

2010



جمعية البنوك في الأردن
ASSOCIATION OF BANKS IN JORDAN

Annual Report

Association of Banks in Jordan
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Annual Report - Thirty Second

Association of Banks in Jordan



Thirty
second

2010



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His Majesty King Abdullah II bin Al Hussein



His Royal Highness Prince Hussein bin Abdullah



Our Vision

To maintain our leadership as one of the most efficient association of banks in the region by providing services to member banks so as to uphold their capabilities and enable them to maximize their contribution towards achieving sustainable development in the Kingdom.

Our Mission

We seek to upgrade and advance the banking business by keeping the interests of member banks and achieving the highest levels of coordination between them and with the other partners. We aspire to develop the process of delivering and updating banking services as well as deepening the understanding of banking functions and norms besides pursuing unified systems and measures for this purpose.

Our Values

- **Collaboration:** We work with members in a team spirit for serving the society and the national economy
- **Development and modernism:** We seek to upgrade the methods of delivering the banking services in accordance with the best international practices.
- **Innovation and distinctiveness:** We inspire innovative ideas that serve the members and mark their services with quality and distinctiveness.
- **Integrity and transparency:** Transferring of knowledge and exchanging information in accordance with the highest degrees of integrity and transparency
- **Professionalism:** We practice our work with a high professionalism, comprehensive coverage and full vigilance to all what happens in the Jordanian, Arab and international banking environment.
- **Credibility:** We abide by accuracy and reliability and we verify our sources of information with high precision.
- **Continuity in training:** We endeavor to elevate the academic and practical levels as well as keeping up with all what is new in the banking and financial areas.



Board of Directors

The Association's Board of Directors comprised the following dignitaries at the end of 2010:

- **H.E. Marwan Awad** / Chairman / Jordan Ahli Bank.
- **Mr. Mohammed Yaser Al Asmar** / Vice Chairman / Jordan Kuwait Bank.
- **H.E. Dr. Michel Marto** / Member / The Housing Bank for Trade and Finance.
- **Mr. Salem Borkan** / Member / International Islamic Arab Bank.
- **Mr. Neme Sabbagh** / Member / Arab Bank.
- **Mr. Kamal Bakri** / Member / Cairo Amman Bank.
- **Mr. Haitham Qumhiyeh** / Member / Capital Bank.
- **Mr. Ibrahim Bisharat** / Member / Invest bank
- **Mr. Mayank Malek** / member / Citibank.
- **H.E. Kholoud Al Saqqaf** / Observer-Member / Cental Bank of Jordan.

Director General
Dr. Adi 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 2010 comprised the following banks:

First: Jordanian banks

#	Member Name	Established in	Website
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 (Corporation) 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
16	Jordan Dubai Islamic Bank	2009	www.jdib.jo

Second: Non-Jordanian banks

#	Member Name	licensed in	Website
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
9	National Bank of Abu Dhabi	2009	www.nbad.com



Contents

Subject	Page
Board Chairman's Foreword	17
Director General's address	19
Chapter One: Regional and international economic outlook and summary of global developments	21
- Regional and international economic outlook	23
Chapter Two: Jordanian economic developments during 2010	25
1. Production, prices and companies	27
2. General budget	28
3. Public debt	28
4. External sector	29
5. Investment	29
6. Monetary and financial sector	29
Chapter Three: Development of the banking sector during 2010	31
1. Foreign reserves	33
2. Local liquidity	33
3. Assets/liabilities of banks operating in Jordan	34
4. Assets and liabilities in foreign currencies	36
5. Capital, reserves and provisions	37
6. Credit facilities extended by licensed banks	37
7. Deposits at licensed banks	47
Chapter Four: Development of the number of banks and branches	51
1. Development of number of branches	53
2. Development of number of offices	58
3. Development of number of ATMs	60
Chapter Five: Performance of banks listed on the Amman Stock Exchange during 2010	65
1. Share price index	67
2. Trading volume	70
3. Non-Jordanian ownership of banks' shares	72



Subject	Page
Chapter Six: Clearing of cheques	73
Chapter Seven: Structure of interest rates	77
1. Development of interest rates on deposits	79
2. Development of interest rates on credit facilities	81
3. Interest rate margin	84
4. Development of interest rates on monetary policy tools	84
5. Interbank lending interest rates (JODIBOR)	86
Chapter Eight: Analysis of comparative performance of the banks operating in Jordan during 2010	91
1. Ranking of banks according to some balance sheet items	93
A. Total assets of banks operating in Jordan at the end of 2010	93
B. Total credit facilities extended by banks operating in Jordan at the end of 2010	95
C. Total deposits at banks operating in Jordan at the end of 2010	96
D. Shareholders' equity of the banks operating in Jordan at the end of 2010	97
E. Capital of banks operating in Jordan at the end of 2010	98
2. Ranking of banks according to some items of income statements	99
A. Pre-tax profit of banks operating in Jordan at the end of 2010	99
B. Net profit After-tax of banks operating in Jordan at the end of 2010.	100
3. Ranking of banks according to some profitability indicators	101
A. Average return on assets for the banks operating in Jordan in 2010	101
B. Average return on shareholders' equity for the banks operating in Jordan in 2010	102
4. Human resources at banks operating in Jordan	103
A. Number of employees in the banks operating in Jordan at the end of 2010	103
5. Summary of most important financial indicators of the banks operating in Jordan	104
Chapter Nine: New banking services	107



Subject	Page
Chapter Ten: Human resources at banks operating in Jordan	115
1. Number of workers	117
2. Distribution of workers in banks by educational qualification	117
3. Distribution of workers in banks by age category	118
4. Social status of workers	118
5. Geographical distribution of workers in banks by governorate	119
6. Training courses	121
7. Resignations and appointments	122
Chapter Eleven: Association's activities during 2010	123
A- Central Bank of Jordan's instructions	125
B- Public policy issues	126
C- Information technology issues	129
D- Seminars, lectures and training courses	133
E- Other activities and news	137
F- Publications issued by the Association of Banks during 2010	147
Chapter Twelve: Financial statements and auditors report for the year 2010	149



List of Tables

#	Name of table	Page
1	Regional and international growth forecasts	24
2	Consolidated Balance Sheet of Licensed Banks	35
3	Foreign Currency Assets of Licensed Banks	36
4	Foreign Currency Liabilities of Licensed Banks	36
5	Distribution of Credit Facilities to its Major Types as the End of 2010	37
6	Distribution of Credit Facilities By Type of Currency at the End of 2010	38
7	Distribution of Credit Facilities by Economic Sectors at the End of 2010	39
8	Credit Cards Extended by Banks During 2010	40
9	Personal Loans Extended by Banks During 2010	43
10	Terms and characteristics of personal loans extended during 2010	44
11	Car loans extended during 2010	45
12	Terms and characteristics of car loans extended during 2010	46
13	Syndicated bank loans extended during 2010	47
14	Distribution of Deposits According to its Major Types as the End of 2010	48
15	Distribution of Deposits According to Type of Currency at the end of 2010	49
16	Development of Number of Banks and Branches in Jordan (2002 – 2010)	53
17	Opening of Branches During 2010	54
18	Number of Branches Inside and Outside Jordan at the End of 2010	56
19	Distribution of Branches Among Governorates at the End of 2010	57
20	Offices opened during 2010	58
21	Number of Offices Inside and Outside Jordan at the End of 2010	59
22	Distribution of Offices Among Governorates at the End of 2010	60
23	Distribution of ATMs Among Governorates at the End of 2010	61
24	Services Provided by Banks' ATMs Until the End of 2010	63
25	Some Trading Indicators of Banks Listed at the Amman Stock Exchange During 2010	67
26	Development of the Share Price Index of Banks Listed on the Amman Stock Exchange (2005 – 2010)	68
27	Monthly Development of the Share Price Index of Banks Listed on the Amman Stock Exchange During 2010	69
28	Trading Volume of Banks' Shares Listed at the Amman Stock Exchange (2005 – 2010)	70
29	Monthly Trading Volume of Banks' Shares Listed at the Amman Stock Exchange During 2010	71



#	Name of table	Page
30	Non-Jordanian Ownership of Banks> Shares Listed at the Amman Stock Exchange (2002-2010)	72
31	Circulated and Returned Cheques Through the Electronic Clearing (2009 – 2010)	75
32	Weighted Average of Interest Rates on All Types of Deposits (2002-2010)	79
33	Monthly weighted Average of Interest Rates on All Types of Deposits in 2010	80
34	Weighted Average of Interest Rates on All Types of Credit Facilities (2002-2010)	82
35	Weighted Average of Interest Rates on All Types of Credit Facilities in 2010	83
36	Interest Rates on Monetary Policy Tools (2002 - 2010)	85
37	Interest Rates on Monetary Policy Tools in 2010	85
38	Average Inter-Bank Lending Interest Rates (JODIBOR – Declared Rates) (2006 – 2010)	86
39	Average Inter-Bank Lending Interest Rates (JODIBOR – Declared Rates) in 2010	87
40	Volume of Overnight Inter-Bank Activity During 2009	89
41	Total Assets of Banks Operating in Jordan at the End of 2010	94
42	Credit Facilities Extended By Banks Operating in Jordan at the End of 2010	95
43	Total Deposits at Banks Operating in Jordan at the End of 2010	96
44	Shareholders' Equity of Banks Operating in Jordan at the End of 2010	97
45	Capital of Banks Operating in Jordan at the End of 2010	98
46	Pre-Tax Profit of Banks Operating in Jordan at the End of 2010	99
47	Net After-Tax Profit of Banks Operating in Jordan at the End of 2010	100
48	Average Return on Assets for the Banks Operating in Jordan in 2010	101
49	Average Return on Shareholders' Equity for the Banks Operating in Jordan in 2010	102
50	Number of Employees at Banks Operating in Jordan at the End of 2010	103
51	New banking services introduced by banks in 2010	109
52	Distribution of Bank Employees by Gender (2004 – 2010)	117
53	Distribution of Bank Employees by Education Level (2004 – 2010)	118
54	Distribution of Bank Employees By Age Group (2004 -2010)	118
55	Distribution of Bank Employees By Social Status (2004 -2010)	119
56	Geographical Distribution of Bank Employees by Governorate at the End of 2010	119
57	Distribution of Bank Employees by Governorate and Bank at the End of 2010	120
58	Number of Employees who attended training courses in 2010	121
59	Appointments and Resignations (2004 – 2010)	123



List of diagrams

#	Name of diagram	Page
1	Central bank's foreign reserves	33
2	Local liquidity	33
3	Distribution of credit facilities by kind of lending at the end of 2010	37
4	Distribution of credit facilities by type of currency at the end of 2010	38
5	Distribution of credit facilities extended by licensed banks according to economic sectors at the end of 2010	39
6	Distribution of deposits by main types in 2010	48
7	Distribution of deposits by type of currency in 2010	49
8	Annual development of the share price index (2005 – 2010)	68
9	Monthly development of the share price index during 2010	69
10	Annual development of the trading volume (2005 – 2010)	70
11	Monthly development of trading volume during 2010	71
12	Share of non-Jordanian equity in the ownership of bank shares (2002 – 2010)	72
13	Weighted average of interest rates on all types of deposits (2002 – 2010)	80
14	Monthly development of interest rates on all types of deposits during 2010	81
15	Weighted average of interest rates on all types of credit facilities (2002 – 2010)	82
16	Monthly development of interest rates on all types of credit facilities during 2010	83
17	Annual development of the interest rate margin (2002 – 2010)	81
18	Monthly development of inter-bank lending interest rates (JODIBOR) during 2010	88
19	Development of the number of overnight inter-bank lending and borrowing transactions during 2010	90
20	Development of the total amount of overnight inter-bank lending during 2010	90
21	Weighted overnight inter-bank lending interest rates «JCDIBOR» (declared and actual) during 2010	90
22	Summary of most important financial indicators of banks operating in Jordan	104



Board Chairman's Foreword

Honorable Members of the Association of Banks,,,

It is my pleasure to present to you the 32nd annual report about the activities and accomplishments of the association during 2009, the audited financial statements for the year ended 31-12-2010, and the report of the auditor addressed to your esteemed association on the results of examining those statements.



Honorable Members of the Association,,,

Available data shows that Jordanian economic activity started to pick up since the start of 2010 after overcoming the repercussions of the international financial and economic crisis. However, the improvement was minimal in most cases, remaining near those levels that were achieved in 2009 and below the pre-crisis levels. The average growth in gross domestic product during 2010 stood at around 3.1 percent compared to 2.1 percent during 2009.

The Jordanian banking sector maintained its vigor and stability besides registering tangible developments during 2010. In particular, the assets of licensed banks increased by 9.44 percent to JD34.97 billion at the end of 2010 and the credit facilities extended by licensed banks rose by 8.5 percent to JD14.45 billion at the end of 2010. The overall deposits at the licensed banks went up by 10.9 percent at the end of 2010 to JD22.5 billion.

In terms of financial strength indicators of the banks operating in Jordan, the capital adequacy ratio affirmed the soundness of the Jordanian banking sector as it recorded higher levels than the minimum required by the central bank instructions and the Basel II standards. Also, the ratio of non-performing loans to total loans remained within acceptable levels and did not exceed 8.2 percent by the end of 2010. The liquidity ratio of the banks operating in Jordan increased at the end of 2010 by 161.2 percent, a margin higher than the requirements of the central bank.

Honorable Members of the Association,,,

We hope that 2011 will be a year of advancement and achievements for our banking system and Jordanian economy as a whole. Finally, allow me to express much thanks to all members of the association for the efforts they exerted throughout the year to attain the objectives of the association. Also, it is my pleasure to extend my thanks and appreciation to the governor of the Central Bank of Jordan and all the bank's staff for their continued cooperation with the association in serving the interests of the national economy led by His Majesty King Abdullah II, may God keep him and protect him.

Marwan Awad

Chairman of the board of directors



Director General's address

The association discussed and followed up during 2010 on various issues submitted to it, especially those submitted by member banks. These issues were thoroughly discussed by specialized technical committees in the association and the remarks of banks about them were forwarded to the concerned parties which showed a high degree of seriousness by taking up many of the observations and suggestions that the association recommended in the name of the banks on different issues. Through its legal, financial and other technical committees, the association debated several subjects and laws related to the central bank, public policy and legislation concerning macro-economy and the Jordanian financial and banking system.



Within the sphere of training and financial/banking education, the association held a series of lectures, seminars and workshops on various topics of interest to the banking sector. The association held five workshops and five training courses in addition to organizing two forums: The Social Responsibility Forum and the Green Finance Forum.

In the area of studies, the association issued during 2010 a set of publications, reports and studies of concern to the Jordanian banking system. The association issued during 2010 six booklets within the association's series of pamphlets that examined a number of banking issues. The association also issued in both Arabic and English its 31st annual report covering the year 2009. The association produced the Guide of Banks Operating in Jordan which included valuable information about the banks operating in Jordan in terms of names of chairmen and board members as well as those of the executive management. Moreover, the guide listed the banks' services financial statements and network of branches. The association issued the study: Development of the Jordanian Banking Sector (2000 - 2010).

Finally, it is more than a courtesy to extend much thanks and gratitude to the chairman and members of the board of directors who saved no effort in supporting the association through their distinguished thoughts and experience, and to all bank members for their fruitful cooperation with the association. I am also very thankful and appreciative to all the staff in the association for their valuable efforts in advancing and improving the work of the association.

Dr. Adli Kandah
Director General

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Chapter One

**Regional and International
Economic Outlook and Summary
of Global Developments**

Association's Activity



Abd El-Hameed Shoman, Dr. Umayya Tukan, Dr. Rajai Muasher, Marwan Awad, Abdul Karim al-Kabariti, and Salem Khaza'aleh during the meeting of bankers' community with the governor of the Central Bank of Jordan (1/6/2010)



This chapter reviews the international economic environment and the expected trajectory with an emphasis on the Middle East and North Africa region.

Regional and International Economic Outlook:

According to recent international reports, the global economic revival continued on a large scale during 2010 after it regressed by 0.5 percent during 2009. International Monetary Fund's (IMF) preliminary estimates indicate that the average global economic growth in 2010 stood at 5 percent. It expects the growth rate in 2011 to be around 4.4 percent rising slightly to 4.5 percent in 2012.

Available information shows that despite a 5.25 percent international economic growth in the first half of 2010, the growth slowed down noticeably to 3.75 percent during the second half of 2010. This weakening reflected the normal inventory cycle as the improvement indicators displayed by the international economy has enhanced confidence and minimized concerns of an global recession prompting companies to rebuild the inventory that was previously lowered.

It is noteworthy to mention that the adaptation policies that were pursued, the improvement in the financial situation, and the higher levels of financial confidence have all contributed to encouraging investment and increasing employment opportunities. Moreover, the world consumption levels went up markedly putting the revival on a more sustainable and dynamic track besides lessening the risks of a double-dip recession in advanced economies and accelerating again the pace of international activity.

In the Middle east and North Africa region, the average economic growth rose from 1.8 percent in 2009 to 3.8 percent in 2010 with the expectation that the rate will increase to 4.1 percent in 2011 and to 4.2 percent in 2012. However, these forecasts are contingent on the existing situation and the unstable political conditions that prevail in a number of countries in the region.

There is a consensus among analysts that countries of the region successfully overcame the repercussions of the international financial crisis. Yet, despite the continuing economic revival, growth rates widely differ among the countries of the region especially because of the spread of social turbulence, the increase in the premiums of sovereign risk, and the rise in the prices of imported goods. These conditions will choke the possibilities of growth in the region taking into consideration that borrowing costs may go up in light of regional risks.

Due to higher prices of goods and the external demand, the production and manufacturing operations in a number of countries took an upturn. Moreover, government spending programmes continued in order to encourage revivals in a number of oil-producing states.

At the same time, higher unemployment rates and soaring food prices in addition to other reasons were behind the social upheaval in some countries where growth may be inhibited in the short-term.



Table (1)
Regional and international growth forecasts

(%)

	Annual change			
	Actual		Expectation	
	2009	2010	2011	2012
World	-0.5	5.0	4.4	4.5
Advanced economies	-3.4	3.0	2.4	2.6
Emerging economies	2.7	7.3	6.5	6.5
Middle east and North Africa	1.8	3.8	4.1	4.2
Oil Exporting Countries*	1.1	3.5	4.9	4.1
Oil Importing Countries**	4.8	4.5	1.9	4.5

- Source: International Monetary Fund, World Economic Outlook, April 2011.

* Includes Algeria, Bahrain, Iran, Iraq, Kuwait, Libya, Oman, Qatar, Saudi Arabia, Sudan, United Arab Emirates and Yemen excluding Libya from the 2011 and 2012 forecasts due to political instability in the country.

** Includes Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, Djibouti and Mauritania.

Oil Exporting Countries:

The economies of oil exporting countries within the Middle East and North Africa region were able to achieve an obvious upturn during 2010 as their average economic growth stood at 3.5 percent. Forecasts indicate that these countries will prosper more during the coming years when their average growth reach 4.9 percent in 2011 and 4.1 percent in 2012.

Oil Importing Countries:

The oil importing countries - counting Jordan - demonstrated obvious recovery during 2010 as their average growth stood at 4.5 percent, more than the growth levels in the region's oil states. However, expectations for growth in 2011 point to an entirely different scenario as there is a possibility of an economic slowdown that might take growth levels to less than 2 percent. But, this situation will not continue - according to IMF forecasts - as the average growth rates for the economies of oil importing countries will rise to 4.5 percent.

The background features a light blue gradient with three vertical grey lines on the left side. In the bottom-left corner, there are three overlapping, semi-transparent square frames in shades of blue, purple, and teal. A similar, smaller set of overlapping squares is visible in the top-right corner.

Chapter Two
**Jordanian Economic
Developments During 2010**

Association's Activity



H.E Mr. Marwan Awad Chairman of the ABJ, H.E Mr. Hazem Malhas Minister of Environment, and Dr. Ahmad Atiqa the IFC's Resident Representative during the Opening ceremony of Green Financing Forum (7 - 8/3/2010)



Most economic indicators confirm that in 2010 the Jordanian economy started to recover from the repercussions of the global financial crisis. However, the improvement was minimal at most times remaining near those levels that were achieved in 2009 and below the pre-crisis levels. This can be noted through examining the following main macroeconomic indicators:

1- Production, Prices and Companies:

- **Gross domestic product:** The gross domestic product at fixed market prices amounted to JD9808.6 million at the end of 2010 compared to JD9514.4 million during 2009. As such, the average growth stood at around 3.1 percent during 2010 compared to a 2.3 percent growth rate during 2009 and to an average 8.0 percent growth annually, during the time period 2005-2008. This indicates that the Jordanian economy picked up slightly during 2010 compared to the previous year.

Yet, this latest growth rate is still modest and much lower than the levels before the global financial crisis. All economic sectors in the Kingdom registered positive growth rates during 2010 except the electricity and water sector which regressed slightly by 0.22 percent and the construction sector which fell by 8.12 percent. It should be mentioned in this regard that financial services, insurance, real estate, business services and manufacturing industries have maintained their ranking being the sectors that contribute the most to the gross domestic product. In 2010, the contribution of the aforementioned sectors stood at 18.5 percent and 17.2 percent respectively, accounting for more than third of the gross domestic product.

- **Consumer price index:** The consumer price index rose from 118.5 during 2009 to 124.5 during 2010. This increase was due to higher prices of some foodstuffs such as meat, poultry, vegetables, sugar and cigarettes in addition to higher prices of fuel, electricity, transportation and telecommunications. As such, the inflation rate at the end of 2010 stood at the equivalent of 5.0 percent compared to -0.7 percent in 2009.
- **Industrial producers' price index:** The industrial producers' price index declined by 2.3 percent during 2010 compared to a 16.5 percent drop in 2009.

