subject was sent to the Ministry of Finance on 16/1/2008. The Association did not receive an answer from the Ministry of Finance to its letter and that of Jordan Kuwait Bank.

* Replacing the old postal clearing machines with new ones

Jordan Post sent a letter to banks requesting that they replace their old postal clearing machines with new or digital machines, conform them to the system adopted at Jordan Post and specify installation locations by 31/1/2008.

One of the member banks objected to the system by sending an official letter to Jordan Post with a copy to the Association which circulated the bank's objection letter to all member banks.

To arrive at an agreement between the banks and Jordan Post about the new system (digital), a meeting was held on 6/2/2008 at the premises of the Association between member banks and Jordan Post. Each party expressed its opinion

and Jordan Post was asked to submit a new letter to the Association of Banks to indicate the extent of its consent to the banks' demands. Indeed, Jordan Post sent the Association a letter agreeing to the banks' remarks.

Representatives from Jordan Post and the parties supplying the digital postal clearing machines held a meeting with representatives of member banks on 16/4/2008. During the meeting, the Board chairman of Jordan Post agreed with the view of member banks that an opportunity be given for competing companies to enter the tender and that it is possible to give banks 2 – 3 years to replace the old machine with new ones.

Jordan Post again asked the suppliers of the postal clearing machines to submit technical and financial offers within a period extending until 5/6/2008 but the suppliers did not respond to the request of Jordan Post.

* Instructions issued by the Jordan Securities Commission

In accordance with the decision of the Board of commissioners number (727/2007) dated 16/12/2007, the Jordan Securities Commission issued instructions regarding compelling accounting principles and standards related to the estimation of fair value and the disposal of the reevaluation surplus for the year 2007 as well as the compelling principles and standards related to the preparation of 2007 annual and transitional financial statements.

To arrive at unified remarks for the banks, the Association held a meeting for the financial managers of member banks to discuss the instructions of the Jordan Securities Commission. The Association asked the banks for their views and remarks about this subject and passed their responses to the Jordan Securities Commission on 9/1/2008. The Jordan Securities Commission published on its website

the amended instructions which mentioned that the Board of commissioners of the Jordan Securities Commission decided at its meeting on 11/2/2008 to look into the remarks received from the Association of Banks and decided the following:

- Consider article (third) of the aforementioned instructions as para (A) of the same article.
- Add a new pare (B) on article (third) stating the following: “ Based on the judgment of the Board of Directors to the risks of the portfolio of financial assets available for sale, it is possible for the company’s Board of Directors to issue a decision lowering the amount requested for exemption from the dividends for distribution as mentioned in para (A) above, on condition that the exempted amount be under no circumstances less than the negative balance (debit) of the account of change in the fair value of the portfolio of financial assets available for sale.”

In light of the international financial crisis, the Association of Banks held another meeting for representatives of the banks to discuss the instructions of the compelling accounting bases and standards related to the estimation of the fair value issued by the Jordan Securities Commission in accordance with the decision by the Board of commissioners No (727/2007) dated 16/12/2007. These instructions entail acknowledging the losses of re-evaluating the financial assets available for sale and kept until maturity in the income statement in case the market value of those assets falls by 20 per cent or more of the investment cost when purchased and this decline continued for nine months and more.

The participants indicated that in light of the deep, exceptional and urgency of the international financial crisis and the unrealistic drop in the market value of most financial assets

available for sale by more than 50 per cent since the start of the international financial crisis, the 20 per cent decline standard in the market value of financial assets available for sale has become inappropriate. Although the drop in the market value did not exceed nine months since the start of the crisis, it is insufficient to judge that the decline in the value of financial assets is one that is permanent and requires acknowledging diminution losses.

The attendants demanded that a letter be sent to the Jordan Securities Commission to reconsider article two of the aforementioned instructions in the general interest of the companies and the national economy in order to avoid posting unjustified losses for the national firms. The banks requested the Jordan Securities Commission to take the following measures:

- Freeze the implementation of the above instructions for the year 2008 due to the exceptional and unrealistic local and international financial conditions especially when they do not reflect the actual and normal financial conditions of the companies in the Kingdom and do not reflect their fair market value. These instructions are to be reconsidered after the end of the exceptional circumstances or at least until the end of 2009.
- Consider increasing the diminution in the financial assets available for sale from 20 per cent to 50 per cent and extending the period to become 12 months instead of nine months.

The response of the Jordan Securities Commission came as a clarification that the Jordan Securities Commission initiated these instructions to assist the companies and their external auditors in adopting unified principles in the implementation of international accounting standards in line with legislative requirements in force and to achieve harmony

with international practices. As such, the credibility of the financial statements and their transparency will be enhanced locally and internationally and will positively reflect on the national capital market.

*** Landlords and tenants law**

The Ministry of Justice sent a letter dated 30/12/2007 to the Association regarding directives from His Majesty the King to conduct a constructive dialogue about the landlords and tenants law and to come up with solutions that take into consideration fairness and social security. The ministry requested the Association for the views of the banks and their suggestions concerning the law.

To arrive at unified solutions and proposals that take into consideration social security and fairness, the law was discussed during a meeting that the legal committee held on 8/1/2008. The committee said the law should be studied thoroughly in no hurry because banks are considered as both landlords and tenants and an inner committee was formed to prepare the remarks about the law. The remarks of the inner legal committee, indicating the comments and suggestions of member banks about the law, were sent in a letter dated 16/3/2008 to the minister of justice.