2- General Budget:

- **Domestic revenues:** The government's domestic revenue edged up slightly to JD4.260 billion in 2010, 1.7 percent higher than the JD4.188 billion in 2009. Foreign assistance to the Kingdom also went up to JD401.7 million in 2010, 20.5 percent higher than the JD333.4 million in 2009.
- **Government expending:** Total government spending dropped markedly during 2010 to JD5.708 billion, 5.3 percent less than the JD6.030 during 2009.
- **Budget deficit:** As a result of the increase in domestic revenues and foreign assistance, and the drop in government spending, the 2010 budget deficit narrowed by 30.7 percent reaching -JD1046.6 million compared with a -JD1509.3 million deficit in 2009. Consequently, the budget deficit ratio to GDP stood at 5.4 percent in 2010 compared with 8.5 percent in 2009 and 2.1 percent in 2008.



3- Public Debt:

- **Internal public debt:** The gross internal debt of the central government went up by 12.6 percent from JD7.086 billion in 2009 to JD7.980 billion in 2010. Consequently, the internal public debt ratio to the gross domestic product rose from 39.8 percent in 2009 to 40.9 percent in 2010.
- **External public debt:** The outstanding balance of external debt amounted to approximately JD4.611 billion at the end of 2010; 19.2 percent higher than the JD3.869 billion at the end of 2009. Subsequently, the ratio of external public debt to the GDP rose from 21.7 percent in 2009 to 23.6 percent in 2010.
- **Overall public debt:** The overall public debt of Jordan increased by 16.6 percent to reach JD12.591 billion at the end of 2010 compared to JD10.955 billion at the end of 2009. As such, the ratio of the overall debt to GDP went up from 61.5 percent at the end of 2009 to 64.5 percent of the end of 2010. It is evident that the ratio of the overall debt to gross domestic product exceeds the 60 percent ceiling specified in the public debt law and its administration.



The public debt law and its administration No. 26 for the year 2001, states in article 21 that the net outstanding balance of internal debt should not exceed at any time 40 percent of gross domestic product at current prices. Article 22 also states that the outstanding balance of external debt should not exceed at any time 40 percent of gross domestic product at current prices. Furthermore, Article 23 states that at no time should the balance of outstanding public debt exceed 60 percent of gross domestic product at current prices.

4 - External Sector:

- **National exports:** National exports rose during 2010 by JD635.6 million to JD4.215 billion, 17.8 percent higher from its level in 2009.
- **Re-exports:** The value of re-exports dropped in 2010 to JD771.6 million, 18.5 percent or JD175.5 million lower than the level in 2009.
- **Total exports:** The volume of total exports (national exports + re-exports) increased to JD4.986 billion during 2010, JD460 million or 10.2 percent higher than the 2009 level.
- **Imports:** Imports went up by JD728.5 million or 7.2 percent from the level in 2009 reaching JD10.836 billion in 2010.



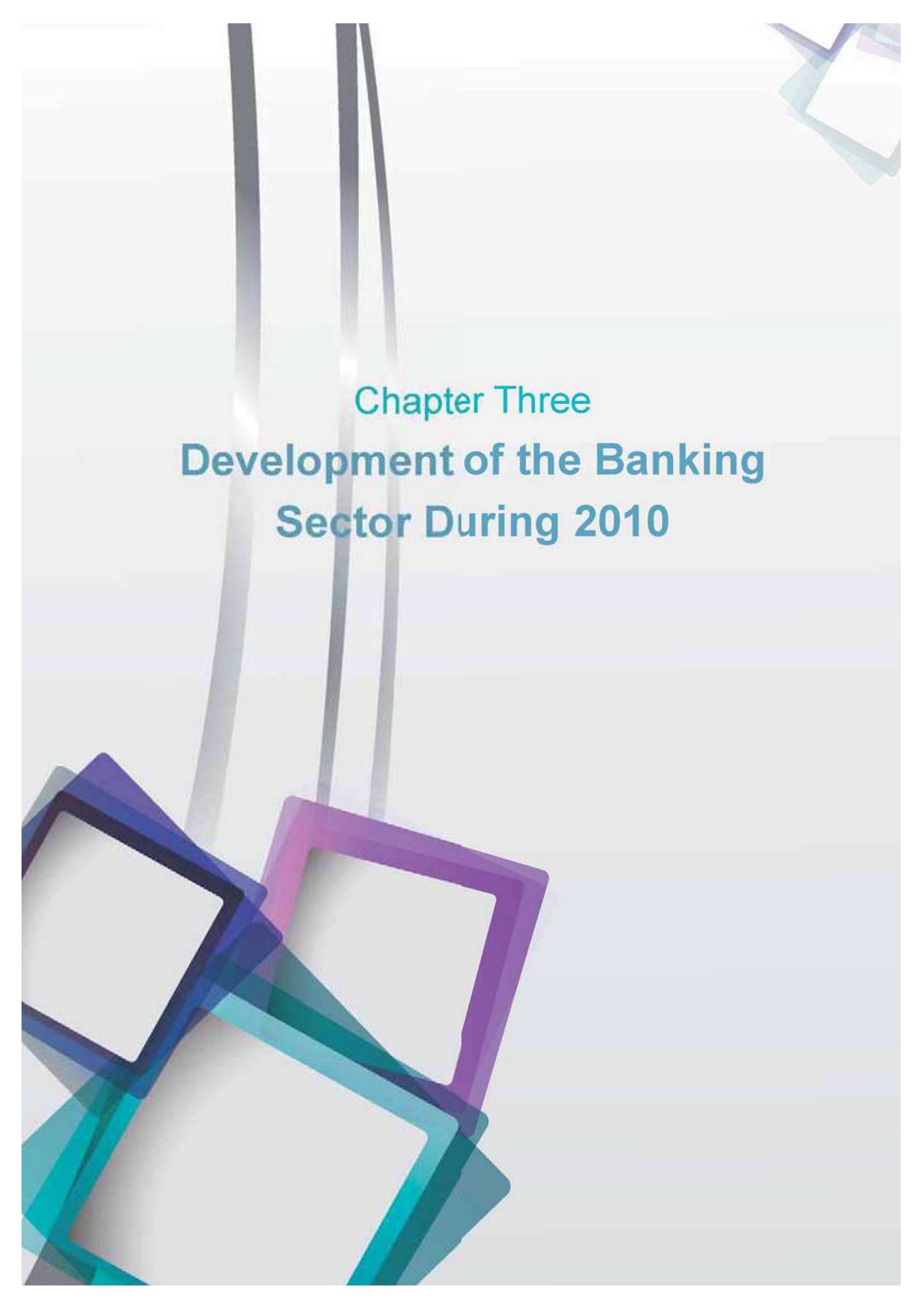
- **Trade Balance:** The rise in imports by more than the increase of overall exports resulted in a higher trade deficit during 2010, 14.8 percent more than the trade deficit in 2009.
- **Expatriate remittances:** The remittances of expatriates went up by 1.5 percent during 2010 from the 2009 level reaching around JD2.247 billion.

5 – Investment

- **Direct investment:** The volume of direct investment in Jordan was substantially lower during 2010 as it plunged by 29.9 percent to JD1208 million from JD1722 million during 2009.

6- Monetary and Financial Sector

- **Local liquidity:** Local liquidity (M2) rose by around JD2.3 billion or 11.5 percent from its level at the end of 2009, reaching JD22.31 billion during 2010.
- **Foreign reserves' at the central bank:** The balance of the central bank's reserves of foreign currencies increased by 12.5 percent from a US\$10.88 billion balance in 2009 to a US\$12.24 billion balance at the end of 2010.
- **Assets of licensed banks:** Total assets of licensed banks rose noticeably by 9.44 percent reaching JD34.97 billion at the end of 2010 from JD31.96 billion in 2009.
- **Credit facilities:** Credit facilities extended by licensed banks rose at the end of 2010 by JD1.13 billion reaching JD14.45 billion, 8.5 percent higher than the level at the end of 2009.
- **Deposits:** Total deposits at licensed banks went up by about JD2.2 billion to JD22.5 billion at the end of 2010, 10.9 percent higher than the level at the end of 2009.
- **Price index of banks' shares weighted by market value of free float:** The general index of banks' share prices declined at the end of 2010 by about 160 points reaching 2373.6 points, 6.3 percent lower than its level at the end of 2009.

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Chapter Three
**Development of the Banking
Sector During 2010**

Association's Activity



H.E Mr. Marwan Awad Chairman of the ABJ and H.E. Dr. Umayya Tukan the Governor of the CBJ during the Opening ceremony of Social Responsibility Forum (1/8/2010)

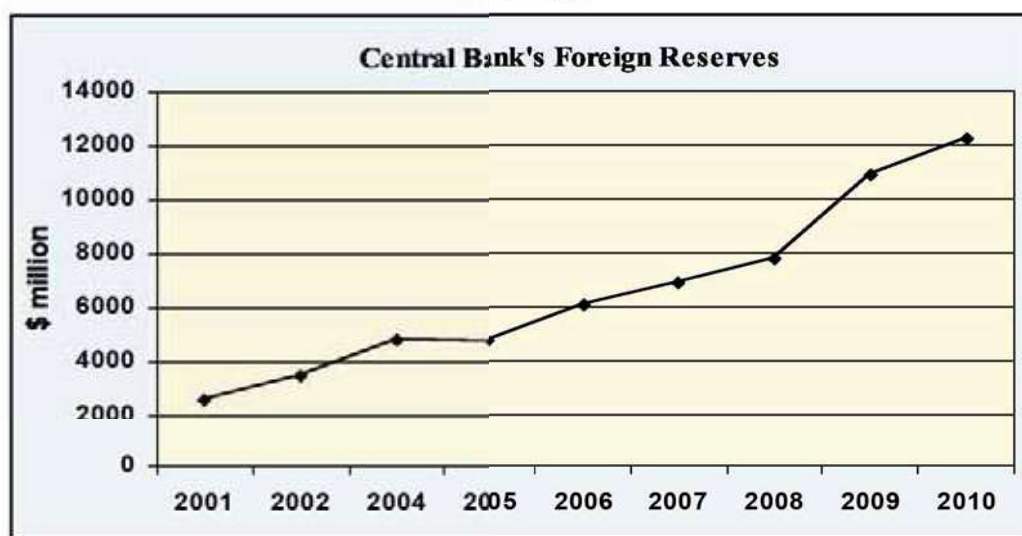


The monetary and banking indicators in Jordan continued to develop in all spheres during 2010. These developments reflected the strength and vigor of the Jordanian banking sector and its capability to achieve continuous growth over the years in a way that would mirror its stability. In this chapter, we shall take up the most important indicators of the Jordanian banking system and their developments during 2010.

1- Foreign Reserves:

The balance of foreign currency reserves at the central bank rose markedly reaching \$12.241 billion at the end of 2010, an increase by \$1362.2 million (12.5 percent) over its level at the end of 2009. This level of reserves suffices the Kingdom's imports of goods and services for about 8.5 months.

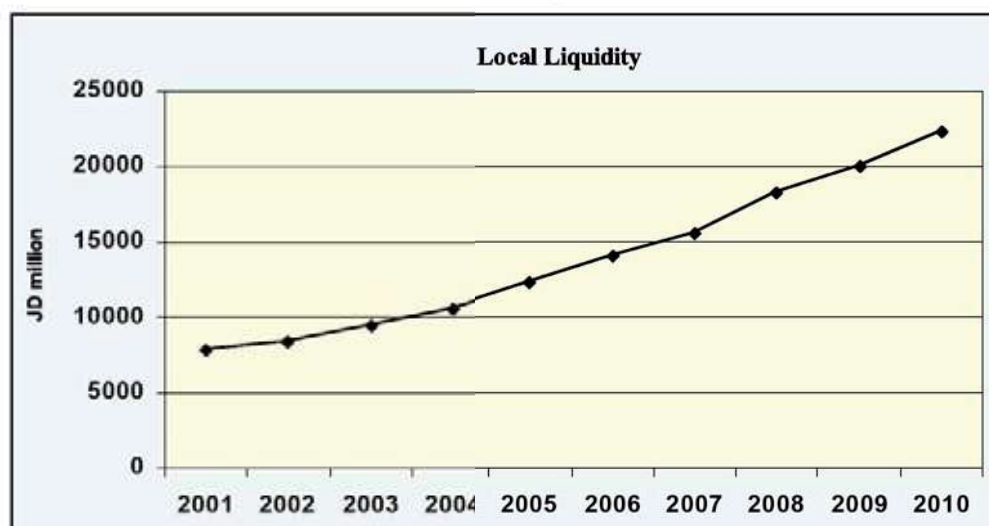
Chart (1)



2- Local liquidity:

At the end of 2010, local liquidity (money supply – m2) reached JD22.307 billion, JD2293 million or 11.5 percent higher than the level at the end of 2009. In the previous year, the increase in local liquidity amounted to JD1709 million (9.3 percent).

Chart (2)





By comparing the developments of local liquidity components and the factors influencing them during 2010 with those at the end of 2009, the following can be noticed:

- An increase in deposits by JD2129.2 million or 11.3 percent to JD19.463 billion at the end of 2010 compared to a JD1694.4 million rise or 10.8 percent during 2009.
- An increase in currency circulation by JD164.2 million or 6.1 percent to JD2.844 billion during 2010 compared to a JD14.7 million increase or 0.6 percent during 2009.

3- Assets/Liabilities of Banks Operating in Jordan:

The balance of assets/liabilities of banks operating in Jordan rose by 9.4 percent to JD 34.973 billion at the end of 2010 compared to JD31.957 billion at the end of 2009. Within this context, the indebtedness of the resident private sector went up by 7.3 percent from JD12.674 billion in 2009 to JD13.594 billion at the end of 2010. Also the balance of public sector loans jumped by 9.3 percent from JD5.203 billion in 2009 to JD5.686 billion at the end of 2010.

A) Domestic Assets

Net domestic assets of licensed banks jumped from its JD26.647 billion level at the end of 2009 by JD2.221 billion or 8.3 percent to JD28.869 billion at the end of 2009.

This expansion in local assets of banks operating in Jordan was due to higher public and private sector loans by 9.3 percent and 7.3 percent respectively as well as higher banks' reserves which rose by 7.8 percent to JD6,478 million in 2009.

B) Foreign Assets

Net foreign assets of licensed banks went up at the end of 2010 by 15 percent or JD795 million over the level at the end of 2009. Accordingly, the balance of net foreign assets of licensed banks amounted to JD6.105 billion at the end of 2010 compared to JD5.310 billion at the end of 2009.

This increase recorded during 2010 was due to significantly higher balances at foreign banks by JD705 million, 22.1 percent more than the balance in 2009.



Table (2)
Consolidated Balance Sheet of Licensed Banks

JD Million	2009	2010	Change	Change percentage
Assets				
Foreign Assets	5309.7	6104.5	794.8	15.0%
Cash in Vaults (In Foreign Currencies)	98.1	114.5	16.4	16.7%
Balances with Foreign Banks	3192.4	3897.5	705.1	22.1%
Portfolio (Non-Resident)	817.0	816.2	-0.8	-0.1%
Credit Facilities to Private Sector (Non-Resident)	945.3	1020.1	74.8	7.9%
Other Foreign Assets	256.9	256.2	-0.7	-0.3%
Domestic Assets	2647.2	28868.6	2221.4	8.3%
Claims on Public Sector	5203.4	5686.3	482.9	9.3%
Claims on Private Sector (Resident)	12574.4	13593.7	919.3	7.3%
Claims on Financial Institutions	166.1	146.4	-19.7	-11.9%
Reserves	6009.0	6477.8	468.8	7.8%
Deposits with CBJ in Foreign Currencies	409.3	411.2	1.9	0.5%
Unclassified Assets	2185.0	2553.2	368.2	16.9%
Total of Assets	31956.9	34973.1	3016.2	9.4%
Liabilities				
Demand Deposits	4436.7	5053.8	617.1	13.9%
Public Non-Financial Institutions	16.4	25.2	8.8	53.7%
Municipalities and Village Councils	35.3	20.2	-15.1	-42.8%
Non-Banking Financial Institutions	33.5	57.8	24.3	72.5%
Social Security Corporation	58.0	45.6	-12.4	-21.4%
Private Sector (Resident)	4293.5	4905.0	611.5	14.2%
Time and Saving Deposits	12316.5	14377.3	1560.8	12.2%
Public Non-Financial Institutions	445.7	276.7	-169	-37.9%
Municipalities and Village Councils	7.2	15.3	8.1	112.5%
Non-Banking Financial Institutions	115.7	144.9	29.2	25.2%
Social Security Corporation	234.7	501.5	216.8	76.2%
Private Sector (Resident)	11963.2	13438.9	1475.7	12.3%
Foreign Liabilities	5674.8	5990.8	316	5.6%
Central Government Deposits	780.9	665.8	-115.1	-14.7%
Credit From CBJ	371.7	414.6	42.9	11.5%
Capital Accounts & Allowances	4374.8	4949.7	574.9	13.1%
Unclassified Liabilities	3501.5	3521.1	19.6	0.6%
Total of Liabilities	31956.9	34973.1	3016.2	9.4%

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin



4- Assets and Liabilities in Foreign Currencies:

The assets of licensed banks in foreign currencies increased by 11.6 percent from JD6.677 billion in 2009 to JD7.449 billion in 2010. This rise was basically a result of higher balances at banks by JD649 million or 19.3 percent.

Table (3)
Foreign Currency Assets of Licensed Banks

JD Million	2009	2010	Change	Change percentage
Cash in Vaults	98.1	114.5	16.4	16.7%
Balances with CBJ	409.3	411.2	1.9	0.5%
Balances with Banks	3355.5	4004.0	648.5	19.3%
Portfolio	942.2	932.9	-9.3	-1.0%
Credit Facilities	1473.8	1629.2	155.4	10.5%
Other	398.2	357.6	-40.6	-10.2%
Foreign Currency Assets	6677.1	7449.4	772.3	11.6%

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Also, the liabilities of the licensed banks have increased by JD 549.2 million (8.2%) reaching to JD 7.213 billion at the end of 2010. this increase in banks' liabilities due to the increase in customers deposits by 10.2%, and increase in banks deposits by 4.5%.

Table (4)
Foreign Currency Liabilities of Licensed Banks

JD Million	2009	2010	Change	Change percentage
Customers' Deposits	4433.4	4887.6	454.2	10.2%
Central Government	19.4	4.9	-14.5	-74.7%
Public Entities	32.7	23.9	-8.8	-26.9%
Non-Banking Financial Institutions	30.3	50.0	19.7	65.0%
Private Sector	4351.0	4808.9	457.9	10.5%
Cash Margins	355.1	343.8	-11.3	-3.2%
Deposits of Banks	1605.2	1678.1	72.9	4.5%
Other	270.2	303.8	33.6	12.4%
Foreign currency liabilities	6663.9	7213.3	549.4	8.2%

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin



5- Capital, Reserves and Provisions:

The account comprising capital, reserves and provisions for the banks operating in Jordan achieved a significant 13.1 percent growth during 2010 reaching JD4.950 billion at the end of 2010.

6- Credit Facilities Extended by Licensed Banks:

The outstanding balance of overall credit facilities extended by licensed banks amounted to JD14.451 billion at the end of 2010; JD1.134 billion (8.5 percent) higher than the level at the end of 2009.

The credit facilities extended by licensed banks operating in Jordan were mostly in the form of loans as they accounted for around 85.8 percent of the total credit facilities. Overdrafts stood at 12.3 percent leaving discounted bills & bonds with about 1.8 percent share.

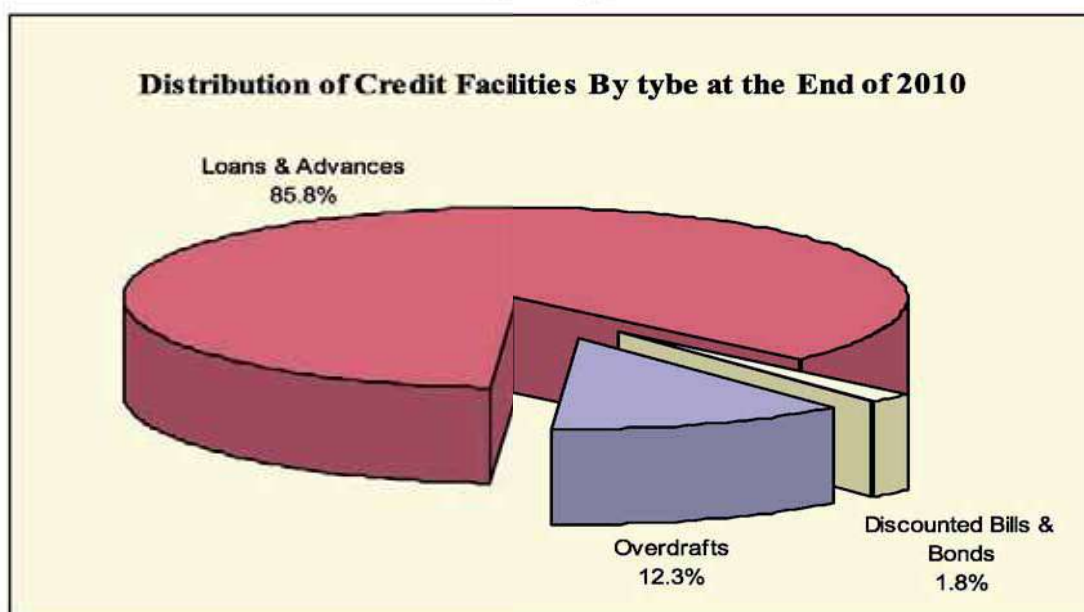
Table (5)
Distribution of Credit Facilities to its Major Types as the End of 2010

(JD Million)

Credit Facility Type	2009	2010	Change	Change percentage
Overdrafts	1595.6	1782.0	182.4	11.4%
Loans and Advances	114.8	12403.8	985.8	8.6%
Discounted Bills & Bonds	2996	265.6	-34.0	-11.3%
Total of credit facilities	13317.2	14451.4	1134.2	8.5%

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (3)





By type of currency, the credit facilities in Jordanian dinars accounted for 88.2 percent of the total credit facilities at the end of 2010 compared to 88.4 percent in the year 2009. Subsequently, the relative importance of credit facilities in foreign currencies stood at 11.8 percent of the total credit facilities.

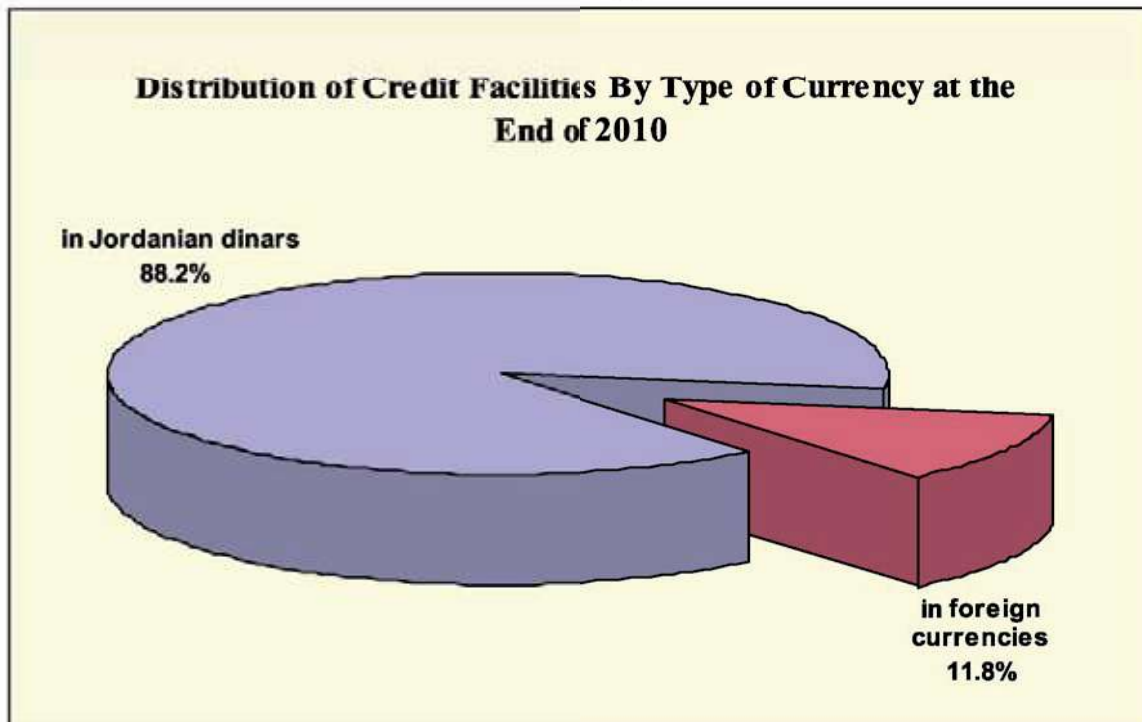
Table (6)

Distribution of Credit Facilities By Type of Currency at the End of 2010

Credit Facilities	2009		2010	
	JD million	Relative Importance %	JD million	Relative Importance %
in Jordanian dinars	11771.7	88.4%	12750.7	88.2%
in foreign currencies	1545.5	11.6%	1700.7	11.8%
Total	13317.2	100.0%	14451.4	100.0%

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (4)



The distribution of credit facilities according to economic activity at the end of 2010 showed that the trade, construction and industry sectors accounted for about 60 percent of the total credit facilities extended by the banks operating in Jordan. Credit facilities extended to the construction sector rose by JD585.2 million (22.7 percent) whereas the increase in credit facilities extended to the commerce and industrial sectors was JD398.6 million (12.5 percent) and JD297.8 million (18.3 percent) respectively.

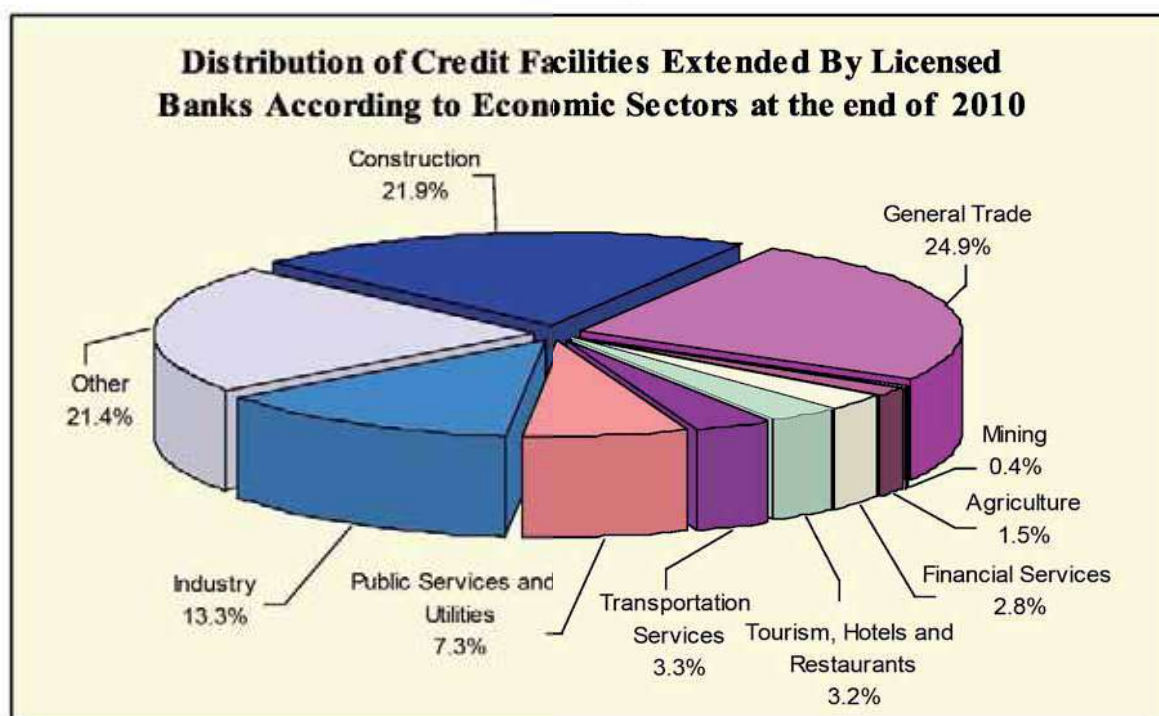


Table (7)
Distribution of Credit Facilities by Economic Sectors at the End of 2010

Sectors	2009		2010	
	JD million	Percentage %	JD million	Percentage %
Agriculture	231.2	1.7%	211.8	1.5%
Mining	60.2	0.5%	55.4	0.4%
Industry	1631.2	12.2%	1929.0	13.3%
General Trade	3193.4	24.0%	3594.0	24.9%
Construction	2582.5	19.4%	3167.7	21.9%
Transportation Services	453.1	3.4%	484.1	3.3%
Tourism, Hotels and Restaurants	427.9	3.2%	457.3	3.2%
Public Services and Utilities	909.5	6.8%	1050.0	7.3%
Financial Services	434.1	3.3%	408.3	2.8%
Other	3392.1	25.5%	3093.8	21.4%
Total	13317.2	100.0%	14451.4	100.0%

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (5)





A) Credit Cards:

The number of credit cards extended by the banks operating in Jordan reached more than 75,000 cards spread over the following four main types of credit cards: Visa, Master, Amex and National Express. The following table shows some details about credit cards extended by banks operating in Jordan during 2010.

Table (8)
Credit Cards Extended by Banks During 2010

Banks	Trade Mark	# of extended card	Cards issuance fees (JD)	Interest rate (%) profit rate	Commission on cash withdrawal	Salary transfer	Salary minimum*	Card limit max**
Arab Bank	Visa	-	-	2.25%	2.49%	unconditional	300 JD	4 times salary
Jordan Ahli Bank	Master	14,041	Exempted from the 1 st year	2% monthly	4.0%	unconditional	200JD (government) + salary transfer.	At maximum 6 times salary (salary transfer)
	Visa		Normal: 25 JD				300JD (private) + salary transfer.	A maximum of (4) times the salary (if the salary is not transferred), and for entrepreneurs and professionals
			Gold: 50 JD				JD 350 for private sector (without salary transfer), and JD 500 for entrepreneurs and professionals	
Cairo Amman Bank	Visa	9,320	15-50 JD	2%	4%, at minimum 3JD	conditional	At maximum 5 times salary	JD 10,000 (if the salary transferred) or 90% of the cash margins
The Housing Bank for Trade & Finance	Visa	8,144	Platinum: 80 JD Gold: 60 JD International: 30 JD	2.00%	4%	unconditional	150 JD	7100 JD
	Master	990	Platinum: 350 S Gold: 60 JD International: 30 JD Local :15 JD					3500 JD
								200 JD
								7100 JD
							3500 JD	
								200 JD
								500 JD
Jordan Kuwait Bank	Visa rotary	1,383	Gold: 30 JD Silver: 15 JD	2.00%	4%	-	-	-
	Visa Charge	82	Gold: 100 JD Silver: 50 JD	No interest	4%	-	-	-
	Visa Infinite	29	150 JD	No interest	4%	-	-	-
	Master Charge	19	Gold: 30 JD Silver: 15 JD	No interest	4%	-	-	-
	Master Fly Plus	571	Gold: 50 JD Silver: 25 JD Platinum: 75 JD	2.20%	4%	-	-	-
	Amex	52	Gold: 175S Green : 95 JD Platinum: 750 JD	No interest	No commission	-	-	-
	Visa electron	1,549	Free	No interest	0.5 JD on other banks, and 2 JD from foreign banks	-	-	-



Continued / Table (8): Credit Cards Extended by Banks During 2010

Banks	Trade Mark	# of extended card	Cards issuance fees (JD)	Interest rate (%) profit rate	Commission on cash withdrawal	Salary transfer	Salary minimum*	Card limit max**
Bank of Jordan	Visa	6,610	No Fee	1.9%	4%	Conditional, and without transfer depend on client.	100 JD	Up to 10 times the transferred salary
Arab Jordan Investment Bank	Visa electron	2,610	-	-	0.500 fils	-	-	-
	Visa - Revolving	537	0	1.5% monthly	4%	unconditional	300 JD	30000 JD
	Visa - Charge	127	Local :15 JD Silver: 50 JD Gold: 100 JD	No interest	4%	unconditional	300 JD	30000 JD
Jordan Commercial Bank	Visa	-	At minimum 25 JD	1.5%	4%	depend on client	350 JD	20000 JD
	Master	-	At minimum 25 JD					
	National express	-	No Fee					
Investbank	Visa	754	No Fee	2%	4%, at minimum 4JD	depend on case	the minimum income is JD 250 if the salary transferred, JD 500 if the salary is not transferred, JD 1000 for professionals and companies, cash margins	At minimum 250JD, at maximum 10000JD
Arab Banking (Corporation)	Visa	1,832	-	24%	4%	unconditional	200 JD	25000 JD
Jordan Union Bank	Master	59	-					
Societe General - Jordan	Visa	86	35-50 JD	-	from ATMs 2% for bank, 4% from ATMs for other banks	-	200 JD	10000 JD
	Master	1,934		1.5%				
Capital Bank	Visa	762	25 or 50 JD	2.2%	4.00%	Conditional or Cash	250 JD	3 times
	Master	166						
Jordan Islamic Bank	Master	97	50 JD	-	4.00%	unconditional	according to the card ceiling	according to the customer's financial and social conditions (creditworthiness)
	Visa gold	695	50 JD					
	Normal Visa	2,393	25 JD					
	Local visa	2,581	15 JD					
International Islamic Arab Bank	Visa	1,246	Normal: 25 JD Gold: 50 JD	No interest	2%	conditional	250 JD	-
Jordan Dubai Islamic Bank	-	-	-	-	-	-	-	-
HSBC	-	-	-	-	-	-	-	-



Continued / Table (8): Credit Cards Extended by Banks During 2010

Banks	Trade Mark	# of extended card	Cards issuance fees (JD)	Interest rate (%) profit rate	Commission on cash withdrawal	Salary transfer	Salary minimum*	Card limit max**
Egyptian Arab Land Bank	Master	2,028	Gold: 50 JD	24% Annual	4%, at minimum 4JD	transfer & deducting	300 JD	Up to 300 JD
			Silver: 25 JD					
	Visa	277	Gold: 50 JD	-	4%, at minimum 4JD	transfer & deducting	300 JD	Up to 200 JD
Silver: 25 JD								
	Aqari.net	8,671	10 JD	-	-	-	-	10 JD
Rafidain Bank	-	-	-	-	-	-	-	-
Citi Bank	-	-	-	-	-	-	-	-
Standard Chartered	Visa Classic	138	25 JD	2.55%	4JD or 4% whichever is more	unconditional	500JD with Salary transfer, 600 JD without Salary transfer	3 times salary
	Visa gold	63	50 JD				600JD with Salary transfer, 1000 JD without Salary transfer	
	mini visa classic	-	5 JD				belong to Visa card	
	mini visa gold	-	Free				belong to Visa card	
	Master Classic	92	12.5 JD	500JD with Salary transfer, 650 JD without Salary transfer				
	Master gold	40	25 JD	600JD with Salary transfer, 1000 JD without Salary transfer				
	Master Platinum	127	75 JD	1400JD with Salary transfer, 2335 JD without Salary transfer				
Bank Audi	Visa	1,231	25 JD	1.99%	4.00%	unconditional	350 JD	No card limit
	Master	859						
National Bank of Kuwait	Visa	-	-	2% monthly	1%, at minimum 1JD	conditional	750 JD	-
BLOM Bank	Master Classic	36	25 JD	1.75%	3%	conditional	500 JD	500 JD
	Master gold	1,240	35 JD	2.15%	3%	unconditional	500 JD	500 JD
National Bank of Abu Dhabi	-	-	-	-	-	-	-	-

- Not Available

* The minimum income limit is the client's lowest income amount for granting the card to him/her.

** Is the card's highest amount limit allowed (in dinars or salary multiples...)

B) Personal loans

Banks operating in Jordan extended during 2010 more than 134,000 personal loans whose amounts exceeded JD942 million. The average interest rate on personal loans ranged between 4.5 percent and 12.5 percent, and commissions ranged between zero and two percent. The repayment period ranged between three years and ten years. Most banks conditioned the extension of personal loans on salary transfers.



Table (9)
Personal Loans Extended by Banks During 2010

Bank	Number of applications for personal loans Introduction from Banks during 2010	Number of personal loans Extended by Banks during 2010	value of loans (JD million)
Arab Bank	30,181	10,431	120.560
Jordan Ahli Bank	13,569	11,114	69.100
Cairo Amman Bank	41,222	30,033	132.825
Bank of Jordan	17,318	14,297	86.500
The Housing Bank for Trade & Finance	34,523	33,931	230.408
Jordan Kuwait Bank	2,556	2,062	9.900
Arab Jordan Investment Bank	1,805	1,207	7.448
Jordan Commercial Bank	.	-	-
Investbank	900	791	7.309
Arab Banking (Corporation) Jordan	8,218	7,835	47.000
Union Bank	649	350	3.200
Societe General _ Jordan	.	932	7.544
Capital Bank	2,572	1,875	19.733
Jordan Islamic Bank	.	4,820	14.400
International Islamic Arab Bank	10,333	8,098	118.600
Jordan Dubai Islamic Bank	172	160	1.182
HSBC	.	-	-
Egyptian Arab Land Bank	2,500	1,902	10.781
Rafidain Bank	35	29	0.085
Citi Bank	7	7	0.039
Standard Chartered	826	527	10.800
Bank Audi	4,658	3,632	33.216
National Bank of Kuwait	170	116	2.700
BLOM Bank	1,010	505	6.700
National Bank of Abu Dhabi	45	45	2.774
Total	173,969	134,699	942.804

- Not Available



Table (10)
Terms and Characteristics of Personal Loans Extended During 2010

Bank	Salary transfer	required collaterals	maximum amount of loan **	Interest rate (%)	Annual commission (%)	Payment period (year)
Arab Bank	unconditional	-	50000	10.5%	1%	6
Jordan Ahli Bank	conditional	Salary transfer	50000	9.5%-10%	1% for first year	8.3
Cairo Amman Bank	conditional	Salary transfer, guarantor	100000	11.75%	1%	10
Bank of Jordan	conditional	Just Salary transfer	50000	Up to 12%	1%	7
The Housing Bank for Trade & Finance	unconditional	Mortgage	100000	8%-9%	0.5%-1%	8-10
	conditional	Salary transfer	50000			
Jordan Kuwait Bank	conditional	Salary transfer	40000	9.5%-12%	0-1%	6
Arab Jordan Investment Bank	conditional	Salary transfer	50000	Private sector 8% Public sector 9%	1%	7
Jordan Commercial Bank	conditional	Mortgage / differs from one case to another	50000	10.50%	1%	10
Investbank	conditional	salary transfer and guarantor in some cases	50000	10%	1%	7
Arab Banking (Corporation) Jordan	conditional	guarantor / salary transfer / other guarantees	50 thousandth JD for public sector, 40 thousandth JD for Private sector	10.75%	1%	8 year for Public sector, and 6 year for Private sector
Union Bank	depend on client	Just Salary transfer	50000	10%-12%	1% for first year	7
Societe General - Jordan	-	-	-	11.25%	1%	6
Capital Bank	conditional	it depends, salary transfer or guarantor or cheques	maximum amount of loan Depends on debts burden (40% - 49%) and Maximum limit 70 thousandth JD	10%-12.5%	1%-2%	8.3
Jordan Islamic Bank	conditional	guarantor	payment to salary ratio shouldn't exceed 50%	Murabaha 6%	-	5
International Islamic Arab Bank	depend on client	according to financing type	according to financing type	according to financing type	No Annual commission	-
Jordan Dubai Islamic Bank	conditional	Just Salary transfer	50000	6%	-	5
HSBC	-	-	-	-	-	-
Egyptian Arab Land Bank	96% of cases require salary transfer	salary transfer or salary deduction transfer, mortgage	100000	At minimum 9.75%	1%	8
Rafidain Bank	conditional	guarantor	6000	8%	-	5
Citi Bank	conditional	or Promissory notes, Life Insurance	the maximum is 10 times the salary or JD 7000	4.50%	-	3
Standard Chartered	conditional	-	60000	9.50%	1%	5
Bank Audi	conditional	Salary transfer	40000	6%-12%	0.25% quarterly	6
National Bank of Kuwait	conditional	depend on client	-	depend on guarantees	1%	-
BLOM Bank	conditional	-	30000	10%	-	5
National Bank of Abu Dhabi	conditional	salary transfer or pledging deposits / cash or mortgage	50000	10.75%	1%	6

- Not Available

**A personal loan's maximum amount that a client can borrow in dinars or salary multiples.



C) Car Loans:

Banks operating in Jordan extended during 2010 around 31031 car loans whose amounts exceeded JD261 million. As such, the average financing per car ranged approximately between JD7,500 and JD25,000. The loans carried 4.5 percent – 13.5 percent interest rates and commissions between zero and 1.5 percent with repayments ranging between four years and eight years and three months. Most banks conditioned car loans on hypothecating the vehicle.

Table (11)
Car Loans Extended During 2010

Bank	Number of accepted car loans during 2010	Total value of car loans extended during 2010 (JD)	Finance average value per car during 2010
Arab Bank	118	1845000	15640
Jordan Ahli Bank	116	2400000	16800
Cairo Amman Bank	34	346000	10176
Bank of Jordan	365	8200000	14500
The Housing Bank for Trade & Finance	208	4180744	19628
Jordan Kuwait Bank	322	4075974	16100
Arab Jordan Investment Bank	11	265000	8300
Jordan Commercial Bank	-	-	-
Investbank	296	6397303	21613
Arab Banking (Corporation) Jordan	35	886630	25000
Union Bank	25	463980	18500
Societe General _ Jordan	80	1250000	15625
Capital Bank	46 *	1022685	22232
Jordan Islamic Bank	18721	139600000	7500
International Islamic Arab Bank	3975	17693000	7566
Jordan Dubai Islamic Bank	361	4093820	11340
HSBC	-	-	-
Egyptian Arab Land Bank	630	8712164	10500
Rafidain Bank	-	-	-
Citi Bank	3	82250	27417 **
Standard Chartered	-	-	-
Bank Audi	339	9368340	12003
National Bank of Kuwait	-	-	-
BLOM Bank	4746	51000000	8000
National Bank of Abu Dhabi	-	-	-
Total	31031	261882890	288440

- Not Available

* Number of accepted car loans = 63 loans of which 46 were executed.

**Average value for financing one car = 85 percent of a car's value and not exceeding JD25000.



Table (12)
Terms and Characteristics of Car Loans Extended During 2010

Bank	Terms of Car loans	financing ratio	Interest rate (%)	Annual commission (%)	Payment period (year)
Arab Bank	-	50000 – 100000	5.0%-5.5%	1.0%	6
Jordan Ahli Bank	pledging vehicle	80%-100%	9.25%-10.5%	0	8.3
Cairo Amman Bank	pledging vehicle + Salary transfer	50%-100%	Private sector 12% Public sector 8.5%	0	4-8.3
Bank of Jordan	The age of the vehicle should not exceed 12 years + Salary transfer for some customers	85%-95%	5.99%	(1%-1.5%) once	7
The Housing Bank for Trade & Finance	pledging vehicle	50-75%	5.5%-6% (flat)	0	5-7
Jordan Kuwait Bank	pledging vehicle	75%-90%	5.50%	0	6
Arab Jordan Investment Bank	pledging vehicle + Salary transfer	80%	9%	0	6
Jordan Commercial Bank	pledging vehicle, and Salary transfer, and car insurance	85%-90%	5.50%	0	6
Investbank	pledging vehicle, salary transfer, sometimes without	80%-85%	4.50%-5.25%	0	5-6
Arab Banking (Corporation) Jordan	pledging vehicle	80%-90%	5.50%- 6%	0	6-7
Union Bank	pledging vehicle, guarantor	90%	6.25-6.75%	0	6
Societe General _ Jordan	-	-	6.50%	0	6
Capital Bank	pledging vehicle, and Car insurance + Salary transfer or guarantor or Promissory notes	65%-95%	10.45%-11.8%	1%	5-7
Jordan Islamic Bank	Salary transfer + pledging vehicle	80%	Murabaha 6%	0	5
International Islamic Arab Bank	Salary transfer, and or pledging vehicle, and or guarantor	80%-100%	5.25%-6.5%	0	6
Jordan Dubai Islamic Bank	pledging vehicle	80%-100%	3.73%-5.50%	0	7
HSBC	-	-	-	-	-
Egyptian Arab Land Bank	pledging vehicle, Promissory notes, Salary transfer	75%	At minimum 5% flat	0	7
Rafidain Bank	-	-	-	-	-
Citi Bank	pledging vehicle, Life Insurance, Car Insurance, Promissory notes	85%	4.50%	-	5-6
Standard Chartered	-	-	-	-	-
Bank Audi	pledging vehicle, and car insurance	50-90%	5%-6%	0	6
National Bank of Kuwait	-	-	-	-	-
BLOM Bank	mortgage	80%	5.75%	0	6
National Bank of Abu Dhabi	-	-	-	-	-

- Not Available



D) Syndicated Loans:

Twelve banks participated in syndicated bank loans extended in 2010. These banks extended loans totaling JD227.7 million to various economic sectors especially real estate, tourism, trade, industry and semi governmental entities.