The remarks of the banks called for annulling a number of articles, adding or amending some other articles. The banks suggested the cancellation of article (8) of the original law and replacing it by the following: "Requests related to the execution of deeds stated in Para (A) of article (6) of this law cannot be accepted if 15 years have lapsed on the availability for execution or on latest measures taken." Adding a new paragraph on article 28 stating: "It is only permissible to place a lien on the salaries and wages earned by employees, workers, pensioners and laborers by one third of the gross

income except the lien for alimony for which the debtor was sentenced." Canceling article 36 and replacing it with the following paragraph: "The lien covers all debts of the debtor to the lien-holder until the time of attestation, including the liabilities, unless the lien is placed on specific assets." On the same article, the following two paragraphs are to be added: "If the lien-holder has many branches, the lien only takes effect at the branch specified by the distrainer", "If the lien is placed on the funds of a debtor at the licensed banks, the lien will not cover possible and potential rights or promises arising from loans and credit facilities extended by banks to the debtor as the lien only covers the debt that is owed by a debtor after the bank cancels out the obligations of the borrower against the deposits he/she holds". Canceling article 37 and replacing it with the following paragraph: "If the line-holder does not provide an attestation of the assets in his / her possession, decides against what is truthful or hide deliberately the documents that should be submitted as proof and, accordingly, becomes a cause for not enabling the distrainer to accept the debt that is wholly or partially, under lien for him/her; then the distrainer may sue, as stated in the law, the lien -holder asking for the fixed assets in possession of the lien-holder. In all cases, the lien-holder is obliged to shoulder the fees and expenses as well as the lawyers' entitlements arising from the suit."

*** Drafts for amending laws and regulations**

The Ministry of Justice sent a letter to the Association requesting suggestions and remarks from banks on several laws and legislations for implementing the 2007-2009 strategy to develop the judiciary. The strategy comprises developing the following laws: (the penal law, the execution law, the criminal procedure law, the evidence law, the notary public law and the civil procedures law).

To arrive at unified suggestions and remarks from the banks on the aforementioned legislations, the Association sent a letter asking member banks for their comments about the laws. After consultations with the banks, the Association concluded that the period given to the banks for studying the laws was not enough. Accordingly, a letter was sent to the minister of justice requesting more time to study the laws.

A special meeting was held to discuss the legislations and it was evident that the execution law and the evidence law were the two that are of interest to the banks. As both laws were previously examined in the Association, inner committees were formed to review and edit the execution law and the evidence law. A letter dated 16/3/2008 was sent to the minister of justice informing him of the remarks and proposals of member bank on the execution law.

Due to the high number of litigations and continued lawsuits brought by debtors, convicted of delinquency, to appeal the execution measures against their property; and as such appeals prevent the banks from disposing of the property and liquidating it by selling to interested purchasers, one of the banks sent a letter dated 18/3/2008 to the minister of justice. In the letter, the bank requested the formation of a joint committee from the legal committee at the Association of Banks, the ministry of finance or the Legislative Bureau to formulate the necessary amendments to the fixed assets' hypothecation law.

On 23/3/2008, the Association sent another letter to the minister of justice upholding the content of the member bank's letter which mirrors the situation of the banks and the Jordanian banking sector. In its letter, the Association agreed with the bank's suggestion to form a joint committee.

* Foreclosure transactions executed at land registration departments

After the Court of Cassation issued decision No 2044/2007 and decision 430/2007 concerning the summons required by the law for the debtor and mortgagor through police stations in accordance with the instructions of execution at the Department of Land Article 1/b/2; and as the Court of Cassation sought to annul all summons through police stations; the issue was tabled to the legal committee to discuss the intricacy and the damages resulting from the decisions of the Court of Cassation.

All members of the committee were asked for suggestions to be taken up by the legal committee and an inner committee was formed to formulate the proposals of the committee for adoption and forwarding to the concerned parties. Also, one of the member banks wrote to the prime minister indicating the economic, social and legal effects that will ensue from the decision of the Court of Cassation.

* Companies' law draft

The Association of Banks received from the Companies Control Department a letter dated 6/4/2008 indicating that the Companies Control Department had an amendment draft to the companies' law based on the draft that was submitted in 2007. The Association of Banks had on 23/9/2007 provided previous proposals on the draft law.

The matter was tabled and discussed during a meeting that the legal committee held on 14/4/2008 and a letter was sent on 17/4/2008 to the companies' comptroller showing the suggestions of banks. The letter contained amendments about : Priorities for distributing the proceeds of liquidation, allowing free zone companies and offshore foreign firms to borrow from banks to finance their commercial businesses outside the Kingdom, and permitting

the chairman of the Board to authorize others to testify in courts and the possibility that the testimony be in writing and on specific incidents.

*** Discussing demands of workers in the housing and construction sector**

Bankers and businessmen dealing in the housing and construction sector discussed the demands of the housing sector from the banking system in order to be able to carry out their role in the best way and to meet local needs of housing services and construction.

During a meeting chaired by the governor of the central bank and attended by the chairman of the Association of Banks, Amman mayor and public works and housing secretary general; at the premises of the Association of Banks, they demanded that banks extend additional credit facilities to those working in housing, reconsider the definition of sectors and specify the financing to housing activities as a ratio of the financial concentrations of the banks.

The banks were represented at the meeting by Board chairmen and general managers, the housing sector was represented by the president of the Association of Investors in the Housing Sector and those in the construction sector by the president of the Construction Constrictors Association.

The central bank governor promised to reconsider the definition of economic activities, especially those associated with housing and construction, and to facilitate the conditions for those engaged in the housing sector on a case by case basis.

They asked the government and the banking system to provide tax exemptions, lower interest rates and to facilitate procedures for extending loans to individuals especially in terms of lending period and evaluation of security in

order to enable the largest possible number of people to benefit from housing schemes. Banks expressed full understanding to the demands of businessmen operating in the housing sector and affirmed readiness to cooperate with the local housing sector.

*** Draft liquidation, bankruptcy and insolvency law**

The meeting of the committee for formulating the draft liquidation, bankruptcy and insolvency law started at the Companies Control Department / Ministry of Industry and Trade in early July of this year. Initiated by the Companies Control Department, the meetings were held in cooperation with the USAID- funded SABEQ Programme. The Association of Banks in Jordan was invited to participate in the inner committee in order to arrive at a modern law that would protect the creditors/ mortgagees and the priority for collecting their debts, show what is stated in international laws especially at the United Nations Committee for International Commercial Law, and the extent of applying these principles in conformity with the legal bases applied in Jordan. It is noteworthy that the committee entrusted with the preparation of the draft discussed the importance of introducing the “restructuring” concept for the establishment that may face bankruptcy or liquidation, the extent of applying those internationally known principles in accordance with the Jordanian legal system and what justifications there are besides the positive and negative aspects. It was emphasized that the central bank and the Deposit Insurance Corporation were highly responsible in case of bankruptcy or liquidation of any Jordanian banking institution – God forbid – in all stages of that liquidation.

*** New tax law**

The Association held an expanded meeting that was attended by legal and financial representatives of member banks to discuss

the income tax law. It was agreed to form a committee for formulating the proposals of banks.

The discussions centered on the draft presented by the government and the suggestions that were previously submitted by the banks. The issues covered the tax as a regional and international principle as well as income resources from employment and investment besides the income resources that are exempted and the capital profits resulting from trading in share and real estate. Also included were lump sum compensation resulting from occupational accidents and deaths; provisions for bad debts or doubtful assets for banks and financial companies; exemption of donations which the current law allows; reinstating the exemption of pensions and the lump sum remuneration and the end-of-service compensation; reinstating the promotional discount that is currently granted and exempting the interests derived from treasury bills, development bonds , treasury bonds and corporate bonds . All the remarks of banks were forwarded to the minister of finance.

*** Government guarantees all deposits at banks regardless of ceiling until end of 2009**

Prime Minister Nader Dahabi announced during a meeting with Board chairmen and general managers of banks operating in Jordan that the government guarantees all deposits at banks regardless of any ceiling until the end of next year 2009.

This step of guaranteeing deposits comes from the government to enhance trust in the Jordanian banking system and in line with the economic policies followed by world countries towards more financial and economic stability.

The prime minister's announcement that all deposits are guaranteed was met by wide satisfaction from all banking circles which

valued the step as a boost to the competitiveness of the Jordanian banking system in the region to become a fundamental magnate for attracting deposits.

As to the repercussions of this crisis on the banks in Jordan, it has become clear and certain that banks in Jordan were not much affected. Statements from the Central Bank of Jordan were issued assuring the public about the safe situation of banks as there is no liquidity crisis nor a lending crisis.

*** Special meeting to discuss the draft law for liquidation, bankruptcy and insolvency with representatives of the World Bank**

A delegation from the world Bank met the legal committee to discuss the problems and difficulties that face the banking sector in general and, in particular, what relates to liquidations, bankruptcy and insolvency.

As to the problems and difficulties that face the banking sector, the legal committee representatives indicated to the delegation that current legislations have in many cases rendered the security given to the banks worthless. The execution law obliges banks as creditors to notify all the debtors and in this case, the notification process to all may take long time for various reasons. Also, obliging banks to enter auctions by more than 50 per cent of the property value have ended up with banks taking much property. This would not only entangle the work of banks but also makes it difficult for them to dispose of the property especially when the central bank law obliges banks to dispose of real estate they acquire in auctions within two years. Also, the securities related to the transfer of proceeds, which are of the very important guarantees that banks rely much upon as security for credit facilities, are cause for concern. When an undertaking for the transfer of proceeds from a contractor (bank

client) is processed , this transfer is conditioned by several terms such as a judicial distraint, entitlements to subcontractors or any liens for the department of income and sales tax even if those lines come after the transfer of proceeds . As such, those conditions deprive the transfer of proceeds from its importance.

Regarding a special law for liquidation, bankruptcy and insolvency, the committee stressed the need to sort out the contradictions between the laws in this area especially the laws related to companies, labor and commerce. Another contradiction requiring sorting out in these laws is the priority of debt settlement between the labor rights, creditor rights and the entitlements of liquidators, landlords of rented property and the state treasury.

The committee demanded shortening the liquidity period and excluding the partners in a company slated for liquidation from being liquidators as the present law allows because there would be in this case a conflict of interest between the liquidator and his capacity as partner. It was also requested to fix an amount in remuneration for the liquidator and not a monthly salary in order to encourage liquidators to complete the process quickly.

At the end of the meeting, the World Bank delegation welcomed any suggestions from the banks so that these proposals can be taken into account in the report that will be presented to the Jordanian government.

*** Meeting about fraud using ATM cards**

The Association of Banks organized, in cooperation with Visa Jordan, a meeting on 17-12-2008 to discuss the cases of fraud by using automated teller machine (ATM) cards. The meeting was attended by representatives of ATM card departments (debit and credit) at member banks.

According to Visa Jordan data, there are forgery cases in neighboring countries , especially Gulf states. Noting that the forging of ATM cards and combating this phenomenon has become a complex process, Visa Jordan said it requires the cooperation of the banks , customer and security people. Most of the forgeries come from foreign countries, especially Asian and African, Visa Jordan said pointing out that local forgeries were limited. Noting that there is no control on cards issued abroad, Visa Jordan explained that countering the forgery and fraud cases depend on the type of cards used, the type of ATMs used and the programmes made for them which should be periodically updated such as Wireless GPS.

At the end of the meeting, the participants stressed the importance of the subject and , consequently, an inner committee was formed from the representatives of banks to find out the extent of losses that banks incur as a result of misusing ATM cards whether debit or credit.

5. Seminars, lectures and training workshops

1- Monthly seminars

The Association held six seminars during 2008 on subjects of interest to the banking sector. Herebelow are details about the contents of these seminars.

*** First monthly seminar : “The status of Mediation in Jordanian Courts”**

The Association of Banks held on 26/2/2008 its first monthly seminar in 2008. Entitled: “The Status of Mediation in Jordanian Courts”, participants were informed about the practical mediation experiment, and were presented with actual cases in which the mediation method was used. The seminar marked one year and half of starting mediation.

*** Second monthly seminar: “The Role of Amman Bourse in Mobilizing Savings and Enhancing National Economic Growth”**

The Association of Banks held on 21/4/2008 its second monthly seminar in 2008. Jalil Tarif, chief executive officer of Amman Bourse, was hosted by the Association to speak in this seminar which was entitled: “The Role of Amman Bourse in Mobilizing Savings and Enhancing National Economic Growth”.

Tariff highlighted the importance of the bourse’s role in driving economic growth through encouraging savings and investments and opening new investment projects. He indicated that the role of stock exchanges in the economies of states is increasingly growing whether on the local level or international levels citing as evidence the investment figures in stock exchanges.

He pointed out that the value of shares in international bourses has reached around \$62.6 trillion in 2007 at an annual turnover of \$15.6 trillion noting that the value of shares in Arab bourses amounted to about \$1.3 trillion at a rate of two per cent in the Saudi bourse which is the largest.