Table (13)
Syndicated bank loans extended during 2010

Bank	# of loans	Economic Sectors	Volume of Participation		Volume of Participation	
			Million JD	Million USD	(%) Million JD	(%) Million USD
Arab Bank	4	Real estate, industry, Public Services and Utilities, semi governmental entities	60.5	-	35.3%	-
Jordan Ahli Bank	1	Real estate	5	-	22.2%	-
Cairo Amman Bank	1	Trade	14	-	24.6%	-
The Housing Bank for Trade & Finance	4	semi governmental entities, Public Services and Utilities, tourism, Real estate	66.5	-	36.6%	-
Jordan Kuwait Bank	1	Real estate	5	-	22.2%	-
Arab Jordan Investment Bank	1	Public Services and Utilities	6	-	8.6%	-
Arab Banking (Corporation) Jordan	1	Mining	6	-	20.0%	-
Union Bank	2	Tourism, Public Services and Utilities	22	-	20.0%	-
Capital Bank	3	Real estate, Trade, Public Services and Utilities	29.8	-	20.0%	-
HSBC	1	Tourism	5	-	12.5%	-
Egyptian Arab Land Bank	1	Tourism	3.912	-	9.8%	-
Jordan Commercial Bank	1	Real estate	4	-	17.8%	-

- Banks that have been listed in the table are only that participated in the syndicated banking loans during 2010.

7- Deposits at Licensed Banks

The balance of total deposits at the licensed bank reached JD22504.8 million at the end of 2010, JD2206.4 million (10.9 percent) higher than the balance of deposits at the end of 2009.

This growth in the balance of total deposits during 2010 was due to an increase in the resident private sector deposits by JD2087.2 million (12.8 percent); a JD143.6 million (6.3 percent) rise in the non-resident private sector deposits and a JD535 million (35.9 percent) increase in the deposits of non-banking financial institutions compared to the levels that prevailed at the end of 2009. In decline, were deposits of the public sector (central government and public institutions) by JD77.9 million (4.8 percent).

As to the structural development of the main types of deposits (demand, savings and time), the time deposits topped the list with a 60.3 percent importance of total deposits at the end of 2010 compared to 61.2 percent in 2009. The slight regression in the importance of time deposits resulted from an increase in demand deposits whose importance rose to 26.5 percent and in savings deposits whose importance went up to 13.2 percent at the end of 2010.



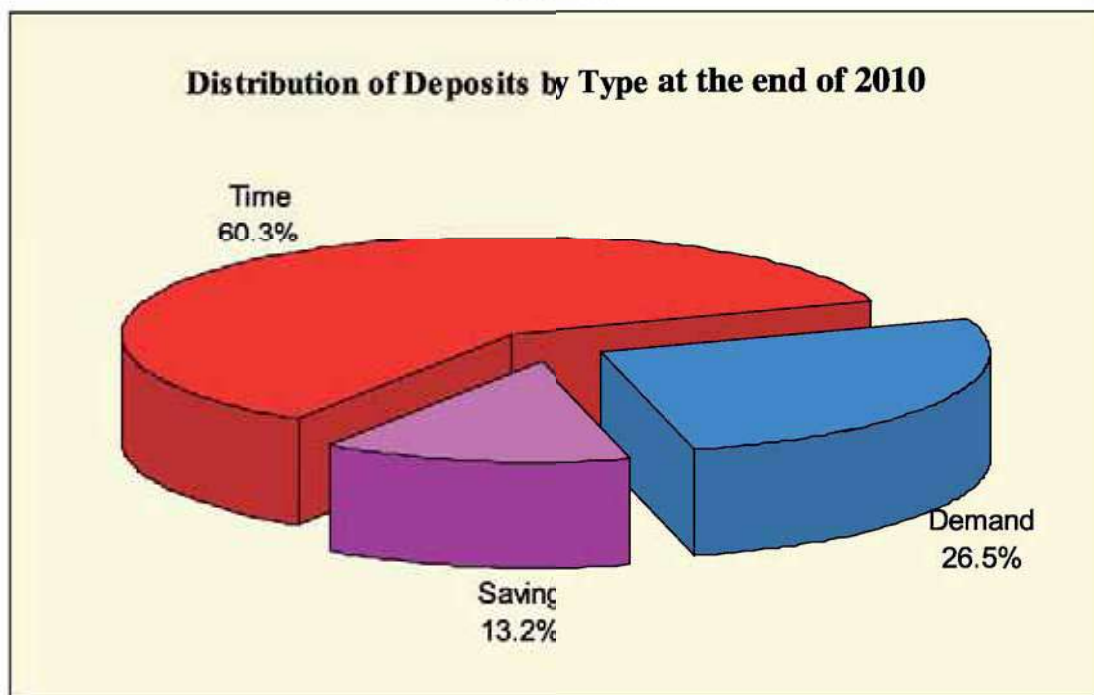
Table (14)

Distribution of Deposits According to its Major Types as the End of 2010

Deposit Type	2009		2010		Percentage Change %
	JD million	Relative Importance %	JD million	Relative Importance %	
Demand	5307.4	26.2 %	5971.1	26.5%	12.5%
Saving	2566.4	12.6%	2976.9	13.2%	16.0%
Time	12424.6	61.2%	13556.8	60.3%	9.1%
Total Deposit	20298.4	100%	22504.8	100%	10.9%

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (6)



By examining the development of deposits during 2010 by the type of currency, it can be noticed that deposits in dinars increased by JD1752.2 million or 11 percent above the level at the end of 2009 whereas deposits in foreign currencies increased by JD454.2 million or 10.2 percent from the 2009 level.



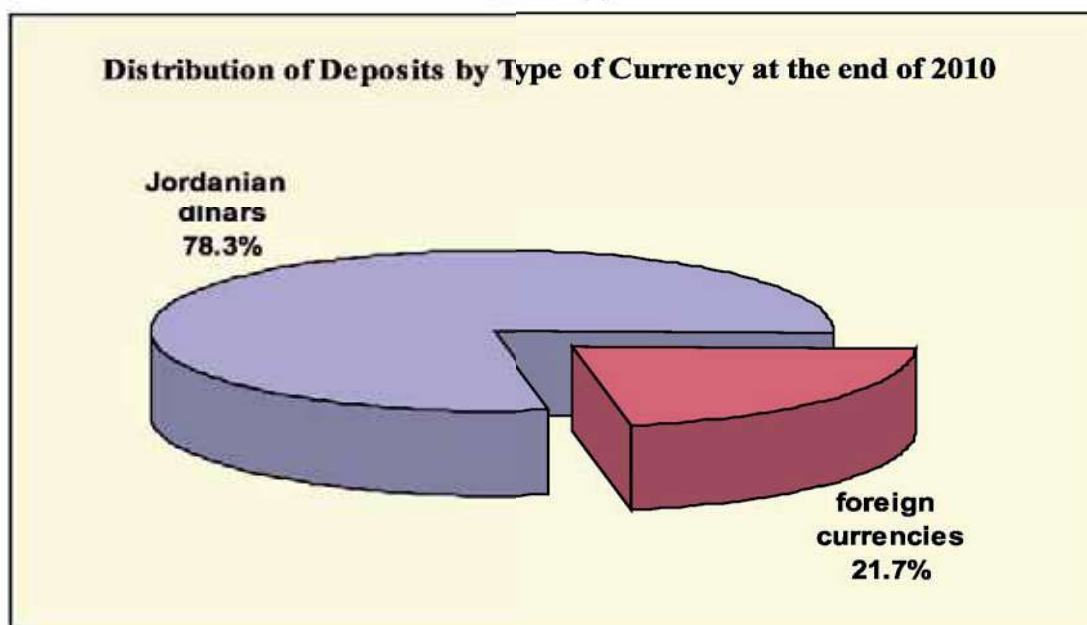
Table (15)

Distribution of Deposits According to Type of Currency at the End of 2010

Deposits	2009		2010		Percentage Change %
	JD million	Relative Importance %	JD million	Relative Importance %	
Jordanian dinars	15865.0	78.2%	17617.2	78.3%	11.0%
foreign currencies	4433.4	21.8%	4887.6	21.7%	10.2%
Total Deposits	20298.4	100%	22504.8	100%	10.9%

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (7)



The background features a light blue gradient with three vertical grey lines that converge towards the top. In the bottom-left corner, there are several overlapping, semi-transparent squares in shades of blue, purple, and teal. A similar cluster of squares is visible in the top-right corner.

Chapter Four
**Development of the Number of
Banks and Branches**

Association's Activity



H.E Mr. Marwan Awad Chairman of the ABJ and H.E Dr. Suliman Arabiyat signing a memorandum of understanding between the Hashemite University and the Association of Banks in Jordan (18/5/2010)



The number of banks operating in Jordan at the end of 2010 was 25 banks 16 of which were Jordanian banks (three Islamic) and nine foreign banks. The services of these banks cover most regions of the Kingdom through 666 branches and 81 offices. The index of banking density (population number divided by the overall number of branches of banks operating in the Kingdom) stood at around 9179 persons per branch at the end of 2010.

Table (16)

Development of Number of Banks and Branches in Jordan (2002 – 2010)

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
2009	15	8	23	619
2010	16	9	25	666

1- Development of Number of Branches:

A) Branches that opened during 2010:

Keen to maintain close relations with customers and to facilitate providing them with best banking services, banks continuously expand their network of branches to cover various areas of the Kingdom. During 2010, 18 banks opened new branches inside Jordan bringing up the number of new branches inside Jordan to 50 new branches at the end of 2010. One bank opened four branches outside Jordan during 2010.



Table (17)
Opening of Branches During 2010

Banks	In Jordan			Abroad		
	#	Branch's Name	City	#	Branch's Name	City
Arab Bank	3	Southern Abdoun Branch	Amman	4	Smart Village Branch	Egypt / 6th of October
		Um Outhaina Branch	Amman		Tanta Branch	Egypt / Tanta
		Dabouk Branch	Amman		Al Rayyan Branch	Qatar /Doha
		-	-		Riffa Branch	Bahrain /Riffa
Jordan Ahli Bank	2	Bawabat Al – Salt Branch	Balqa	0	-	
		New Zarqa Branch	Zarqa		-	
Cairo Amman Bank	4	Hurrieh Street Branch	Amman	0	-	
		Qwaismeh Madaba Street. Branch	Amman		-	
		Sweileh Branch/ Queen Rania Al-Abdullah Street	Amman		-	
		Aqaba , Hammamat Street Branch	Aqaba		-	
Bank of Jordan	3	Abdoun Branch	Amman	0	-	
		Hurrieh Street/Mougabalain Branch	Amman		-	
		Al Rawnaq Branch	Amman		-	
The Housing Bank for Trade & Finance	4	Free Zone Branch	Zarqa	0		
		Abdoun Garden Branch	Amman			
		New Zarqa Branch	Zarqa			
		Dahiyat Al Yasameen Branch	Amman			
Jordan Kuwait Bank	2	Khalda Branch	Amman	0	-	
		Al-Ahliyyah University Branch	Balqa		-	
Arab Jordan Investment Bank	1	Tabarbour Branch	Amman	0	-	
Investbank	1	Mecca Street Branch	Amman	0	-	
Arab Banking (Corporation) Jordan	6	Madaba Branch	Madaba	0	-	
		Hurrieh Street Branch	Amman		-	
		Mafraq Branch	Mafraq		-	
		Salt Branch	Balqa		-	
		Abdoun Branch	Amman		-	
		Tabarbour Branch	Amman		-	
Union Bank	2	Dabouk Branch	Amman	0	-	
		New Zarqa Branch	Zarqa		-	
Capital Bank	5	Al Gardens Branch	Amman	0	-	
		Dahiyat Al Yasameen Branch	Amman		-	
		Marj Alhamam Branch	Amman		-	
		Hurrieh Street Branch	Amman		-	
		New Zarqa Branch	Zarqa		-	
Jordan Islamic Bank	1	North Shunah Branch	Irbid	0	-	
International Islamic Arab Bank	4	Tareq Branch	Amman	0	-	
		Mafraq Branch	Mafraq		-	
		Ajloun Branch	Ajloun		-	
		Tafileh Branch	Tafileh		-	



Continued / Table (17): Opening of Branches During 2010

Banks	In Jordan			Abroad		
	#	Branch's Name	City	#	Branch's Name	City
Jordan Dubai Islamic Bank	7	Jabal Amman Branch	Amman	0	-	
		Al Bayader Branch	Amman		-	
		Shmeisani Branch	Amman		-	
		Al Madina Al Monawara Street Branch	Amman		-	
		Al Wehdat Branch	Amman		-	
		Irbid Branch	Irbid		-	
		Al Zarqa Branch	Zarqa		-	
HSBC	2	Khalda Branch	Amman	0	-	
		Sweifich Branch	Amman		-	
Bank Audi	1	Wadi Saqra Street Branch	Amman	0	-	
BLOM Bank	1	Abdoun Branch	Amman	0	-	
National Bank of Abu Dhabi	1	Shmeisani Branch	Amman	0	-	
Total	50			4		

* Banks listed in the table are only those which opened new branches, whether inside or outside Jordan, during 2010.

B) Number of Branches Inside and Outside Jordan:

The number of branches of licensed banks operating all over the areas of Jordan at the end of 2010 was 666 branches whereas the number of those outside Jordan was 155 at the end of 2010.



Table (18)

Number of Branches Inside and Outside Jordan at the End of 2010

Banks	Number of Branches	
	In Jordan	Abroad
Arab Bank	79	100
Jordan Ahli Bank	47	6
Cairo Amman Bank	62	18
Bank of Jordan	65	10
The Housing Bank for Trade & Finance	105	13
Jordan Kuwait Bank	42	3
Arab Jordan Investment Bank	11	1
Jordan Commercial Bank	25	3
Investbank	9	0
Arab Banking (Corporation) Jordan	25	0
Union Bank	21	1
Societe General _ Jordan	16	0
Capital Bank	17	0
Jordan Islamic Bank	60	0
International Islamic Arab Bank	27	0
Jordan Dubai Islamic Bank	7	0
HSBC	6	0
Egyptian Arab Land Bank	9	0
Rafidain Bank	1	0
Citi Bank	2	0
Standard Chartered	5	0
Bank Audi	11	0
National Bank of Kuwait	5	0
BLOM Bank	8	0
National Bank of Abu Dhabi	1	0
Total	666	155



C) Geographical Distribution of Branches Inside Jordan:

The 666 branches spread over various governorates in the Kingdom are concentrated in Amman which accounts for 62.2 percent of the total number of branches. Irbid comes in second place as it is home for 10.4 percent of the total branches followed by Zarqa with 9.3 percent of total branches. The remaining 18.1 percent of total branches are spread over the remaining governorates.

Table (19)
Distribution of Branches Among Governorates at the End of 2010

Banks	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafilah	Mafraq
Arab Bank	52	5	7	5	2	1	1	2	1	1	1	1
Jordan Ahli Bank	29	4	4	3	1	1	1	1	1	0	1	1
Cairo Amman Bank	34	9	5	5	2	2	1	1	1	0	0	2
Bank of Jordan	40	10	6	1	1	1	1	1	1	2	0	1
The Housing Bank for Trade & Finance	57	13	13	6	1	4	1	4	1	2	2	1
Jordan Kuwait Bank	31	3	4	2	1	0	1	0	0	0	0	0
Arab Jordan Investment Bank	8	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
Investbank	6	1	1	0	1	0	0	0	0	0	0	0
Arab Banking (Corporation) Jordan	18	1	1	1	1	1	1	0	0	0	0	1
Union Bank	14	3	2	0	1	0	1	0	0	0	0	0
Societe General _ Jordan	11	1	1	0	1	1	1	0	0	0	0	0
Capital Bank	12	1	3	0	1	0	0	0	0	0	0	0
Jordan Islamic Bank	29	8	7	3	1	4	1	2	1	2	1	1
International Islamic Arab Bank	15	1	4	1	1	1	1	0	0	1	1	1
Jordan Dubai Islamic Bank	5	1	1	0	0	0	0	0	0	0	0	0
HSBC	6	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	3	1	0	0	1	0	0	0	0	0	0	0
Bank Audi	9	1	0	0	1	0	0	0	0	0	0	0
National Bank of Kuwait	4	0	0	0	1	0	0	0	0	0	0	0
BLOM Bank	7	1	0	0	0	0	0	0	0	0	0	0
National Bank of Abu Dhabi	1	0	0	0	0	0	0	0	0	0	0	0
Total	414	69	62	30	21	17	12	11	6	8	6	10



2- Development of Number of Offices:

A) Offices that Opened During 2010:

To deliver their services to the largest number of clients in the society, banks are opening offices at commercial markets, universities and other locations to provide several services through those outlets. During 2010, six banks opened ten offices inside Jordan.

Table (20)
Offices Opened During 2010

Banks	In Jordan			Abroad		
	#	Office Name	City	#	Office Name	City
Cairo Amman Bank	1	Cozmo Office	Amman	0	-	
The Housing Bank for Trade & Finance	3	Amman Customs Office	Amman	0	-	
		Sweifieh Office	Amman		-	
		Al-Mougabain Office	Amman		-	
Jordan Kuwait Bank	2	Zain Office	Amman	0	-	
		Dair Ghbar Office	Amman		-	
Jordan Commercial Bank	1	Irbid Office	Irbid	0	-	
Jordan Islamic Bank	2	Al-murrq Office	Karak	0	-	
		Suma Al-Rosan Office	Irbid		-	
Egyptian Arab Land Bank	1	Zarqa Office	Zarqa	0	-	
Total	10			0		

*Banks listed in the table are only those which opened new offices, whether inside or outside Jordan during 2010.

B) Number of Offices Inside and Outside Jordan:

At the end of 2010, the number of offices opened by licensed banks reached 81 offices spread in several areas inside Jordan and seven offices outside Jordan.



Table (21)
Number of Offices Inside and Outside Jordan at the End of 2010

Banks	Number of Offices	
	In Jordan	Abroad
Arab Bank	1	0
Jordan Ahli Bank	3	1
Cairo Amman Bank	5	0
Bank of Jordan	13	2
The Housing Bank for Trade & Finance	5	3
Jordan Kuwait Bank	9	0
Arab Jordan Investment Bank	15	1
Jordan Commercial Bank	3	0
Investbank	1	0
Arab Banking (Corporation) Jordan	0	0
Union Bank	3	0
Societe General _ Jordan	0	0
Capital Bank	1	0
Jordan Islamic Bank	12	0
International Islamic Arab Bank	0	0
Jordan Dubai Islamic Bank	0	0
HSBC	0	0
Egyptian Arab Land Bank	4	0
Rafidain Bank	0	0
Citi Bank	0	0
Standard Chartered	2	0
Bank Audi	2	0
National Bank of Kuwait	0	0
BLOM Bank	2	0
National Bank of Abu Dhabi	0	0
Total	81	7

C) Geographical Distribution of Offices Inside Jordan:

The 81 offices spread over most governorates of the Kingdom are concentrated in Amman and Irbid accounting for 50.6 percent and 17.3 percent respectively of the total number of offices. Aqaba came in third place with 12.3 percent. The remaining offices are distributed over the remaining governorates except Madaba, Jerash, Ajloun and Tafileh where 10 offices were opened during 2010.



Table (22)

Distribution of Offices Among Governorates at the End of 2010

Banks	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafilah	Mafrag
Arab Bank	1	0	0	0	0	0	0	0	0	0	0	0
Jordan Ahli Bank	0	2	0	1	0	0	0	0	0	0	0	0
Cairo Amman Bank	2	1	0	0	2	0	0	0	0	0	0	0
Bank of Jordan	2	5	1	2	2	0	0	0	0	0	0	1
The Housing Bank for Trade & Finance	3	0	0	1	0	0	0	1	0	0	0	0
Jordan Kuwait Bank	6	0	0	1	0	1	0	0	0	0	0	1
Arab Jordan Investment Bank	11	2	1	0	1	0	0	0	0	0	0	0
Jordan Commercial Bank	1	1	0	0	1	0	0	0	0	0	0	0
Investbank	1	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	1	1	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
Jordan Islamic Bank	6	2	3	0	0	1	0	0	0	0	0	0
International Islamic Arab Bank	0	0	0	0	0	0	0	0	0	0	0	0
Jordan Dubai Islamic Bank	0	0	0	0	0	0	0	0	0	0	0	0
HSBC	0	0	0	0	0	0	0	0	0	0	0	0
Egyptian Arab Land Bank	2	0	1	0	1	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	1	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	2	0	0	0	0	0	0	0	0	0	0	0
National Bank of Abu Dhabi	0	0	0	0	0	0	0	0	0	0	0	0
Total	41	14	6	5	10	2	0	1	0	0	0	2

3- Development of Number of ATMs:

A) Number of ATMs and Their Distribution on Governorates:

To keep up with the development of the financial sector and to absorb the increasing number of ATM users, banks are moving to raise the number of their ATMs. At the end of 2010, the number of ATMs reached 1129 machines compared to 1023 machines at the end of 2009. Although ATMs can be found in all the governorates of the Kingdom, the largest number is in Amman which accounts for 66.3 percent of the total number of machines. Irbid and Zarqa come in second and third place with 10.5 percent and



7.0 percent respectively of the total number of ATMs. The remaining machines are spread in the rest of the governorates.

Table (23)
Distribution of ATMs Among Governorates at the End of 2010

Banks	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafilah	Mafraq	total	of which in the builds of banks branches
Arab Bank	99	7	10	6	3	1	2	2	1	1	1	1	134	88
Jordan Ahli Bank	48	5	3	4	2	1	1	1	1	0	1	1	68	44
Cairo Amman Bank	92	34	8	12	7	6	3	3	3	2	0	5	175	78
Bank of Jordan	65	14	7	3	2	1	1	1	1	2	0	3	100	72
The Housing Bank for Trade & Finance	112	24	15	5	4	10	2	4	1	2	3	5	187	112
Jordan Kuwait Bank	60	3	4	2	2	1	1	0	0	0	0	1	74	54
Arab Jordan Investment Bank	17	1	1	0	3	0	0	0	0	0	0	0	22	11
Jordan Commercial Bank	20	4	1	3	2	1	1	0	0	0	0	0	32	26
Investbank	9	1	2	0	2	0	0	0	0	0	0	0	14	8
Arab Banking (Corporation) Jordan	36	2	2	2	3	1	2	0	0	0	0	1	49	26
Union Bank	20	3	2	0	2	0	2	0	0	0	0	0	29	24
Societe General _ Jordan	11	1	1	0	1	1	1	0	0	0	0	0	16	16
Capital Bank	28	4	5	0	2	0	0	0	0	0	0	0	39	18
Jordan Islamic Bank	46	9	11	3	2	4	1	2	2	1	1	2	84	66
International Islamic Arab Bank	13	0	4	1	0	0	0	0	0	0	0	0	18	16
Jordan Dubai Islamic Bank	7	1	1	0	0	0	0	0	0	0	0	0	9	8
HSBC	23	0	0	0	0	0	0	0	0	0	0	0	23	9
Egyptian Arab Land Bank	8	1	2	0	2	0	0	0	0	0	0	1	14	13
Rafidain Bank	0	0	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	0	0
Standard Chartered	5	1	0	0	1	0	0	0	0	0	0	0	7	7
Bank Audi	16	2	0	0	1	0	0	0	0	0	0	0	19	12
National Bank of Kuwait	6	0	0	0	1	0	0	0	0	0	0	0	7	6
BLOM Bank	6	1	0	0	0	0	0	0	0	0	0	0	7	7
National Bank of Abu Dhabi	2	0	0	0	0	0	0	0	0	0	0	0	2	2
Total	749	118	79	41	42	27	17	13	9	8	6	20	1129	723



B) Types of Machines Used:

Banks operating in Jordan use several types of ATMs, but the most used in Jordan are NCR machines. Diebold, Wincor and other types are also used.

C) Operation Systems Used:

ATMs of banks operating in Jordan use various operation systems, but most ATMs in the Kingdom use Windows operating systems.

D) Services Provided Through ATMs:

ATMs of banks operating in Jordan provide round-the-clock a wide range of banking services. All these machines enable customers to withdraw cash in Jordanian dinars and to check on the balance. Other important services that are available in most machines include a brief account statement, changing the PIN Code, transferring money to accounts within the same bank, requesting cheque-book and other services shown in the table below.



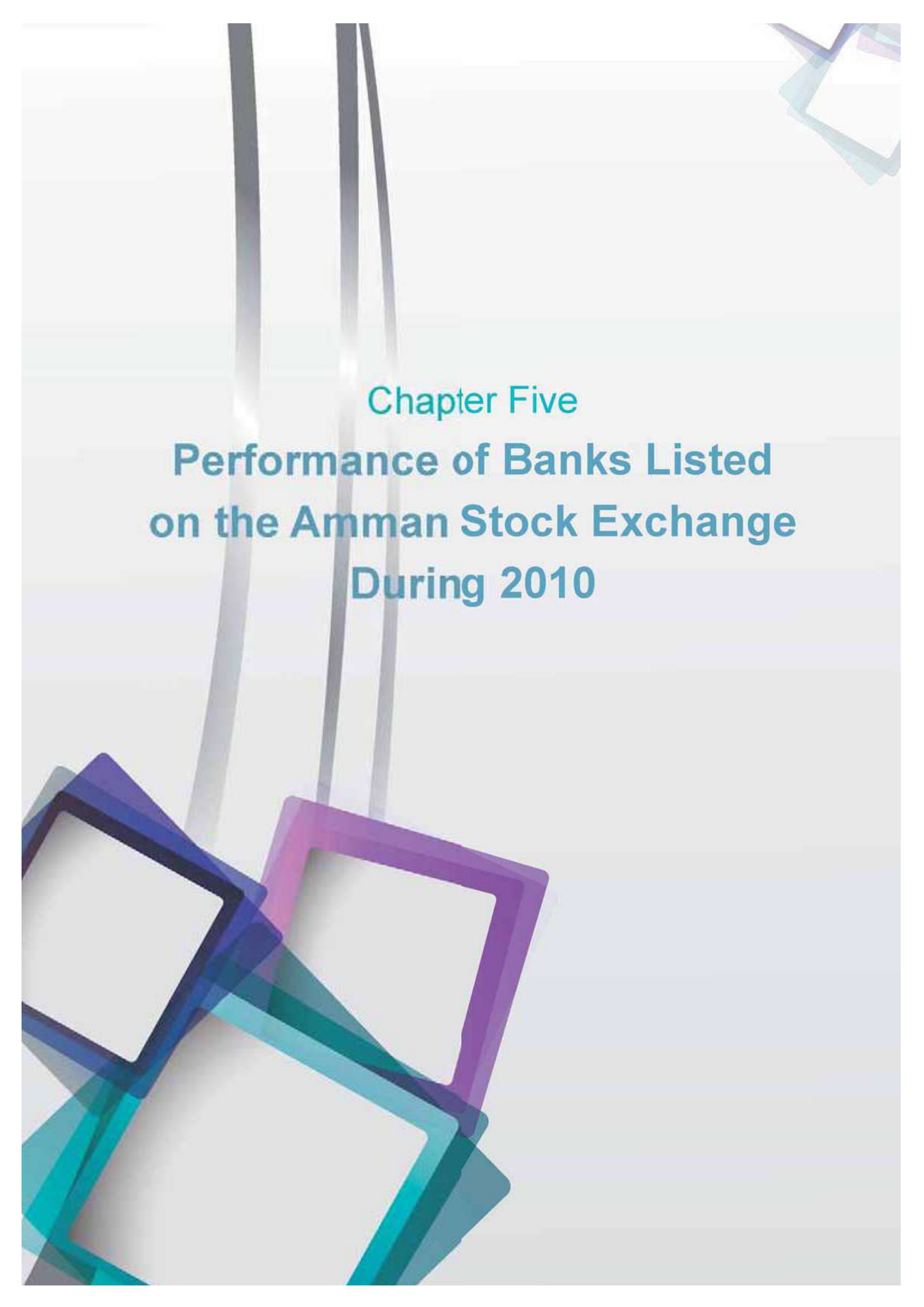
Table (24)
Services Provided by Banks' ATMs Until the End of 2010

Banks	Cash Withdrawal in Jordanian dinar	Cash withdrawal in foreign currencies	Direct cash deposit	cash deposit through envelope	Cheques deposit	Balance inquiry	Brief statement	Utility bills Paying	Cash transfer within the same bank	Cash transfer to other banks	Paying credit cards	Cheque book request	Apply for loan	Statement inquiry	Change (PIN)	Eye print	Anti Skimming*
Arab Bank	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓		✓
Jordan Ahli Bank	✓		✓	✓		✓	✓		✓			✓		✓	✓		✓
Cairo Amman Bank	✓	✓	✓	✓		✓	✓		✓			✓		✓	✓	✓	✓
Bank of Jordan	✓		✓	✓	✓	✓	✓	✓	✓			✓		✓	✓		✓
The Housing Bank for Trade & Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		✓
Jordan Kuwait Bank	✓	✓	✓	✓		✓	✓		✓		✓	✓			✓		✓
Arab Jordan Investment Bank	✓	✓				✓	✓		✓			✓		✓	✓		✓
Jordan Commercial Bank	✓	✓		✓		✓	✓					✓		✓	✓		✓
Investbank	✓			✓		✓	✓	✓	✓			✓		✓	✓		
Arab Banking (Corporation) Jordan	✓		✓	✓		✓			✓			✓		✓	✓		
Union Bank	✓		✓	✓	✓	✓	✓		✓			✓		✓	✓		✓
Societe General _ Jordan	✓					✓	✓		✓			✓			✓		
Capital Bank	✓		✓	✓	✓	✓	✓		✓	✓		✓		✓	✓		✓
Jordan Islamic Bank	✓					✓	✓		✓			✓		✓	✓		✓
International Islamic Arab Bank	✓			✓	✓	✓	✓		✓			✓		✓	✓		✓
Jordan Dubai Islamic Bank	✓					✓	✓								✓		✓
HSBC	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓		✓	✓		✓
Egyptian Arab Land Bank	✓			✓		✓	✓		✓			✓		✓	✓		✓
Rafidain Bank**																	
Citi Bank**																	
Standard Chartered	✓		✓	✓	✓	✓	✓		✓		✓	✓		✓	✓		✓
Bank Audi	✓					✓	✓								✓		✓
National Bank of Kuwait	✓					✓	✓		✓			✓			✓		✓
BLOM Bank	✓					✓									✓		
National Bank of Abu Dhabi	✓			✓	✓	✓	✓		✓			✓		✓	✓		✓

* An additional part placed on the card monitor to protect the date of the customer when using the ATM.

** Does not have ATMs

- Not necessarily that the ATMs in one bank provide the same services.

The background features a light blue gradient with three vertical grey lines that converge towards the top. In the bottom-left corner, there are several overlapping, semi-transparent squares in shades of blue, purple, and teal. A similar, smaller set of overlapping squares is visible in the top-right corner.

Chapter Five
Performance of Banks Listed
on the Amman Stock Exchange
During 2010

Association's Activity



Dr. Adli Kandah the Director General of the ABJ presents a paper about the social responsibility of banks operating in Jordan during a session of Social Responsibility Forum (1/8/2010)



At the end of 2010, a total of 15 banks were listed at the Amman Bourse. The average closing stock prices for those banks ranged between JD1.08 and JD9.98. The number of bank shares that were traded totaled 149.3 million amounting to JD514.7 million. The following table shows the most important trading indicators of the banks listed on the bourse during 2010.

Table (25)

Some Trading Indicators of Banks Listed at the Amman Stock Exchange During 2010

Banks	Symbol	Closing price At end 2009	High price during 2010	low price during 2010	Closing price At end 2010	Price ratio	Value traded Million JD	Shares traded (Million)
Arab Bank	ARBK	12.15	12.61	9.13	9.98	10.71	269.39	25.16
The Housing Bank for Trade & Finance	THBK	7.15	8.15	6.8	8.1	7.18	21.31	2.97
Bank of Jordan	BOJX	2.15	3.05	2.04	2.96	2.28	27.39	12.01
Capital Bank	EXFB	1.56	1.75	1.31	1.54	1.52	77.93	51.39
Jordan Ahli Bank	AHLI	1.52	2.05	1.43	1.92	1.67	15.88	9.54
Arab Jordan Investment Bank	AJIB	1.29	1.45	1.23	1.42	1.31	6.11	4.67
Union Bank	UBSI	1.8	2.35	1.7	2.01	2.07	38.39	18.52
Jordan Islamic Bank	JOIB	3.17	3.45	2.78	3	3.04	9.81	3.23
Jordan Kuwait Bank	JOKB	3.8	4.35	3.37	4.32	3.81	3.42	0.90
Cairo Amman Bank	CABK	2.47	3.15	2.38	3.18	2.89	25.52	8.84
Jordan Commercial Bank	JOGB	1.62	1.9	1.52	1.75	1.67	0.22	0.13
Arab Banking (Corporation) Jordan	ABCO	1.09	1.25	1.06	1.15	1.15	1.89	1.65
Investbank	JIFB	1.5	1.8	1.34	1.61	1.66	7.84	4.72
Jordan Dubai Islamic Bank	JDIB	2.36	2.2	1.24	1.28	1.77	9.07	5.12
Societe General Jordan	SGBJ	1.32	1.35	1.03	1.08	1.17	0.57	0.48

- Source: Amman Stock Exchange

1 - Shares Price Index:

The shares price index (weighted by market value) of banks listed at Amman Bourse declined by around 519.7 points (5.5 percent) reaching 8848.3 points at the end of 2010. The drop compared with a fall by 2012.1 points (17.7 percent) at the end of 2009. This regression was within the general downward trend of the market's index which went down by 37 percent during 2010. It should be mentioned in this context that the performance of shares listed at the Amman Bourse has regressed significantly since the international financial crisis and prices did not recoup their previous levels during 2010.



Table (26)

Development of the Share Price Index of Banks Listed on the Amman Stock Exchange
(2005 - 2010)

year	The weighted shares prices index (points)	
	Banks	General
2005	168920	8191.5
2006	107047	5518.1
2007	138867	7519.3
2008	113801	6243.1
2009	93680	5520.1
2010	88483	5318.0

- Source: Amman Stock Exchange

Chart (8)

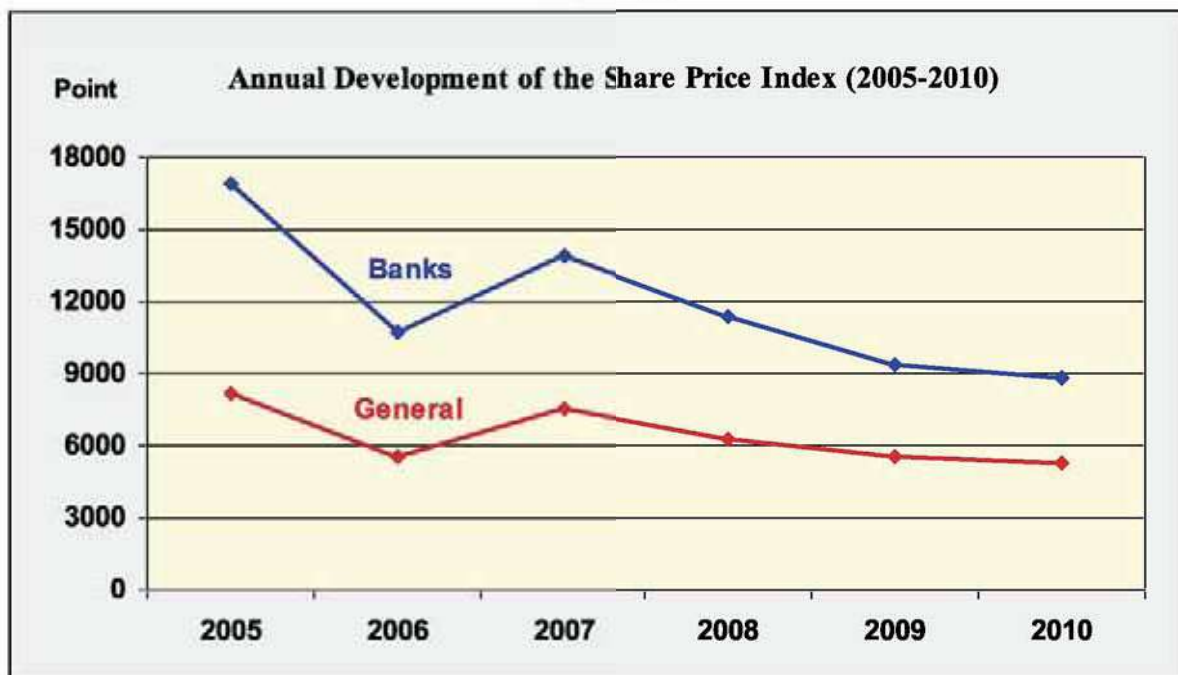




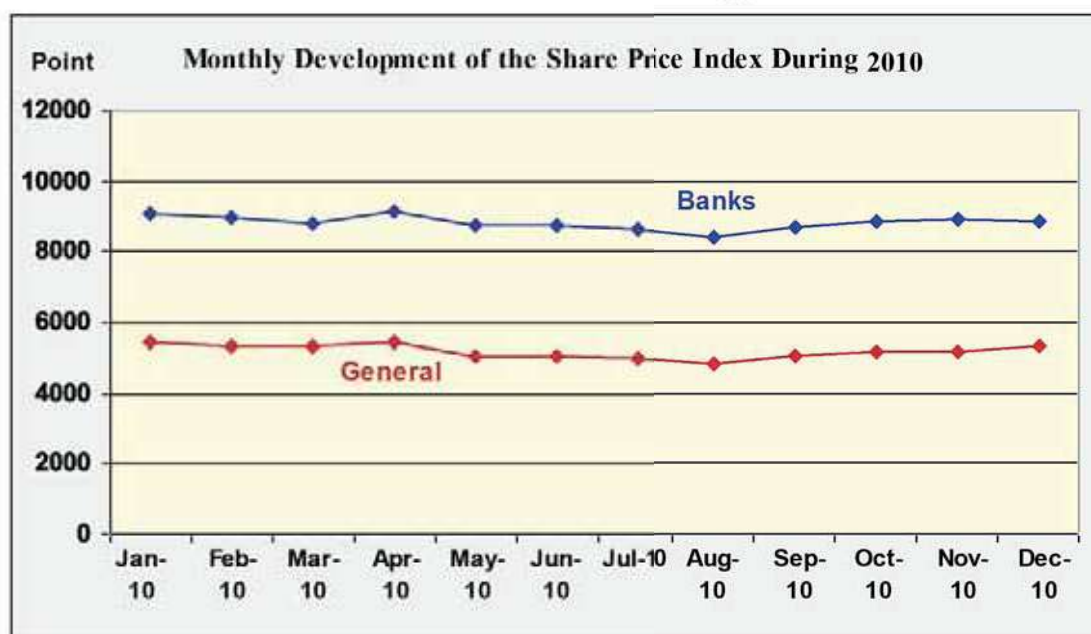
Table (27)

Monthly Development of the Share Price Index of Banks Listed on the Amman Stock Exchange During 2010

MONTH	The weighted shares prices index (points)	
	Banks	General
January	9088.2	5433.9
February	8946.5	5305.0
March	8785.1	5301.8
April	9139.1	5433.6
May	8723.1	5065.7
June	8751.0	5039.0
July	8616.5	4971.7
August	8225.6	4847.6
September	8680.6	5040.6
October	8333.4	5135.3
November	8294.1	5150.7
December	8148.3	5318.0

- Source: Amman Stock Exchange

Chart (9)





2 - Trading Volume:

Trading volume at the Amman Bourse continued to decline during 2010 reflecting anxiety among investors towards the general economic situation in the Kingdom as a result of the global financial and economic crisis and its repercussions. The considerable regression at the Amman Bourse caused uncertainty among investors who reacted by curtailing their trading activities in the various shares of companies in the market. All these aforementioned factors resulted in the trading volume falling in the whole market from JD9.134 billion during 2009 to JD6.088 billion during 2010. Trading volume in banks' shares listed at the Amman Bourse also dropped from JD827 million during 2009 to JD515 million in 2010.