*** Third monthly seminar: “The Role of Jordanian Banks in Financing Mega Investment Projects”**

The Association of Banks held its third seminar in 2008 on 26/5/2008. Entitled: “The Role of Jordanian Banks in Financing Mega Investment Projects”, Jordan Investment Board Chief Executive Officer Dr. Maen Nsour pointed out that the accumulated balance of investments that benefited from the investment promotion law since 1995 has reached JD16 billion.

He indicated that the same reports pointed to difficulties in obtaining financing for projects that depend on innovation and that financing

hinders progress of the projects. However, he said that various reports stressed that Jordan is among the best in terms of security and stability which are considered the most important pillars of the investment process.

Dr. Nsour described the banking system as a major factor in activating investments and said it is one of the most important elements that support investment. Noting that there is a reciprocal relation between economic reality and the lending capability of banks, he highlighted a noticeable increase in the banks’ capability for financing pointing to a 26 per cent rise that peaked at JD11 billion and still moving in the right direction.

He explained that the investment distribution map covers the industrial, construction, general trade, tourism, financial services and real estate sectors. Also, he mentioned a new type of partnership between the public sector, the private sector and the international organizations for financing mega projects up to JD 5 billion such as the Disi water project.

A dialogue between the participants and Dr. Nsour tackled complaints that banks are not approaching industrial sectors for financing because of insufficient guarantees; especially the investment projects in the Qualified Industrial Zones.

*** Fourth monthly seminar: “The International Crisis in Mortgage and Housing Markets”**

The Association held its fourth monthly seminar in 2008 in cooperation with the United States Agency for International Development through the SABEQ economic development programme and the Central Bank of Jordan on the causes and the results of the international crisis in mortgage markets. The seminar was attended by some Board chairmen of Jordanian banks, general managers and their deputies in addition to responsible officers of institutions

that regulate financial services. The seminar hosted international experts who delivered a presentation about this crisis and its impact on the global economy. The relationship of the repercussions on the sector of financial services in Jordan was also discussed.

During the seminar, several important subjects were discussed including the extent of the crisis in the world, the housing bubble in the United States and other countries and the definition of the sub-prime mortgage and its role in the crisis and housing bubble. Participants focused on the role of securitization in the crisis and its impact on the commercial and investment banks as well as construction. Discussions also covered the role and the reaction of decision-makers to the crisis besides the failure of risk management in easing this crisis.

Luckily, the Jordanian financial sector was not affected as much as the institutions, money and bond markets in some of the other countries. The understanding of the dealers and investors in the financial markets of the causes and results of the international crisis will shield Jordan from such mishaps. Besides providing more financial tools, such as securitization, to enhance the public's capability to arrive at financing resources, decision-makers should understand that these tools were not the main cause that triggered this crisis but a mix of factors including the complex structure to some securities that contributed in some investors underestimating the risks associated with their investments.

*** Fifth monthly seminar : "Outsourcing for the Banks"**

In cooperation with the United States Agency for International Development through the SABEQ economic development programme and the Information Technology Association (intaj), the Association held a seminar, considered the

first its kind in Jordan, about the latest trends of outsourcing services for Jordanian banks. Participating in the two-day seminar, were local and foreign experts as well as many providers of outsourcing services who came to interact and distribute pamphlets about the services available for Jordanian banks.

The seminar was opened by Dr. Adli Kandah, the Association's general manger, and Mrs. Carol Swan, deputy general manager of the SABEQ economic development programme. The general manager welcomed the attendants and the participants indicating that the Association decided to hold this seminar, which is the first of its kind in Jordan, when it realized that there is a need for awareness and education to be in line with the latest developments about the subject of outsourcing. He said that outsourcing services provide to the qualified companies the opportunity to reach the economies of supply and the capability to concentrate on the services and products that contribute to the growth of their companies.

Dr. Kandah stated that the seminar is expected to enhance the outsourcing concept and to assist the banking sector in allocating its resources to the best service provider. As such, this would be a step that helps to achieve success and development. He expressed hope that the seminar would achieve its objective and stressed that the Association will pursue its role of raising awareness and spreading the financial and banking knowledge in all social circles. Mrs. Carol Swan indicated that the seminar was being held at the request of the Association of Banks in Jordan and that it falls within the agreement signed between the Association and the United States Agency for International Development through the SABEQ economic development programme.

Lecturing at the seminar were Mr. John Ewald from Bearing Point and former staff member

of JP Morgan Chase, and Mr. Nidal Qanadilo, director of information technology and communications investments at the Ministry of Information and Communications Technology. The seminar covered important topics in the financial services sector such as the volume of jobs that banks around the world can grant to third parties, innovation in outsourcing banking services, risk management of outsourcing banking services to third parties, the legal and regulatory aspects for outsourcing banking services, and cost control while obtaining the best value from outsourcing services.

Around 50 participants attended the seminar. They included general managers and their deputies, financial managers, heads of information technology departments and heads of legal departments in addition to other managers concerned with outsourcing decisions and monitoring the performance of service providers. Also participating were companies specialized in outsourcing, like Crystal Cal Ectensia and others. Outsourcing services provide qualified companies with the opportunity to tap supply economies and the capability to concentrate on the services and products that contribute to the growth of their companies.

The heightened competition among companies require reviewing their operations and allocating their resources to the best and most capable provider of the main service or product to enable the company to succeed. The services provider could be an internal unit of the institution or an outside company. The outsourcing decisions are considered very important as they do not only mean a wider profit opportunity but mean endurance in the growing intimation market. Whether the company's final decision is for taking up outsourcing or not, the capability and efficiency of the department in using the resources should depend on outside market factors.

*** Sixth monthly seminar: “The Importance of Showing the Safe and Sound Image of the Banking System in Crisis Times”**

The Association of Banks held its sixth monthly seminar in 2008 on 24/11/2008. Over 35 participants attended the seminar which was entitled: “The Importance of Showing the Safe and Sound Image of the Banking System in Crisis Times”. Dr. Abdul Nasser Beidas lectured in the seminar which described how to build the economic identity of the banking sector during difficult economic and financial circumstances. Participants discussed the role of media in presenting the healthy picture of the Jordanian banking system as well as the proper and secure methods to deal with such crises.

2- Workshops

During 2008, the Association held six workshops on topics of interest to the banking system. Following are details of those workshops:

*** “Electronic Payment Portal” workshop**

In cooperation with the Ministry of Information and Communications Technology, the Association of Banks held on 21/2/2008 a workshop entitled “Electronic Payment Portal”.

Attended by 20 participants, the workshop tackled several issues such as the importance of the national electronic payment portal in activating electronic services. The participants urged the banks and the various payment provider companies make available different payment services that conform with the requirements of people and employees. Most significantly of those are : Cash payment, credit cards, prepaid cards, banking transfers and mobiles. The workshop also tackled the contracting methods between the electronic government and the electronic payment provider companies.

*** “Compliance “workshop**

In cooperation with the Arab Bank, the Association of Banks held on 10/3/2008 a workshop about compliance. The workshop focused on acquainting the banks with the means used for tracking compliance risks, challenges and difficulties and how to face them. Moreover, the local and international practices in the area of compliance control were presented including the tools and mechanisms used.

*** “King Abdullah Award for Private Sector Excellence” workshop**

In cooperation with the King Abdullah Centre, the Association of Banks held on 12/3/2008 a workshop to highlight the King Abdullah Award for Private Sector Excellence and to acquaint the participants from the banking sector with the award, the advantages of participating and winning it. The functioning mechanism, the standards and the procedure for participation was explained during the workshop.

*** “Salary Survey” workshop**

In cooperation with Hewitt Associates, the Association of Banks held on 29/5/2008 a workshop for launching with Hewitt Associates a research project related to wages for the year 2008.

*** “Financial Services Survey for Small and Medium –Size Enterprises” workshop**

On 26/11/2008, the Association held a workshop aimed at resending a preview of the field study prepared by USAID about small and medium-size enterprises. Attended by 25 participants from the banks, the workshop sought to assist the banks in developing and improving the procedures and services related to those projects. The study comprised a sample from commercial banks, financial institutions and business development enterprises.

*** Specialized workshop on “Initial Launch of the Assembly of Professionals in Risk Management for Bank Workers”**

In cooperation with the SABEQ economic development programme, funded by the United States Agency for International Development, the Association held a specialized workshop for the initial launch of the Assembly of Professionals in Risk Management for Bank Workers. The convening of the workshop, which was attended by a number of workers in this respect at the local banks, underlined the importance of risk management that face the workers in the banks and its role in minimizing these risks to the lowest possible level. Also, the risk management does not lie in management alone but goes beyond to trade, services, human resources and other activities within the single institution.

It is hoped that the seminar would strengthen the management capabilities of the participants and widen the knowledge opportunity through the interaction with the participants and the exchange of views, ideas and experiences. Also, it is hoped that the participants would be able to better understand the problems and risks they face during work as the workshop contributes to transfer knowledge and experience from one person to another. The Assembly of Professionals in its final form will be launched in the coming weeks of this year.

*** The first quarterly meeting for the Assembly of Professionals in Risk Management**

The Association of Banks held on 4/11/2008 a workshop that was attended by 32 participants. The workshop tackled many topics most important of which were following-up on the activities of the assembly and direct communication, exchanging available documents, announcing the records, ideas and viewpoints and the announcements of training and work opportunities besides several

important aspects for exchanging information. Initially, the Assembly of Professionals in Risk Management in the Banks will comprise the professionals in the banks. But, there is a notion that the assembly also include the risk management professionals in insurance companies and securities' firms because the demand for such jobs in corporations is increasing . As such, there is a need for more risk management professionals to meet various obligating systems.

The Assembly of Professionals in Risk Management at Banks will get support from different sources. At the end, it will be hosted by the Association of Banks in Jordan. The technical assistance to the Assembly of Professionals will be perfected by the interactive website which will be an additional junction that will unify the experience of each group and provide them with resources and experiences.

3- Training courses and programmes

During 2008, the Association held three training courses and programmes on subjects of interest to the banking system. Following are details about the contents of these programmes.

*** Training programme: "Comprehensive Security Programme"**

The Association of Banks cooperated with the Consultancy for Risk Management in holding a training programme entitled: "Comprehensive Security Programme". The programme, held between 22-24/1/2008 and attended by 26 participants included several topics related to the following: Uncovering forgeries and counterfeits of currencies, personal identifications and security personification as well as financial and banking fraud (deception of tellers, deception of bank clients, ATM fraud, fraud and forgery of bank cards, fraud and forgery of cheques, Nigerian fraud, international lottery, black

dollar and internet auctions). Other topics were: Banking security (developing the security sense of the participants, armed robbery, crisis management); money-laundering and terrorism financing (central bank instructions, anti money-laundering law) and safeguarding the banking and financial information of clients (fraud means for stealing clients' financial data, bank spying and fraudulent shopping, security of data, documents and offices).

*** Training course: "Letters of Credit and Terms of Writing Letters of Credits"**

In cooperation with Mr. Mohammad Burjaq, an expert in letters of credit, the Association of Banks held between 18-19/2/2008 a training course that was attended by seven participants. During the course entitled "Letters of Credit and Terms of Writing Letters of Credit", the participants reviewed and discussed the importance and the methodology of writing the terms of the letter of credit and the required documents in a way that would achieve the desired purpose for demanding them without contradiction to the terms of the contract. Also reviewed were the details of covered and uncovered bills of lading in the Unified Rules and Conventions for Letters of Credits as per publication No 600. The means for specifying the appropriate insurance terms, according to the type of goods and the different shipping methods, were also tackled.

*** Training course via the internet "Money-laundering"**

The Association of Banks held between 9-27/11/2008 a training course via the internet about money-laundering. The course, attended by 10 participants as representatives of the banks, is considered the second training programme for the Association of Banks through the internet. This course aimed at explaining all matters, problems and solutions related to money-laundering .

4- Forums

The Association and the Jordan Today Centre for Development organized on 26 and 27/8/2008 the first forum on financing corporations. Held under the logo “Tools, Risks and Opportunities”, the participants discussed over two days working papers that focused on tools for providing financing to corporations, role of banks in financing, and management of financial risks. Academics and banking experts participated in the forum.