Table (28)

**Trading Volume of Banks' Shares Listed at the Amman Stock Exchange
(2005 – 2010)**

Year	Value Traded (JD million)		
	Banks	General	Banks/ General (%)
2005	6043.4	16871.0	35.8
2006	2867.8	14209.9	20.2
2007	2460.8	12348.1	19.9
2008	2983.9	20318.1	14.7
2009	826.5	9134.2	9.0
2010	514.8	6088.6	8.5

- Source: Amman Stock Exchange

Chart (10)

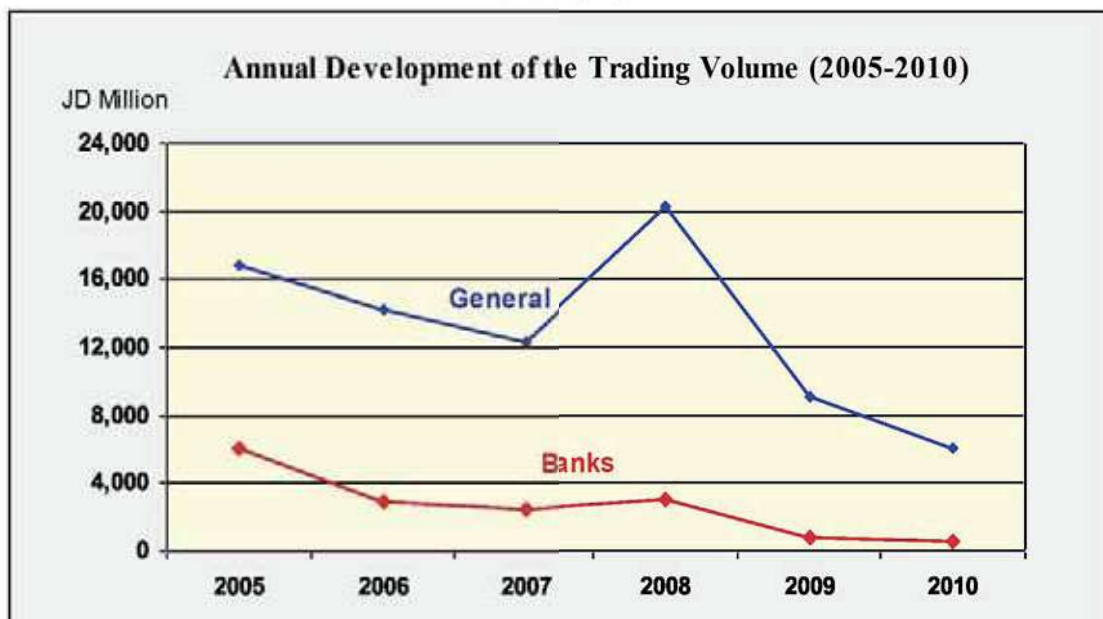




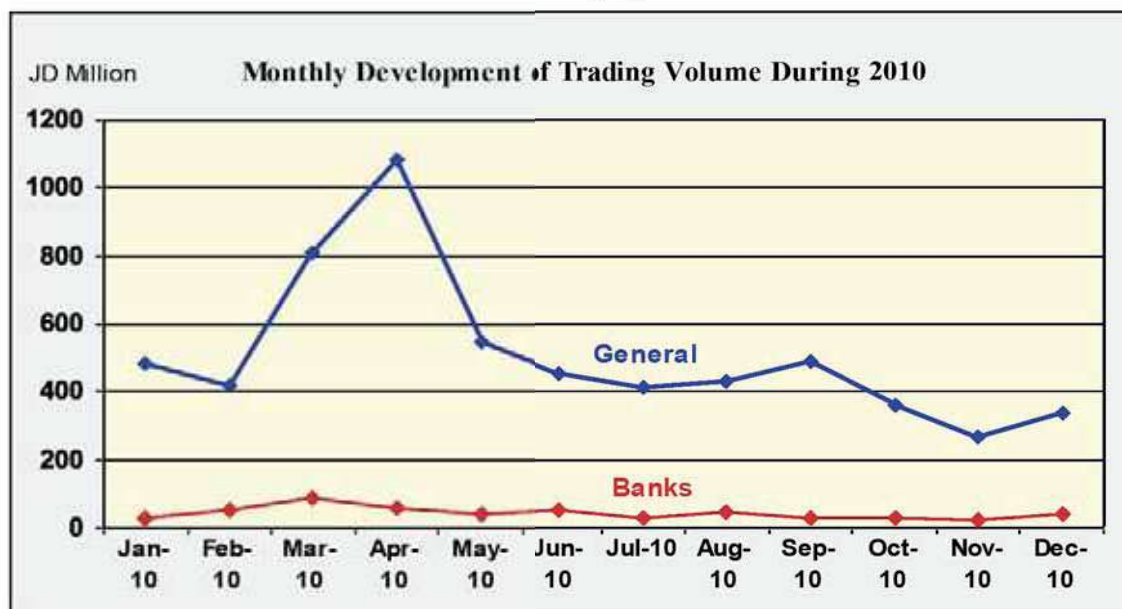
Table (29)

Monthly Trading Volume of Banks' Shares Listed at the Amman Stock Exchange During 2010

MONTH	Value Traded (JD million)		
	Banks	General	Banks/ General (%)
January	29.78	480.95	6.2
February	49.58	420.22	11.8
March	85.18	807.93	10.5
April	58.13	1082.96	5.4
May	42.36	545.70	7.8
June	52.23	452.69	11.5
July	28.55	411.93	6.9
August	46.99	431.43	10.9
September	28.20	489.72	5.8
October	27.72	361.31	7.7
November	25.40	267.16	9.5
December	40.61	336.63	12.1
Total	514.73	6088.63	8.5

- Source: Amman Stock Exchange

Chart (11)





3 - Non-Jordanian Ownership of Banks' Shares:

The non-Jordanian ownership of Jordanian bank shares was clearly stable during the past years without any noticeable decline even during the international financial crisis. This was due to the good financial indicators of the Jordanian banking system and its financial strength and soundness which lured investors from broad. The ownership of non-Jordanians in banks' shares listed at the bourse reached on average about 54.8 percent between 2002 and 2010. This percentage rose to 57.9 percent at the end of 2010

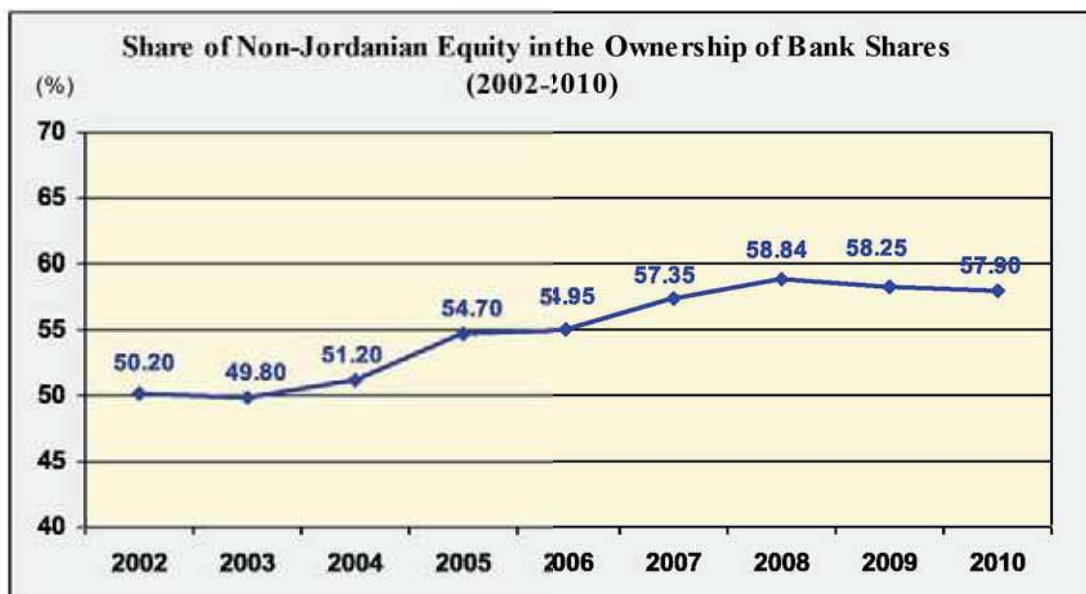
Table (30)

Non-Jordanian Ownership of Banks' Shares Listed at the Amman Stock Exchange (2002-2010)

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
2009	58.25
2010	57.90

- Source: Amman Stock Exchange

Chart (12)



The background features a light blue-to-white gradient. Three vertical, slightly curved lines in shades of grey and blue run from the top to the bottom of the page. In the bottom-left corner, there are three overlapping, semi-transparent square frames in shades of blue, purple, and teal. A small, abstract geometric shape in shades of blue and purple is located in the top-right corner.

Chapter Six

Clearing of cheques

Association's Activity



Dr. Umayya Tukan the Governor of the CBJ, Mr. Marwan Awad Chairman of the ABJ, and Dr. Adli Kandah the Director General of the ABJ during their meeting with the Palestinian delegation Headed by Dr. Jihad al-Wazir the Governor of the Palestinian Monetary Authority (11/11/2010)



The number of cheques presented for clearing dropped from 11,484.9 thousand cheques during 2009, to 10498.8 thousand cheques during 2010. The value of the cheques presented for clearing also fell from JD34,830.6 million during 2009 to JD34305.3 during 2010.

Table (31)
Circulated and Returned Cheques Through the Electronic Clearing (2009 – 2010)

Description	2009	2010	تغيرت
Circulated Cheques			
Number (thousand)	11484.9	10498.8	-8.59
Value(JD million)	34830.6	34305.3	-1.51
Returned Cheques			
Number (thousand)	738.2	712.5	-3.48
Value(JD million)	2128.4	1877.7	-11.78
The ratio to the number of Circulated Cheques (%)	6.43	6.79	-
The ratio to the value of Circulated Cheques (%)	6.11	5.47	-
Returned Cheques for insufficient balance			
Number (thousand)	462.2	405.7	-12.22
Value(JD million)	1344.2	1079.4	-19.70
The ratio to the number of Circulated Cheques (%)	4.02	3.86	-
The ratio to the value of Circulated Cheques (%)	3.86	3.15	-
Returned Cheques for another reasons			
Number (thousand)	276.0	306.8	11.16
Value(JD million)	784.3	798.3	1.79
The ratio to the number of Circulated Cheques (%)	2.40	2.92	-
The ratio to the value of Circulated Cheques (%)	2.25	2.33	-

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin

It was also noticed that returned cheques were lower, compared to the previous year, in terms of number and value by 3.5 percent and 11.8 percent respectively. Compared to the previous year, there was also a decline in returned cheques because of insufficient balance during 2010 as they accounted for 3.9 percent of the overall number of cheques presented to clearing and for 3.2 percent of the overall value of cheques presented for clearing.



Chapter Seven
Structure of interest rates

Association's Activity



Lebanese delegation during their visit to the ABJ (16/5/2010)



This chapter shows the development of the weighted average interest rates on all types of deposits and credit facilities as well as the development of the interest rate margin. This chapter also shows the development of interest rates on monetary policy instruments and of interbank lending interest rates (JODIBOR).

1 - Development of Interest Rates on Deposits:

Interest rates on all types of deposits declined markedly as follows during 2010:

- **Demand deposits:** The weighted average interest rates on demand deposits declined at the end of 2010 from the level at the end of 2009 by 23 basis points reaching 0.44 percent.
- **Saving deposits:** The weighted average interest rates on saving deposits edged down at the end of 2010 from the level at the end of 2009 by 7 basis points reaching 0.77 percent.
- **Time deposits:** The weighted average interest rates on time deposits dropped at the end of 2010 from its level at the end of 2009 by 83 basis points reaching 3.40 percent.

Table (32)

Weighted Average of Interest Rates on All Types of Deposits (2002-2010)

Year	Demand %	Saving %	Time %
2002	0.91	1.84	3.97
2003	0.50	0.88	2.75
2004	0.38	0.73	2.49
2005	0.47	0.83	3.52
2006	0.87	0.99	5.13
2007	0.94	1.10	5.56
2008	1.01	1.04	5.66
2009	0.67	0.84	4.23
2010	0.44	0.77	3.40

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin



Chart (13)

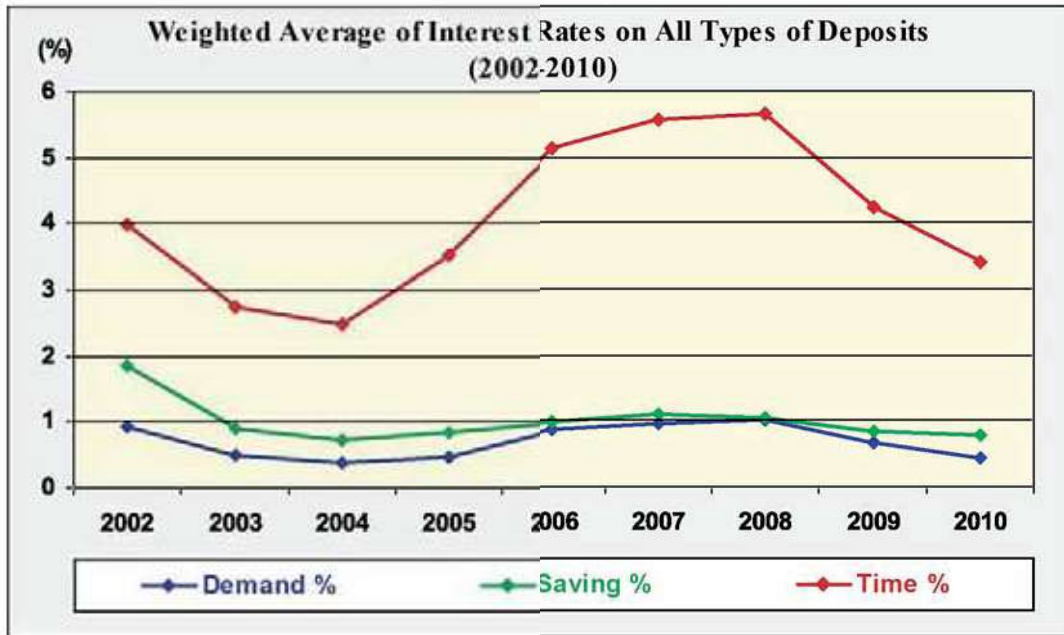


Table (33)

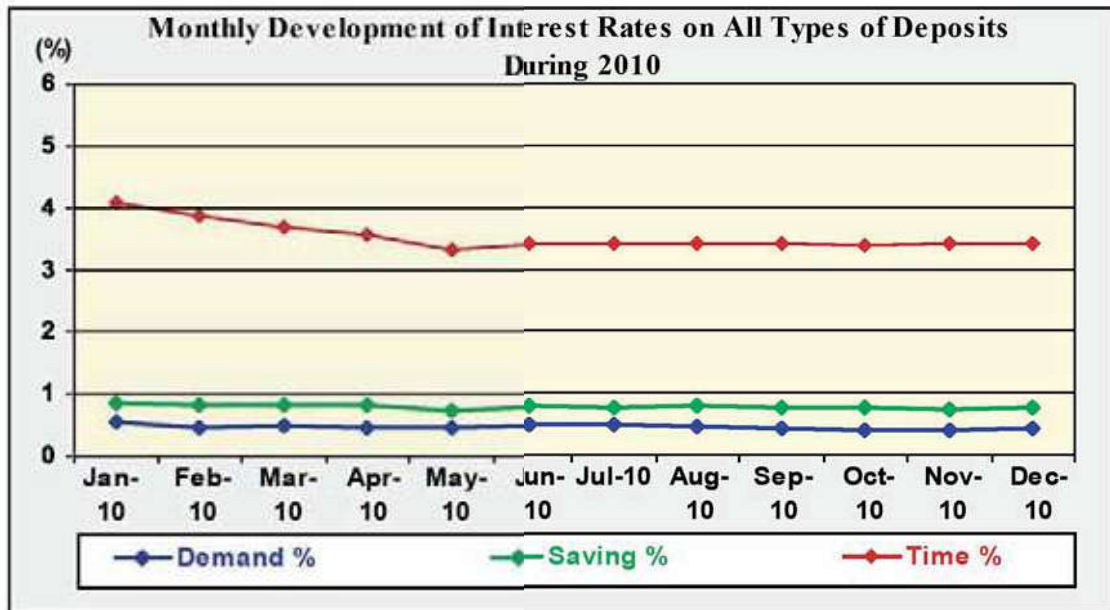
Monthly weighted Average of Interest Rates on All Types of Deposits in 2010

MONTH	Demand %	Saving %	Time %
January	0.56	0.85	4.07
February	0.47	0.83	3.87
March	0.48	0.81	3.68
April	0.45	0.81	3.56
May	0.45	0.74	3.33
June	0.48	0.78	3.41
July	0.48	0.77	3.40
August	0.45	0.80	3.40
September	0.42	0.76	3.42
October	0.41	0.77	3.39
November	0.41	0.72	3.40
December	0.44	0.77	3.40
Average	0.46	0.78	3.53
MAX	0.56	0.85	4.07
MIN	0.41	0.72	3.33

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin



Chart (14)



2 - Development of Interest Rates on Credit facilities

Interest rates on various types of credit facilities during 2010 changed as follows:

- **Overdrafts:** The weighted average interest rates on overdrafts dropped at the end of 2010 from its level at the end of 2009 by 9 basis points reaching 9.12 percent.
- **Loans and advances:** The weighted average interest rates on loans and advances declined at the end of 2010 from its level at the end of 2009 by 6 basis points reaching 9.01 percent.
- **Discounted bills and bonds:** The weighted average interest rates on discounted bills and bonds rose at the end of 2010 from its level at the end of 2009 by 24 basis points reaching 9.41 percent.
- **Prime lending rate:** The lowest prime lending rate at the end of 2010 was 8.20 percent, 14 basis points lower than the level recorded at the end of 2009.



Table (34)

Weighted Average of Interest Rates on All Types of Credit Facilities (2002-2010)

year	Overdrafts (%)	Loans and Advances (%)	Discounted Bills & Bonds (%)	Prime Lending Rate (%)
2002	9.35	9.85	10.95	7.25
2003	9.43	8.92	10.24	6.50
2004	8.79	7.59	8.98	6.00
2005	9.26	8.10	7.92	7.00
2006	9.23	8.56	8.72	7.50
2007	9.83	8.86	9.45	8.15
2008	9.31	9.48	8.89	8.45
2009	9.03	9.07	9.17	8.34
2010	9.12	9.01	9.41	8.20

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (15)

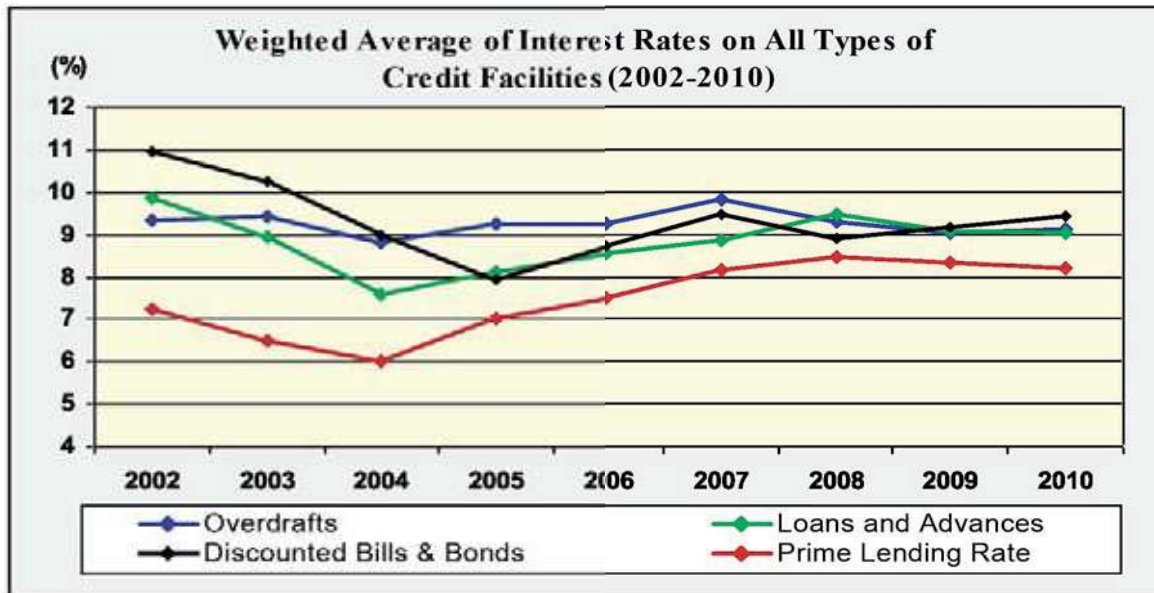




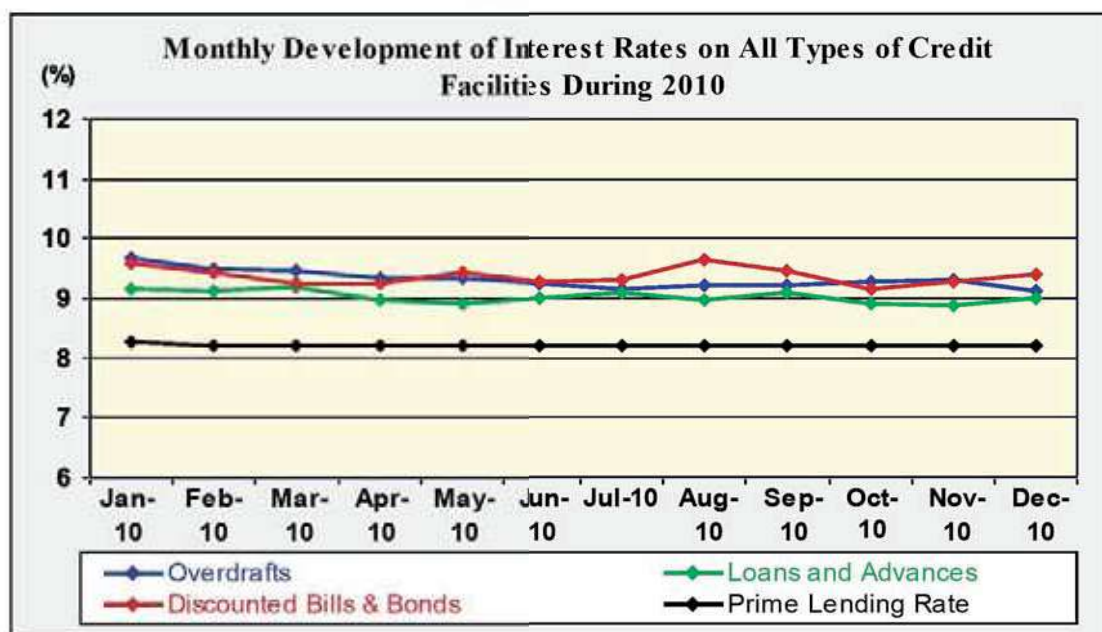
Table (35)

Weighted Average of Interest Rates on All Types of Credit Facilities in 2010

MONTH	Overdrafts (%)	Loans and Advances (%)	Discounted Bills & Bonds (%)	Prime Lending Rate (%)
January	9.67	9.16	9.58	8.28
February	9.49	9.13	9.43	8.20
March	9.47	9.17	9.23	8.20
April	9.35	8.97	9.25	8.20
May	9.34	8.92	9.43	8.20
June	9.26	9.01	9.28	8.20
July	9.15	9.09	9.32	8.20
August	9.20	8.97	9.64	8.20
September	9.20	9.08	9.45	8.20
October	9.27	8.91	9.15	8.20
November	9.32	8.87	9.27	8.20
December	9.12	9.01	9.41	8.20
Average	9.32	9.02	9.37	8.21
MAX	9.67	9.17	9.64	8.28
MIN	9.12	8.87	9.15	8.20

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (16)



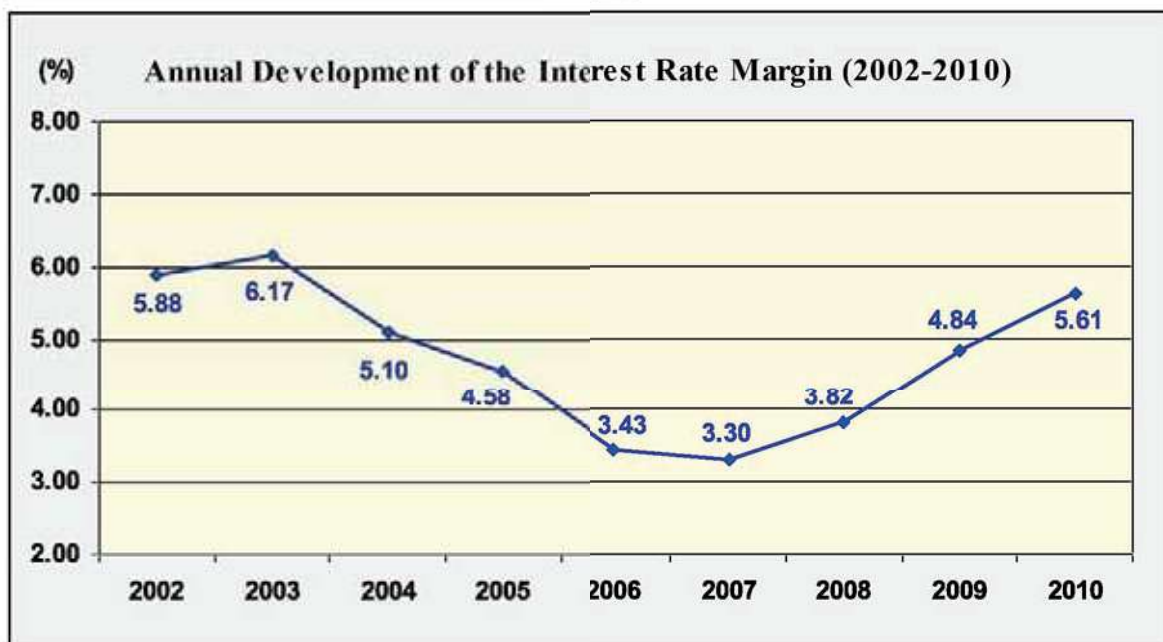


3 - Interest Rate Margin:

It is usually measured by the difference between the weighted average interest rates on loans and advances and the weighted average interest rates on time deposits as they are considered the largest and the most important types of credit facilities and deposits.

During 2010, the interest rate margin rose to 5.61 percent compared with 4.84 percent in 2009. This widening of the margin occurred despite the noticeable drop in interest rates on time deposits and loans and advances during 2010. However, the drop in interest rates on time deposits was more than the drop in interest rates on loans and advances. Subsequently the difference between the two widened.

Chart(17)



4 - Development of Interest Rates on Monetary Policy Tools:

In response to the developments in the international money markets, particularly the decline of interest rates on the US dollar during 2010, and due to local economic developments and the slowdown in local demand, the central bank lowered during 2010 the interest rates on its monetary policy tools one time by 50 basis points to become as follows:

- **The rediscount rate:** Lowered by 50 points to become 5.75 percent at the end of 2010 compared to 4.75 percent at the end of 2009.
- **The overnight repurchase agreements interest rate:** Lowered by 50 basis points to become 4.0 percent at the end of 2010 instead of 4.50 at the end of 2009.
- **The overnight window deposit interest rate:** Lowered by 50 basis points to become 2.0 percent at the end of 2010 instead of 2.50 percent in 2009.



Table (36)

Interest Rates on Monetary Policy Tools (2002 - 2010)

Year	Rediscount /Rate %	Repurchase Agreements %	Certificates of Deposit		Deposit Window (One Night) %
			(3) Months %	(6) Months %	
2002	4.500	5.500	3.000	3.450	2.750
2003	2.500	3.500	2.100	2.150	2.000
2004	3.750	4.750	2.850	3.200	2.250
2005	6.500	7.500	6.200	6.950	4.500
2006	7.500	8.500	6.700	6.862	5.250
2007	7.000	6.750	5.750	5.867	4.750
2008	6.250	6.000	5.641	5.936	4.000
2009	4.750	4.500	-	-	2.500
2010	4.250	4.000	-	-	2.000

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Table (37)

Interest Rates on Monetary Policy Tools in 2010

MONTH	Rediscount / Rate %	Repurchase Agreements %	Deposit Window (One Night) %
January	4.750	4.500	2.500
February	4.250	4.000	2.000
March	4.250	4.000	2.000
April	4.250	4.000	2.000
May	4.250	4.000	2.000
June	4.250	4.000	2.000
July	4.250	4.000	2.000
August	4.250	4.000	2.000
September	4.250	4.000	2.000
October	4.250	4.000	2.000
November	4.250	4.000	2.000
December	4.250	4.000	2.000

- Source: Central Bank of Jordan/ Monthly Statistical Bulletin



5 - Interbank Lending Interest Rates (JODIBOR)

The developments of interbank lending interest rates (JODIBOR) during 2010 show the following:

- A decline in the average overnight lending interest rates in 2010 compared to 2009 by 120 points reaching 2.236 percent.
- A decline in the average lending interest rates for one week in 2010 compared to 2009 by 139 points reaching 2.409 percent.
- A decline in the average lending interest rates for one month in 2010 compared to 2009 by 158 points reaching 2.783 percent.
- A decline in the average lending interest rates for three months during 2010 to its average in 2009 by 166 points reaching 3.257 percent.
- A decline in the average lending interest rates for six months during 2010 compared to its average in 2009 by 171 points reaching 3.745 percent.
- A decline in the average lending interest rates for one year during 2010 compared to its level in 2009 by 176 points reaching 4.414 percent.

Table (38)

Average Inter-Bank Lending Interest Rates (JODIBOR – Declared Rates) (2006 – 2010)

Year	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
2009	3.438	3.797	4.363	4.916	5.459	6.176
2010	2.236	2.409	2.783	3.257	3.745	4.414

- Source: The declared rates in the JODIBOR daily bulletin issued by the association.

The table below also shows the monthly developments on average interbank lending interest rates during 2010. It shows that all maturities have reached their highest rates in the first month of the year and declined gradually reaching their lowest rates in April for short-term maturities. Then, close levels were maintained until the end of the year. In terms of interest rates on long-term maturities, the lowest rates were registered in December.



Table (39)

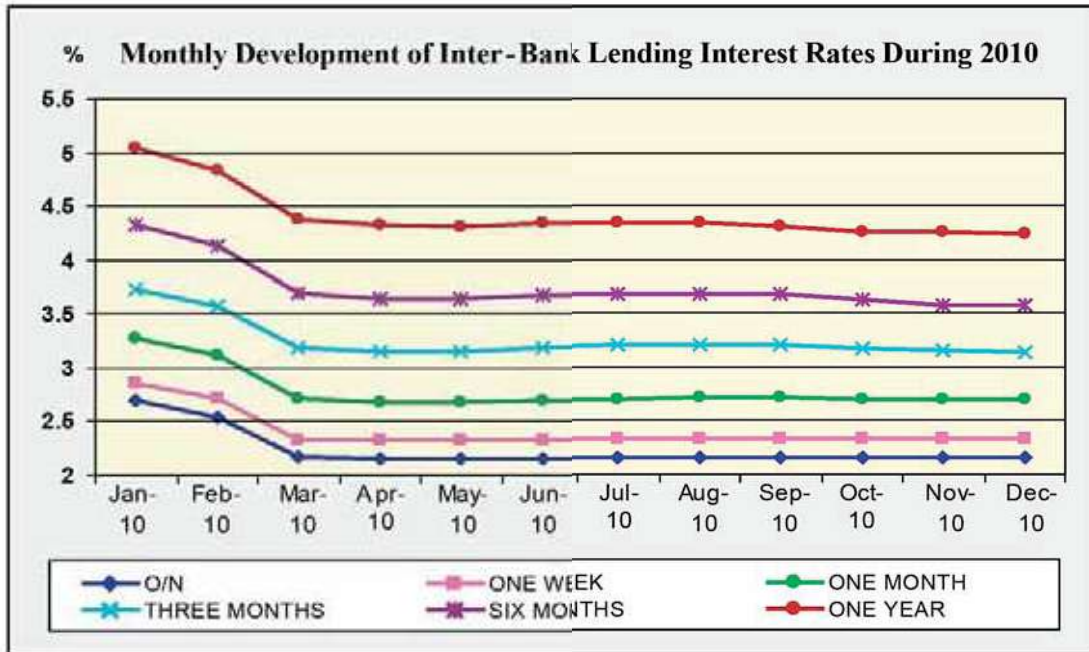
Average Inter-Bank Lending Interest Rates (JODIBOR – Declared Rates) in 2010

MONTH	O/N	ONE WEEK	ONE MONTH	THREE MONTHS	SIX MONTHS	ONE YEAR
January	2.694	2.855	3.272	3.737	4.321	5.048
February	2.550	2.709	3.112	3.580	4.138	4.840
March	2.179	2.341	2.710	3.186	3.701	4.374
April	2.156	2.331	2.691	3.159	3.647	4.319
May	2.156	2.331	2.691	3.157	3.645	4.313
June	2.156	2.331	2.693	3.187	3.674	4.338
July	2.156	2.331	2.703	3.201	3.684	4.338
August	2.156	2.335	2.713	3.203	3.684	4.338
September	2.157	2.338	2.714	3.199	3.676	4.318
October	2.156	2.338	2.703	3.177	3.619	4.264
November	2.156	2.338	2.700	3.153	3.582	4.250
December	2.156	2.334	2.693	3.138	3.574	4.235
Average	2.236	2.409	2.783	3.257	3.745	4.414
MAX	2.694	2.855	3.272	3.737	4.321	5.048
MIN	2.156	2.331	2.691	3.138	3.574	4.235

- Source: The declared rates in the JODIBOR daily bulletin issued by the association.



Chart(18)



Regarding the volume of overnight interbank activity during 2010, it fluctuated in terms of executed transactions and the total credit amount. The pricing margin (the difference between the actual prices announced by the central bank less the declared price of the association – JODIBOR) went down from march reaching its lowest margin of 0.004 percent in September before heading upward again to 0.006 percent until the end of the year.



Table (40)
Volume of Overnight Inter-Bank Activity During 2010

MONTH	# of Transactions	Total lent Amounts (JD million)	Inter – bank weighted lending rates (Declared price) *	Inter – bank weighted lending rates (Actual price) **	Price margin
January	15	62.00	2.694%	2.650%	-0.044%
February	79	368.50	2.550%	2.500%	-0.050%
March	125	536.50	2.180%	2.150%	-0.030%
April	56	211.70	2.156%	2.149%	-0.007%
May	137	559.05	2.156%	2.149%	-0.007%
June	137	526.65	2.156%	2.150%	-0.006%
July	381	1820.40	2.156%	2.150%	-0.006%
August	299	1560.40	2.156%	2.150%	-0.006%
September	239	1124.55	2.157%	2.153%	-0.004%
October	205	940.15	2.156%	2.150%	-0.006%
November	140	625.70	2.156%	2.150%	-0.006%
December	128	562.75	2.156%	2.150%	-0.006%

* The monthly interbank weighted lending interest rate (declared rate) from the daily JODIBOR bulletins issued by the association.

** The monthly interbank weighted lending interest rate (actual price) from the daily interest rates bulletins on various dinar tools issued by the Central Bank of Jordan.



Chart (19)

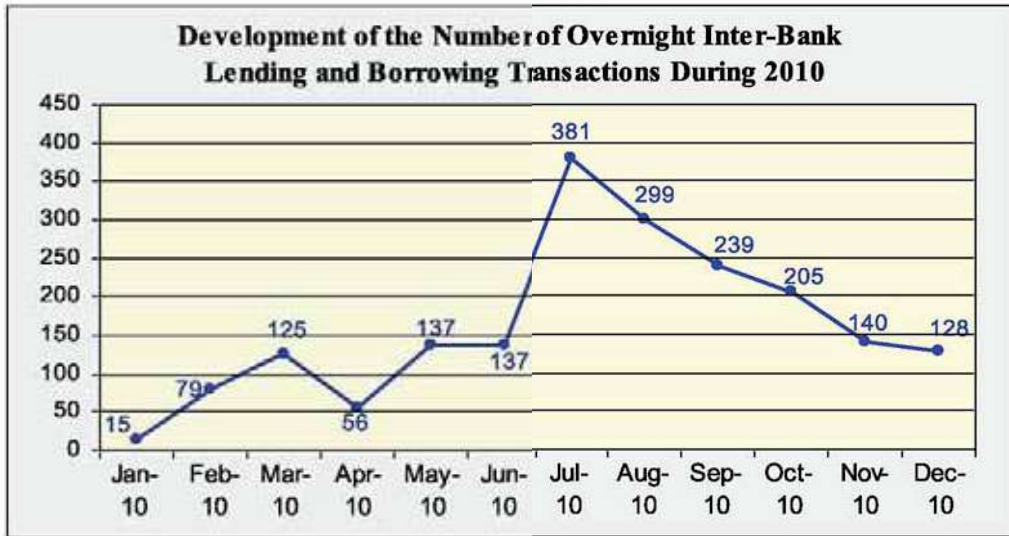


Chart (20)

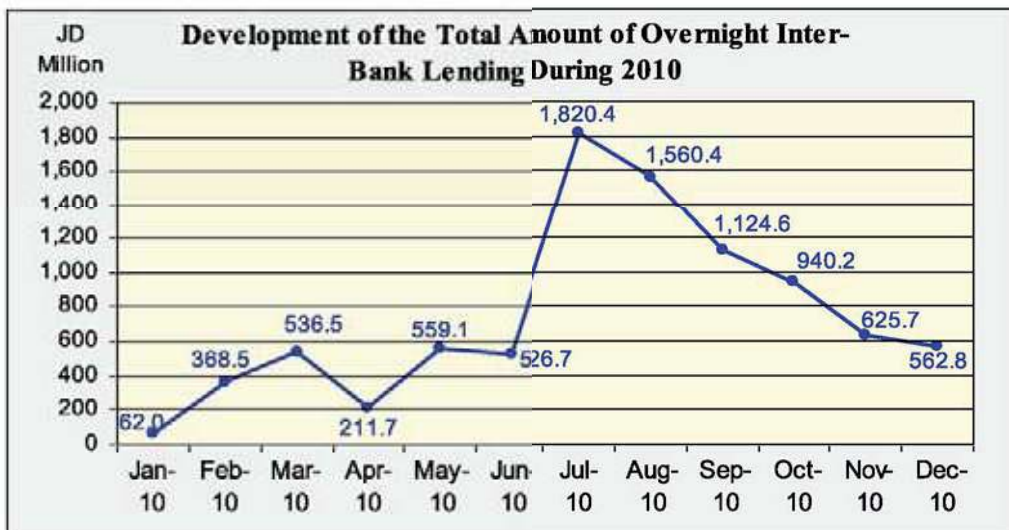
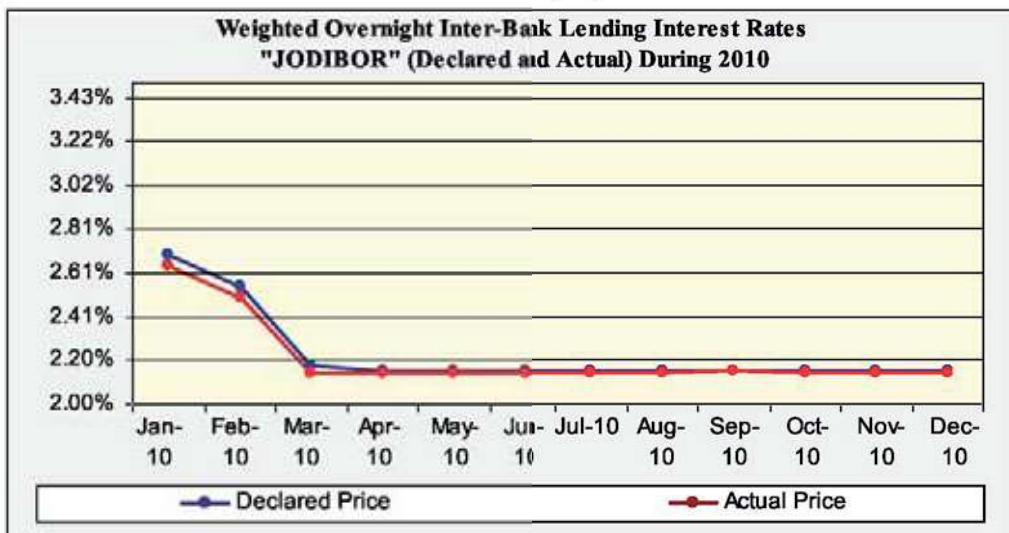
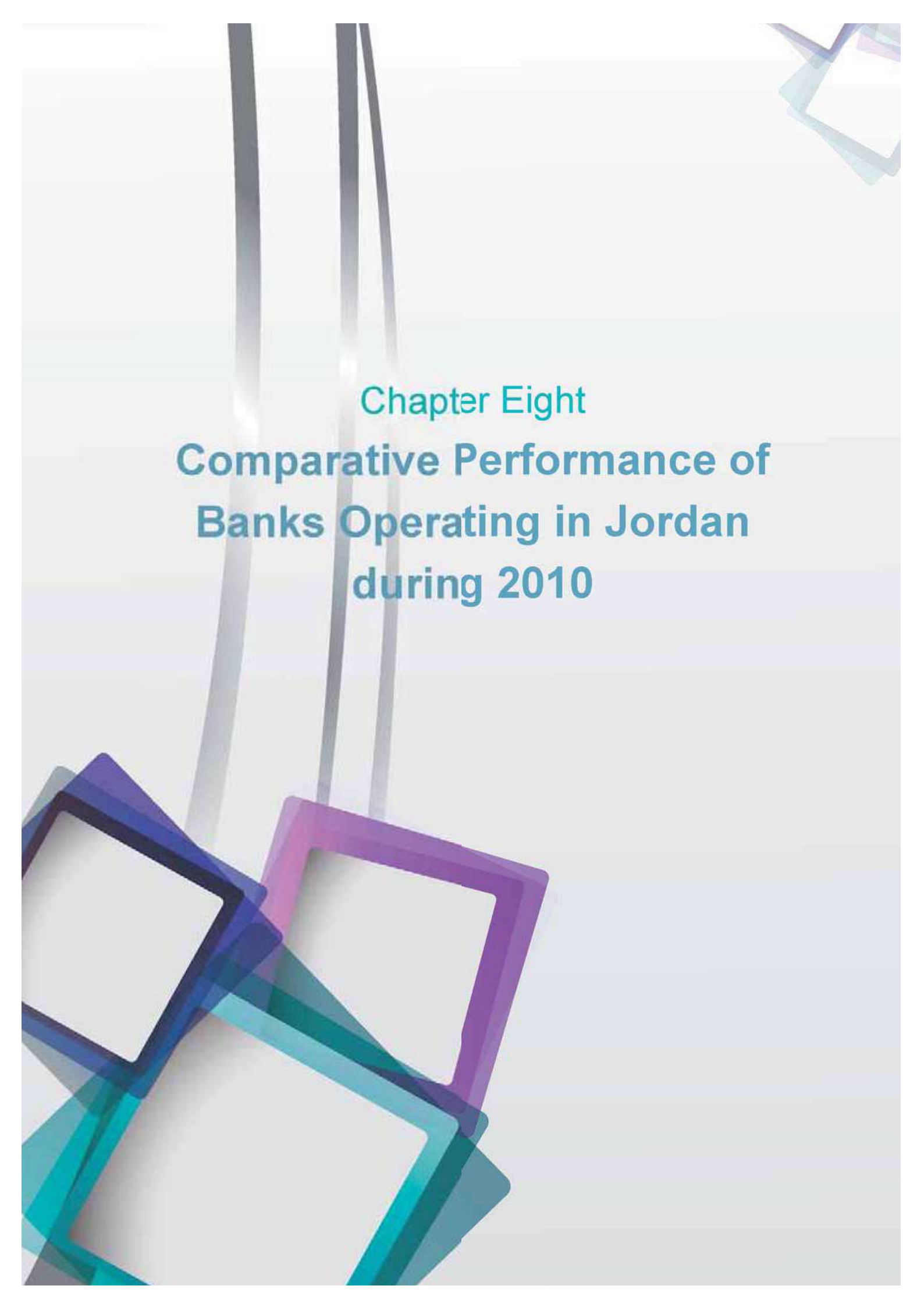


Chart (21)



The background features a light blue gradient with several vertical lines of varying shades of blue and grey. In the bottom-left corner, there are three overlapping, semi-transparent square frames in shades of blue, purple, and teal. In the top-right corner, there is a small, abstract geometric shape composed of overlapping lines in blue and purple.

Chapter Eight
**Comparative Performance of
Banks Operating in Jordan
during 2010**

Association's Activity



The participants in a training program held by the ABJ about "the Legal Aspects Associated with Banking Contracts" (11 – 14/4/2010)



This chapter amply summarises the overall developments of the banking sector during 2010. The first part deals with the developments of key items in the balance sheet in terms of total assets, liabilities and deposits at the banks operating in Jordan, in addition to the shareholders' equity and capital. The second part includes the most important items of the income statement of banks operating in Jordan particularly the pretax profit and the net after-tax profit. The third part shows the most important profitability measurements that link the balance sheet and the income statement in terms of the average return on assets (ROA) and the average return on shareholders' equity (ROE) of the banks operating in Jordan during 2010. The fourth and final part illustrate the development and distribution of the human resources in the banks operating in Jordan at the end of 2010.

It should be noted here that we ranked the banks in a descending manner (from the higher bank to the lower bank) according to each of the previous indicators in addition to calculating the relative importance for each bank in relation to the total operating banks. We divided the banks into three main categories to include the Jordanian commercial banks, the Islamic banks and the foreign banks. It is also important to indicate that the data included in this chapter belong only to the branches of banks operating in Jordan and do not include outside branches.

1 - Ranking of Banks According to Some Balance Sheet Items:

A) Total Assets of Banks Operating in Jordan at the End of 2010:

The total assets of licensed banks operating in Jordan at the end of 2010 amounted to approximately JD33.7 billion spread as follows: JD25.5 billion for the Jordanian commercial banks (75.9 percent of the total assets of banks operating in Jordan); JD4.3 billion for the Islamic banks (12.7 percent of total assets) and JD3.8 billion for foreign banks (11.4 percent of total assets).