Her Excellency Kholoud Al Saqqaf, deputy governor of the central bank, patronized the forum and delivered a speech in which she said that Jordan seeks to build a strong and dynamic economy that positively interacts with international developments. She stressed the importance of unifying efforts for setting up a comprehensive and suitable framework for financing investments in the Kingdom.

She indicated that the bank was capable to contain inflation rates throughout the past years had it not been for the unprecedented increase in oil and food prices. The bank was also able to achieve the stability of the Dinar exchange rate and to set up an interest rate structure in the banking market that balances between financing economic growth and combating inflation. She emphasized that the important issue at present is the need for competent persons evaluate very precisely and competently the loans and risks for each financing transaction. The need for assessment becomes more pressing because of insufficient availability of financial resources and the developments that influence the national economy.

Dr. Adli Kandah, the Association’s general manager said the aim of the forum was to discuss the latest tools for financing companies, to analyze the key risks that face financing operations and the management of those risks in a competent manner to propose specific

recommendations and to point out the available opportunities to the banks for financing various economic sectors in the Kingdom. He mentioned that the banks operating in the Kingdom provide the necessary financing for all economic and social sectors through specialized banking products, floating shares for public subscription and through bank syndicated loans besides non-traditional financing methods such as Islamic financing and finance leasing. He emphasized that the banks seek to take up the latest methods and techniques for credit risk management in order to minimize credit risks and maintain the quality of the credit portfolio as required by good corporate governance, Basel II standards and the requirements of the Central Bank of Jordan and international institutions to lessen financing risks.

6. Other activities and news

* Banks sign agreements to finance “Decent housing for decent living”

The Housing and Urban Development Department signed six agreements for extending loans to beneficiaries from the Royal Initiative projects. The banks with whom the six deals were signed are : Arab Bank, Housing Bank, Capital Bank, Cairo Amman Bank, Egyptian Arab Land Bank and Ahli Bank. These agreements were sealed after several meetings between the government and banking and insurance parties. A specialized committee was entrusted to study the general framework of the available financing mechanisms. The committee arrived at insuring the housing loans against risks, fixing the interest rate for limited periods if possible and using the mortgage refinancing mechanism to provide the necessary financing to banks for this purpose. The government, through the central bank is working to find medium and long-term financing resources.

As such, the initiative has come up with fundamental solutions for providing suitable housing for medium and limited-income groups by combining together all local sectors, including the banking sector, as the nation's future is a joint responsibility of all parties.

* e-commerce strategy and the proposed work plan

The Association and the Ministry of Information and Communications Technology held a meeting that was attended by representatives of member banks and the Central Bank of Jordan to discuss the remarks of member banks about the e-commerce strategy and the proposed work plan.

The preparation for the strategy began before around one year with the contribution and participation of the Central Bank of Jordan as representative of the banking sector. The Association sent the strategy to all member banks and formed a permanent information technology committee in the Association to follow up the subjects that concern the banks in relation to information technology.

The banks' remarks on the strategy, presented by the Ministry of Information and Communications Technology, were positive describing the project as good and integrated with the aim of developing the e-commerce in Jordan during the coming years. They indicated that the strategy would result in enhancing commercial businesses and economic development in Jordan. Noting that the strategy was very well prepared and comprising all concerned parties, the banks described it as a pioneering and distinguished idea for Jordan to be a forerunner in this sphere on the regional level. They asked that banks be included in the application stages in order to be aware of all developments.

* Meeting of the French delegation with members of the Board of Directors

A delegation from the French employers organization "MIDDEF" visited the Association of Banks in Jordan on 2/12/2008. Dr. Michel Marto, the Association's president delivered to the delegation a presentation about the Jordanian economic development, the Jordanian banking system and legislations governing it.

The French businessmen expressed great interest in expanding the French investment base in Jordan, quantitatively and qualitatively, including vital projects such as water, energy and development in the Aqaba Special Economic Zone.

A number of senior government officials and private sector representatives held talks with the French delegation whose visit follows that of His Majesty King Abdullah II who visited France last year and met French businessmen to urge them to invest in Jordan.

* The Association's publications in 2008

1. Study entitled "The Development of the Jordanian Banking Sector between 2000-2008": The Association issued a study entitled "The Development of the Jordanian Banking Sector between 2000-2008" which highlighted the developments in Jordan's banking sector between the years 2000 until 2008. The study reviewed the role of the central bank in managing the monetary policy and the status of the banking systems, especially the developments in terms of assets, capital, reserves, provisions, deposits and credit facilities. The study detailed the shares of commercial and Islamic banks, the shares of Jordanian and non-Jordanian banks, the performance of banks listed on the Amman Bourse, the clearing of cheques, the interest rate developments, the banking services and the ratings of banks according to international standards.

2. The Association's 2007 annual report: The Association issued in both Arabic and English, the 29th annual report covering the year 2007.
3. Latest News bulletin : The Association produced four issues of the "Latest News" which is a news bulletin issued every three months. The bulletin contains the most important public policy issues, the central bank instructions and the main economic and banking indicators.
4. Booklet on Jordanian Contemporary Financial and Banking Issues: The Association issued a booklet entitled "Contemporary Jordanian Financial and Banking Issues". The booklet, in Arabic and English, contains the seminars that were held at the Association of Banks in 2007.
5. Brochure about the Association of Banks: The brochure "Association of Banks in Jordan" was updated and printed in both Arabic and English.
6. In cooperation with one of the research and consultancy companies, the Association prepared a study in English entitled: "The Banking Industries in Jordan, Egypt, Lebanon and the UAE: A Comprehensive Analytical Study".
7. In cooperation with one of the research and consultancy companies, the Association prepared a survey in English entitled: "Jordan Retail Banking Use and Perception Survey", and distributed it to member banks.



**Eleventh: Financial Statements and
Auditor's Report for the year Ended
December 31st 2008**

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, 2008 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 2008, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards.

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

AMMAN, January 13th 2009

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

EXHIBIT A
BALANCE SHEET AS OF DECEMBER 31ST 2008

| | | <u>2008</u> <u>JD</u> | <u>2007</u> <u>J D</u> |
|--|---|--|---|
| <u>Assets</u> | | | |
| <u>Current Assets</u> | | | |
| Cash on hand | | 1,000 | 1,000 |
| Cash at bank | 3 | 1,906,225 | 1,474,233 |
| Accounts Receivable | 4 | 23,918 | 19,003 |
| Refundable Deposits | | 1,132 | 1,132 |
| Prepaid Expenses | | 4,374 | 2,803 |
| Total Current Assets | | <u>1,936,649</u> | <u>1,498,171</u> |
| <u>Non Current Assets</u> | | | |
| Total noncurrent Assets at Cost | | 2,275,297 | 2,240,376 |
| Accumulated Depreciation | | (639,044) | (584,297) |
| Net book value | 5 | <u>1,636,253</u> | <u>1,656,079</u> |
| Total Assets | | <u>3,572,902</u> | <u>3,154,250</u> |
| <u>Liabilities & Accumulated Surplus</u> | | | |
| <u>Current Liabilities</u> | | | |
| Credit Banks | | 5,133 | 2,024 |
| Account Payable | | 740 | 2,360 |
| Trustees Employee Income Tax | | 710 | 528 |
| Accrued Expenses | | 2,529 | 1,056 |
| Trustees | 6 | <u>000</u> | <u>13,955</u> |
| Total Current Liabilities | | <u>9,112</u> | <u>19,923</u> |
| Provision for Compensating the end of Employee Service | | <u>26,277</u> | <u>26,736</u> |
| <u>Accumulated Surplus</u> | | | |
| Retained Surplus | | 3,107,591 | 2,738,066 |
| Surplus for this year-Exhibit B | | <u>429,922</u> | <u>369,525</u> |
| Accumulated Surplus Total | | <u>3,537,513</u> | <u>3,107,591</u> |
| Total Liabilities & Accumulated Surplus | | <u>3,572,902</u> | <u>3,154,250</u> |

The Accompanying Notes From 1-9 Constitute an Integral Part of This Statement

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

EXHIBIT B

REVENUES AND EXPENSES STATEMENT FOR THE YEAR ENDED DECEMBER 31st 2008

| | | <u>2008</u> <u>JD</u> | <u>2007</u> <u>JD</u> |
|---|-------------|--------------------------|--------------------------|
| <u>Revenues</u> | <u>Note</u> | | |
| Subscription Fees | | 807,849 | 795,320 |
| Revenues Other | | 27,305 | 5,306 |
| Revenue Halls Rent | | 4,950 | 5,500 |
| Bank Interest Revenue | | <u>112,753</u> | <u>73,743</u> |
| <u>Total Revenues</u> | | <u>952,857</u> | <u>879,869</u> |
| <u>Banks Magazine</u> | | | |
| Magazine Revenue | 7/A | 51,832 | 41,572 |
| Expenses Magazine: Less | 8/A | <u>(49,799)</u> | <u>(38,610)</u> |
| <u>Banks Magazine Profit</u> | | <u>2,033</u> | 2,962 |
| <u>Training Courses</u> | | | |
| Training courses Revenue | 7/B | 12,067 | 13,000 |
| Expenses Training courses: Less | 8/B | <u>(3,802)</u> | <u>(9,361)</u> |
| B- <u>Profit (loss) from Training Courses</u> | | <u>8,265</u> | 3,639 |
| Total Revenues & Gain from Banks Magazine and Training Courses | | <u>963,155</u> | <u>886,470</u> |
| General & Administrative Expenses: Less | 9 | <u>(533,233)</u> | <u>(514,795)</u> |
| Last year expenses | | <u>000</u> | <u>(2,150)</u> |
| <u>Year's Surplus – Exhibit A</u> | | <u>429,922</u> | <u>369,525</u> |

The Accompanying Notes From 1-9 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 2008

| | <u>2008</u> <u>JD</u> | <u>2007</u> <u>JD</u> |
|--|--|--|
| <u>Cash Flows from Operating Activities</u> | | |
| Surplus for the Year | 429,922 | 369,525 |
| End of service Compensating provision | (459) | (32,573) |
| Depreciation Expenses | <u>54,747</u> | 63,634 |
| Net Income Before Changes in Working Capital | 484,210 | 400,586 |
| <u>Increase (Decrease) In Current Assets</u> | | |
| Subscription fees | 000 | 259 |
| Account Receivables | (4,914) | (149) |
| Prepaid Expenses | (1,571) | 9,214 |
| <u>Increase (Decrease) In Current Liabilities</u> | | |
| Accounts Payable | (1,620) | 798 |
| Other Credit Balances | <u>(12,300)</u> | <u>(373)</u> |
| Net cash flow from operating activities | <u>463,805</u> | 410,335 |
| <u>Cash Flow From Investment Activities</u> | | |
| Changes in Fixed Assets | <u>(34,922)</u> | <u>(24,669)</u> |
| <u>Cash Flow From Financing Activities</u> | | |
| Credit Bank | <u>3,109</u> | <u>(3,539)</u> |
| Net increase in cash during the year | 431,992 | 382,127 |
| Cash balance in the beginning of the year | <u>1,475,233</u> | <u>1,093,106</u> |
| Cash balance in the end of the year | <u>1,907,225</u> | <u>1,475,233</u> |

The Accompanying Notes From 1-9 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:

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

2. Significant accounting 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:-

| | <u>2008</u> | <u>2007</u> |
|--------------------------------|-------------------------|-------------------------|
| | <u>JD</u> | <u>JD</u> |
| Arab bank / Deposit account | 721,444 | 440,649 |
| Housing bank / Current account | 2,337 | 822 |
| Union bank / Deposit acc. | 1,095,694 | 1,023,317 |
| Housing bank / Deposit account | 86,750 | 9,445 |
| Total | <u>1,906,225</u> | <u>1,474,233</u> |

4. Accounts Receivable

This item consists of the following:-

| | <u>2008</u> <u>JD</u> | <u>2007</u> <u>JD</u> |
|--------------------|--------------------------|--------------------------|
| Members accounts | 15,377 | 13,153 |
| Employees accounts | 50 | 3 |
| Other accounts | 8,491 | 5,847 |
| Total | <u>23,918</u> | <u>19,003</u> |

5. Noncurrent Assets

This item consists of the following:-

| Cost | 31/12/2008 | Additions | Omissions | 31/12/2007 |
|----------------------------|-------------------------|----------------------|-------------------|-------------------------|
| Association's land | 326,477 | 000 | 000 | 326,477 |
| Association's Construction | 1,557,388 | 000 | 000 | 1,557,388 |
| Equipment & tools | 141,208 | 5,302 | 000 | 135,906 |
| Furniture's & decorations | 176,022 | 833 | 000 | 175,189 |
| Books | 8,822 | 1,006 | 000 | 7,816 |
| Cars | 65,380 | 27,780 | 000 | 37,600 |
| Total | <u>2,275,297</u> | <u>34,921</u> | <u>000</u> | <u>2,240,376</u> |

Accumulated Depreciation

| | 31/12/2008 | Additions | Omissions | 31/12/2007 |
|----------------------------|-----------------------|----------------------|-------------------|-----------------------|
| Association's land | 000 | 000 | 000 | 000 |
| Association's construction | 342,578 | 31,148 | 000 | 311,430 |
| Equipments & Tools | 118,204 | 10,566 | 000 | 107,638 |
| Furniture & Decorations | 161,606 | 5,380 | 000 | 156,226 |
| Books | 4,198 | 835 | 000 | 3,363 |
| Cars | 12,458 | 6,818 | 000 | 5,640 |
| Total | <u>639,044</u> | <u>54,747</u> | <u>000</u> | <u>584,297</u> |

Total Net Book value of **1,636,253**

1,656,079

Fixed Assets

6. Trustees

This item consists of the following:-

| | <u>2008</u> <u>JD</u> | <u>2007</u> <u>JD</u> |
|--|--------------------------|--------------------------|
| The University Student Fund | 000 | 1,225 |
| The Information Technology Center Fund | 000 | 12,730 |
| Total Deposits | <u>000</u> | <u>13,955</u> |

7. Magazine & Training Courses Gains.

A. Magazine Revenues

This item consists of the following:-

| | <u>2008</u> <u>JD</u> | <u>2007</u> <u>JD</u> |
|--|--------------------------|--------------------------|
| Subscription Revenue | 26,076 | 26,964 |
| Advertisings Revenue | 25,650 | 14,435 |
| Sales Revenue | <u>106</u> | <u>173</u> |
| Total Revenue from the Magazine | <u>51,832</u> | <u>41,572</u> |

B. Training courses Revenues

This item consists of the following:-

| | <u>2008</u> <u>JD</u> | <u>2007</u> <u>JD</u> |
|--|--------------------------|--------------------------|
| Money laundry Course | 2,000 | 000 |
| Letter of Credit Course | 1,050 | 000 |
| Corporate financing & risks Course | 6,409 | 000 |
| Public relations & protocol course | 000 | 2,350 |
| Building Course | 000 | 3,450 |
| Credit card fraud course | 000 | 2,400 |
| Leadership & motivation course | 208 | 000 |
| Total security program | <u>2,400</u> | <u>4,800</u> |
| Total Training Courses Revenues | <u>12,067</u> | <u>13,000</u> |

8. Magazine & Training Courses Expenses

A. Magazine Expenses

This item consists of the following:-

| | <u>2008</u> <u>JD</u> | <u>2007</u> <u>JD</u> |
|--------------------------------------|--------------------------|--------------------------|
| Rewards | 8,775 | 8,385 |
| Printing | 39,706 | 29,334 |
| Miscellaneous | <u>1,318</u> | <u>891</u> |
| Total Banks Magazine Expenses | <u>49,799</u> | <u>38,610</u> |

B. Training courses Expenses

This item consists of the following:-

| | <u>2008</u> <u>JD</u> | <u>2007</u> <u>JD</u> |
|--|--------------------------|--------------------------|
| Money laundry Course | 1,300 | 000 |
| Letter of Credit Workshop | 306 | 000 |
| Public relations & protocol | 000 | 1,800 |
| Building Course | 000 | 891 |
| Credit cards Fraud | 000 | 1,473 |
| Total security program | 2,196 | 3,243 |
| Free Training Courses | <u>000</u> | <u>1,954</u> |
| Total Training Courses Expenses | <u>3,802</u> | <u>9,361</u> |

9. General & Administrative Expenses

This item consists of the following:-

| | <u>2008</u> <u>JD</u> | <u>2007</u> <u>JD</u> |
|---------------------------------|--------------------------|--------------------------|
| Salaries and wages | 182,398 | 169,524 |
| Social Security | 19,296 | 17,757 |
| Saving fund | 13,134 | 11,694 |
| Consulting Expenses | 000 | 2,000 |
| Traveling & Transportation | 12,313 | 9,212 |
| Medical Expenses | 16,427 | 12,128 |
| Electricity & Water. | 10,883 | 8,046 |
| Hospitality & Cleaning | 13,803 | 9,928 |
| Post , Telephone & Internet | 13,785 | 10,436 |
| Real Estate Tax | 7,050 | 7,050 |
| Bank Commissions and Charges | 158 | 161 |
| Stationary and Publications | 27,648 | 19,853 |
| Compensating the end of Service | 6,170 | 15,863 |
| Maintenance & Repair expenses | 15,105 | 7,997 |
| Cars & Motorbikes Expenses | 6,547 | 5,994 |
| Insurance | 3,053 | 2,641 |
| Garden Expenses | 513 | 348 |
| Depreciations | 54,747 | 63,634 |
| Auditing Fees | 1,450 | 1,160 |
| Public officer Notary Expenses | 800 | 589 |
| Tax on Deposit Expenses | 4,770 | 2,522 |
| Meetings & Parties | 4,752 | 3,354 |
| Jodibor Project | 000 | 1,500 |
| Donations | 50,000 | 100,000 |
| General Miscellaneous Expenses | 9,917 | 24,881 |
| Studies & Researches Expenses | 23,000 | 000 |
| Fuel Expenses | 4,151 | 3,534 |
| Employees Clothing's Expenses | 1,232 | 1,216 |
| External membership | 722 | 737 |
| Translation Expenses | 1,056 | 1,036 |
| Rewards | 12,870 | 000 |
| Cases expenses | 12,489 | 000 |
| Gifts | 1,163 | 000 |
| Advertisements | 724 | 000 |
| Extra work | 1,107 | 000 |
| TOTAL | <u>533,233</u> | <u>514,795</u> |