Table (41)
Total Assets of Banks Operating in Jordan at the End of 2010

	Bank	Ranking 2010	Assets (JD million)	Ratio to Total Assets %
	Jordanian Commercial Banks	Arab Bank	1	8172.00
The Housing Bank for Trade & Finance		2	4928.90	14.65%
Jordan Ahli Bank		3	1963.00	5.83%
Jordan Kuwait Bank		4	1809.40	5.38%
Union Bank		5	1518.39	4.51%
Bank of Jordan		6	1444.30	4.29%
Cairo Amman Bank		7	1395.00	4.15%
Capital Bank		8	1149.00	3.42%
Arab Jordan Investment Bank		9	733.90	2.18%
Jordan Commercial Bank		10	719.22	2.14%
Arab Banking (Corporation) Jordan		11	679.00	2.02%
Investbank		12	665.18	1.98%
Societe General _ Jordan		13	343.00	1.02%
Total			25520.30	75.85%
Islamic Banks	Bank	Ranking 2010	Assets (JD million)	Ratio to Total Assets %
	Jordan Islamic Bank*	1	2880.70	8.56%
	International Islamic Arab Bank	2	1133.11	3.37%
	Jordan Dubai Islamic Bank	3	268.09	0.80%
Total			4281.90	12.73%
Foreign Banks	Bank	Ranking 2010	Assets (JD million)	Ratio to Total Assets %
	HSBC	1	1026.68	3.05%
	Bank Audi	2	680.36	2.02%
	Standard Chartered	3	491.18	1.46%
	BLOM Bank	4	479.00	1.42%
	Egyptian Arab Land Bank	5	365.90	1.09%
	Citi Bank	6	296.77	0.88%
	National Bank of Kuwait	7	232.00	0.69%
	Rafidain Bank	8	148.80	0.44%
National Bank of Abu Dhabi	9	122.11	0.36%	
Total			3842.80	11.42%

* Including the accounts managed for third parties and appearing off balance sheet

- Source: Banks' financial data



B) Total Credit Facilities Extended by Banks Operating in Jordan at the End of 2010:

The outstanding credit facilities extended by the banks operating in Jordan amounted to JD13.94 billion of which JD10.4 billion belonged to the Jordanian commercial banks (74.9 percent of the total credit facilities); JD2.17 billion belonged to Islamic banks (15.6 percent of total credit facilities) and JD1.33 billion belonged to foreign banks (9.6 percent of total credit facilities).

Table (42)
Credit Facilities Extended By Banks Operating in Jordan at the End of 2010

	Bank	Ranking 2010	Credit Facilities (JD million)	Ratio to total Credit Facilities %
Jordanian Commercial Banks	Arab Bank	1	2447.00	17.55%
	The Housing Bank for Trade & Finance	2	1667.90	11.96%
	Jordan Kuwait Bank	3	1042.50	7.48%
	Jordan Ahli Bank	4	919.00	6.59%
	Bank of Jordan	5	787.00	5.64%
	Union Bank	6	749.46	5.37%
	Cairo Amman Bank	7	677.00	4.86%
	Capital Bank	8	665.00	4.77%
	Jordan Commercial Bank	9	393.72	2.82%
	Investbank	10	347.26	2.49%
	Arab Banking (Corporation) Jordan	11	302.87	2.17%
	Arab Jordan Investment Bank	12	279.20	2.00%
	Societe General _ Jordan	13	162.00	1.16%
	Total		10439.91	74.87%
Islamic Banks	Bank	Ranking 2010	Credit Facilities (JD million)	Ratio to total Credit Facilities %
	Jordan Islamic Bank *	1	1701.20	12.20%
	International Islamic Arab Bank	2	369.37	2.65%
	Jordan Dubai Islamic Bank	3	99.41	0.71%
	Total		2169.98	15.56%
Foreign Banks	Bank	Ranking 2010	Credit Facilities (JD million)	Ratio to total Credit Facilities %
	HSBC	1	356.73	2.56%
	Bank Audi	2	262.80	1.88%
	BLOM Bank	3	205.00	1.47%
	Egyptian Arab Land Bank	4	198.00	1.42%
	Standard Chartered	5	177.98	1.28%
	National Bank of Kuwait	6	80.00	0.57%
	Citi Bank	7	26.47	0.19%
	National Bank of Abu Dhabi	8	26.38	0.19%
	Rafidain Bank	9	0.30	0.00%
	Total		1333.66	9.56%

* Including the accounts managed for third parties and appearing off balance sheet

- Source: Banks' financial data



C) Total Deposits at Banks Operating in Jordan at the End of 2010:

The total deposits at the banks operating in Jordan amounted to about JD23.07 billion of which JD16.83 billion belonged to Jordanian commercial banks (73.0 percent of total deposits); JD3.52 billion belonged to Islamic banks (15.3 percent of total deposits) and JD2.72 billion to foreign banks (11.8 percent of total deposits).

Table (43)
Total Deposits at Banks Operating in Jordan at the End of 2010

	Bank	Ranking 2010	Deposits(JD million)	Ratio to Total Deposits %
Jordanian Commercial Banks	Arab Bank	1	5294.00	22.95%
	The Housing Bank for Trade & Finance	2	3562.20	15.44%
	Jordan Kuwait Bank	3	1248.50	5.41%
	Jordan Ahli Bank	4	1176.00	5.10%
	Bank of Jordan	5	997.40	4.32%
	Cairo Amman Bank	6	897.00	3.89%
	Union Bank	7	894.94	3.88%
	Capital Bank	8	834.00	3.62%
	Jordan Commercial Bank	9	519.19	2.25%
	Investbank	10	450.55	1.95%
	Arab Jordan Investment Bank	11	365.20	1.58%
	Arab Banking (Corporation) Jordan	12	362.77	1.57%
	Societe General _ Jordan	13	229.00	0.99%
	Total			16830.75
Islamic Banks	Bank	Ranking 2010	Deposits(JD million)	Ratio to Total Deposits %
	Jordan Islamic Bank *	1	2593.00	11.24%
	International Islamic Arab Bank	2	797.89	3.46%
	Jordan Dubai Islamic Bank	3	131.17	0.57%
Total			3522.06	15.27%
Foreign Banks	Bank	Ranking 2010	Deposits(JD million)	Ratio to Total Deposits %
	HSBC	1	814.60	3.53%
	Bank Audi	2	519.93	2.25%
	BLOM Bank	3	356.00	1.54%
	Standard Chartered	4	349.09	1.51%
	Egyptian Arab Land Bank	5	247.00	1.07%
	National Bank of Kuwait	6	126.00	0.55%
	Citi Bank	7	122.99	0.53%
	Rafidain Bank	8	113.85	0.49%
	National Bank of Abu Dhabi	9	66.62	0.29%
Total			2716.08	11.77%

* Including the accounts managed for third parties and appearing off balance sheet

- Source: Banks' financial data



D) Shareholders' Equity of the Banks Operating in Jordan at the End of 2010:

The total shareholders' equity of banks operating in Jordan amounted to JD4,378.5 million of which JD3,449.9 million belonged to Jordanian commercial banks (78.8 percent of total shareholders' equity); JD428.5 million belonged to Islamic banks (9.8 percent of total shareholders' equity) and JD500.1 million to foreign banks (11.4 percent of total shareholders' equity).

Table (44)

Shareholders' Equity of Banks Operating in Jordan at the End of 2010

	Bank	Ranking 2010	Equity Rights (JD million)	Ratio to total Equity Rights %
Jordanian Commercial Banks	The Housing Bank for Trade & Finance	1	860.700	19.66%
	Arab Bank	2	777.000	17.75%
	Jordan Kuwait Bank	3	303.700	6.94%
	Union Bank	4	229.822	5.25%
	Jordan Ahli Bank	5	212.300	4.85%
	Bank of Jordan	6	201.800	4.61%
	Capital Bank	7	193.000	4.41%
	Cairo Amman Bank	8	183.000	4.18%
	Arab Jordan Investment Bank	9	137.800	3.15%
	Investbank	10	105.691	2.41%
	Arab Banking (Corporation) Jordan	11	96.183	2.20%
	Jordan Commercial Bank	12	91.903	2.10%
	Societe General _ Jordan	13	57.000	1.30%
Total			3449.898	78.79%
Islamic Banks	Bank	Ranking 2010	Equity Rights (JD million)	Ratio to total Equity Rights %
	Jordan Islamic Bank	1	193.600	4.42%
	International Islamic Arab Bank	2	124.346	2.84%
	Jordan Dubai Islamic Bank	3	110.527	2.52%
Total			428.473	9.79%
Foreign Banks	Bank	Ranking 2010	Equity Rights (JD million)	Ratio to total Equity Rights %
	HSBC	1	126.960	2.90%
	Standard Chartered	2	68.086	1.55%
	National Bank of Kuwait	3	67.000	1.53%
	Bank Audi	4	55.440	1.27%
	National Bank of Abu Dhabi	5	50.287	1.15%
	BLOM Bank	6	49.600	1.13%
	Egyptian Arab Land Bank	7	39.500	0.90%
	Citi Bank	8	32.695	0.75%
Rafidain Bank	9	10.573	0.24%	
Total			500.140	11.42%

- Source: Banks' financial data



E) Capital of Banks Operating in Jordan at the End of 2010:

The total capital of banks operating in Jordan amounted to JD2420 million of which JD1824 million belonged to Jordanian commercial banks (75.4 percent of total capital); JD275 million belonged to Islamic banks (11.4 percent of total capital) and JD321 million to foreign banks (13.3 percent of total capital).

Table (45)

Capital of Banks Operating in Jordan at the End of 2010

	Bank	Ranking 2010	Capital (JD million)	Ratio to Total Capital %
Jordanian Commercial Banks	Arab Bank	1	534.00	22.06%
	The Housing Bank for Trade & Finance	2	252.00	10.41%
	Capital Bank	3	150.00	6.20%
	Jordan Ahli Bank	4	110.00	4.55%
	Cairo Amman Bank	5	100.00	4.13%
	Bank of Jordan	5	100.00	4.13%
	Jordan Kuwait Bank	5	100.00	4.13%
	Arab Jordan Investment Bank	5	100.00	4.13%
	Union Bank	5	100.00	4.13%
	Jordan Commercial Bank	10	80.36	3.32%
	Arab Banking (Corporation) Jordan	11	80.00	3.31%
	Investbank	12	77.50	3.20%
	Societe General _ Jordan	13	40.00	1.65%
	Total			1823.86
Islamic Banks	Bank	Ranking 2010	Capital (JD million)	Ratio to Total Capital %
	Jordan Islamic Bank	1	100.00	4.13%
	International Islamic Arab Bank	1	100.00	4.13%
	Jordan Dubai Islamic Bank	3	75.00	3.10%
Total			275.00	11.36%
Foreign Banks	Bank	Ranking 2010	Capital (JD million)	Ratio to Total Capital %
	Standard Chartered	1	61.43	2.54%
	National Bank of Kuwait	2	50.00	2.07%
	National Bank of Abu Dhabi	2	50.00	2.07%
	Bank Audi	4	31.33	1.29%
	Egyptian Arab Land Bank	5	30.00	1.24%
	BLOM Bank	5	30.00	1.24%
	HSBC	7	25.00	1.03%
	Citi Bank	8	23.52	0.97%
	Rafidain Bank	9	20.00	0.83%
Total			321.28	13.28%

- Source: Banks' financial data



2 - Ranking of Banks According to Some Items of Income Statement:

A) Pre-tax Profit of Banks Operating in Jordan at the end of 2010:

The total pre-tax profit of all banks operating in Jordan amounted JD522.8 million of which JD436.4 million belonged to Jordanian commercial banks (83.5 percent of total profit); JD46.7 million for Islamic banks (8.9 percent of total profit) and JD39.7 million for foreign banks (7.6 percent of total profit).

Table (46)

Pre-Tax Profit of Banks Operating in Jordan at the End of 2010

	Bank	Ranking 2010	Net pretax profit (JD million)	Ratio to Total Net pretax profit %
Jordanian Commercial Banks	Arab Bank	1	101.000	19.32%
	The Housing Bank for Trade & Finance	2	80.500	15.40%
	Jordan Kuwait Bank	3	61.600	11.78%
	Cairo Amman Bank	4	44.000	8.42%
	Bank of Jordan	5	40.500	7.75%
	Union Bank	6	29.572	5.66%
	Jordan Ahli Bank	7	23.000	4.40%
	Investbank	8	14.947	2.86%
	Arab Banking (Corporation) Jordan	9	13.978	2.67%
	Arab Jordan Investment Bank	10	12.000	2.30%
	Societe General _ Jordan	11	6.000	1.15%
	Jordan Commercial Bank	12	5.605	1.07%
	Capital Bank	13	3.700	0.71%
Total			436.402	83.47%
Islamic Banks	Bank	Ranking 2010	Net pretax profit (JD million)	Ratio to Total Net pretax profit %
	Jordan Islamic Bank	1	40.700	7.79%
	International Islamic Arab Bank	2	10.014	1.92%
	Jordan Dubai Islamic Bank	3	-4.021	-0.77%
Total			46.692	8.93%
Foreign Banks	Bank	Ranking 2010	Net pretax profit (JD million)	Ratio to Total Net pretax profit %
	HSBC	1	21.460	4.10%
	Bank Audi	2	10.170	1.95%
	BLOM Bank	3	9.600	1.84%
	National Bank of Kuwait	4	4.700	0.90%
	Egyptian Arab Land Bank	5	3.600	0.69%
	Citi Bank	6	1.730	0.33%
	Rafidain Bank	7	1.239	0.24%
	National Bank of Abu Dhabi	8	0.646	0.12%
Standard Chartered	9	-13.439	-2.57%	
Total			39.705	7.59%

- Source: Banks' financial data



B) Net profit After Tax of Banks Operating in Jordan at the End of 2010:

The total net profit after tax of the banks operating in Jordan amounted to JD366.0 million of which JD310.3 million belonged to Jordanian commercial banks (84.8 percent of the total net profit); JD32.7 million for Islamic banks (8.9 percent of the total net profit) and JD23.1 million for foreign banks (6.3 percent of the total net profit).

Table (47)

Net After-Tax Profit of Banks Operating in Jordan at the End of 2010

	Bank	Ranking 2010	Net After Tax Profit (JD million)	Ratio to Total Net After Tax Profit %
Jordanian Commercial Banks	Arab Bank	1	73.000	19.94%
	The Housing Bank for Trade & Finance	2	59.100	16.15%
	Jordan Kuwait Bank	3	41.300	11.28%
	Cairo Amman Bank	4	35.000	9.56%
	Bank of Jordan	5	27.900	7.62%
	Union Bank	6	20.709	5.66%
	Jordan Ahli Bank	7	14.600	3.99%
	Arab Banking (Corporation) Jordan	8	11.001	3.01%
	Investbank	9	10.151	2.77%
	Arab Jordan Investment Bank	10	8.300	2.27%
	Societe General _ Jordan	11	4.000	1.09%
	Jordan Commercial Bank	12	3.014	0.82%
	Capital Bank	13	2.200	0.60%
Total			310.276	84.77%
Islamic Banks	Bank	Ranking 2010	Net After Tax Profit (JD million)	Ratio to Total Net After Tax Profit %
	Jordan Islamic Bank	1	29.100	7.95%
	International Islamic Arab Bank	2	7.010	1.91%
	Jordan Dubai Islamic Bank	3	-3.458	-0.94%
Total			32.652	8.92%
Foreign Banks	Bank	Ranking 2010	Net After Tax Profit (JD million)	Ratio to Total Net After Tax Profit %
	HSBC	1	15.130	4.13%
	Bank Audi	2	7.110	1.94%
	BLOM Bank	3	6.700	1.83%
	National Bank of Kuwait	4	3.300	0.90%
	Egyptian Arab Land Bank	5	2.700	0.74%
	Rafidain Bank	6	0.864	0.24%
	Citi Bank	7	0.861	0.24%
	National Bank of Abu Dhabi	8	0.461	0.13%
Standard Chartered	9	-14.014	-3.83%	
Total			23.112	6.31%

- Source: Banks' financial data



3 - Ranking of Banks According to Some Profitability Indicators:

A) Average Return on Assets for the Banks Operating in Jordan in 2010:

The average return on the assets of banks operating in Jordan stood at 1.05 percent as it reached 1.36 percent for Jordanian commercial banks; 0.04 percent for Islamic banks and 0.94 percent for foreign banks.

Table (48)

Average Return on Assets for the Banks Operating in Jordan in 2010

	Bank	Ranking 2010	Average Return on Assets %
	Jordanian Commercial Banks	Cairo Amman Bank	1
Jordan Kuwait Bank		2	2.300%
Bank of Jordan		3	1.910%
Arab Banking (Corporation) Jordan		4	1.732%
Investbank		5	1.500%
Societe General _ Jordan		6	1.410%
Union Bank		7	1.402%
The Housing Bank for Trade & Finance		8	1.220%
Arab Jordan Investment Bank		9	1.200%
Arab Bank		10	1.000%
Jordan Ahli Bank		11	0.780%
Jordan Commercial Bank		12	0.460%
Capital Bank		13	0.210%
Average		1.364%	
Islamic Banks	Bank	Ranking 2010	Average Return on Assets %
	Jordan Islamic Bank	1	1.220%
	International Islamic Arab Bank	2	0.600%
	Jordan Dubai Islamic Bank	3	-1.700%
Average		0.040%	
Foreign Banks	Bank	Ranking 2010	Average Return on Assets %
	BLOM Bank	1	1.510%
	HSBC	2	1.500%
	Rafidain Bank	3	1.450%
	National Bank of Kuwait	4	1.340%
	Bank Audi	5	1.120%
	Egyptian Arab Land Bank	6	0.740%
	National Bank of Abu Dhabi	7	0.540%
	Citi Bank	8	0.300%
	Standard Chartered	9	-0.027%
Average		0.941%	

- Source: Banks' financial data



B) Average Return on Shareholders' Equity for the Banks Operating in Jordan in 2010:

The average return on shareholders' equity at the banks operating in Jordan stood at 8.04 percent as it reached 9.5 percent for Jordanian commercial banks; 6.1 percent for Islamic banks and 6.5 percent for foreign banks.

Table (49)

Average Return on Shareholders' Equity for the Banks Operating in Jordan in 2010

	Bank	Ranking 2010	Average Return on Equity Rights %
Jordanian Commercial Banks	Cairo Amman Bank	1	20.800%
	Bank of Jordan	2	14.760%
	Jordan Kuwait Bank	3	14.500%
	Arab Banking (Corporation) Jordan	4	12.133%
	Investbank	5	10.300%
	Union Bank	6	9.116%
	Arab Bank	7	9.000%
	Societe General _ Jordan	8	8.300%
	Jordan Ahli Bank	9	7.000%
	The Housing Bank for Trade & Finance	10	6.920%
	Arab Jordan Investment Bank	11	6.600%
	Jordan Commercial Bank	12	3.380%
	Capital Bank	13	1.200%
Average			9.539%
Islamic Banks	Bank	Ranking 2010	Average Return on Equity Rights %
	Jordan Islamic Bank	1	15.710%
	International Islamic Arab Bank	2	5.700%
Jordan Dubai Islamic Bank	3	-3.070%	
Average			6.113%
Foreign Banks	Bank	Ranking 2010	Average Return on Equity Rights %
	BLOM Bank	1	14.470%
	Bank Audi	2	13.170%
	HSBC	3	12.770%
	Egyptian Arab Land Bank	4	7.022%
	National Bank of Kuwait	5	5.040%
	Rafidain Bank	6	2.870%
	Citi Bank	7	2.560%
	National Bank of Abu Dhabi	8	0.920%
Standard Chartered	9	-0.212%	
Average			6.512%

- Source: Banks' financial data

*Ranking of banks according to number of employees



4 - Human Resources at Banks Operating in Jordan:

A. Number of Employees in the Banks Operating in Jordan at the End of 2010:

The number of employees in the banks operating in Jordan stood at 16,613 persons of whom 12,368 worked in Jordanian commercial banks (74.5 percent of the total number of employees); 2,577 employees worked in Islamic banks (15.5 percent of the total number of employees) and 1,668 employees who worked in foreign banks (10.0 percent of the total number of employees).

Table (50)

Number of Employees at Banks Operating in Jordan at the End of 2010

	Bank	Ranking 2010	Number Of Employees	Ratio to Total Employees %
Jordanian Commercial Banks	Arab Bank	1	2776	16.71%
	The Housing Bank for Trade & Finance	2	1956	11.77%
	Cairo Amman Bank	3	1433	8.63%
	Bank of Jordan	4	1330	8.01%
	Jordan Ahli Bank	5	1283	7.72%
	Jordan Kuwait Bank	6	858	5.16%
	Union Bank	7	517	3.11%
	Jordan Commercial Bank	8	488	2.94%
	Arab Banking (Corporation) Jordan	9	437	2.63%
	Capital Bank	10	384	2.31%
	Arab Jordan Investment Bank	11	378	2.28%
	Investbank	12	311	1.87%
	Societe General _ Jordan	13	217	1.31%
	Total			12368
Islamic Banks	Bank	Ranking 2010	Number Of Employees	Ratio to Total Employees %
	Jordan Islamic Bank	1	1829	11.01%
	International Islamic Arab Bank	2	540	3.25%
	Jordan Dubai Islamic Bank	3	208	1.25%
Total			2577	15.51%
Foreign Banks	Bank	Ranking 2010	Number Of Employees	Ratio to Total Employees %
	HSBC	1	394	2.37%
	Egyptian Arab Land Bank	2	290	1.75%
	Standard Chartered	3	280	1.69%
	BLOM Bank	4	246	1.48%
	Bank Audi	5	195	1.17%
	National Bank of Kuwait	6	150	0.90%
	Citi Bank	7	54	0.33%
	Rafidain Bank	8	32	0.19%
	National Bank of Abu Dhabi	9	27	0.16%
Total			1668	10.04%

- Source: Banks' data

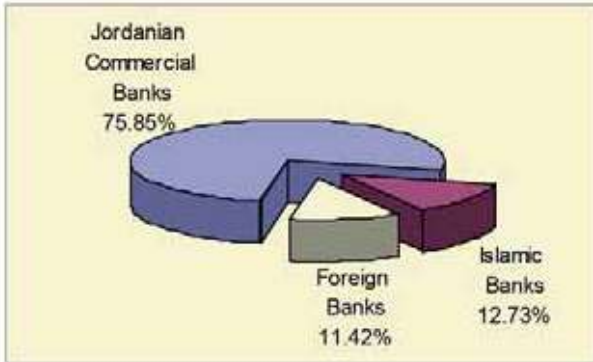


5 - Summary of Most Important Financial Indicators of the Banks Operating in Jordan

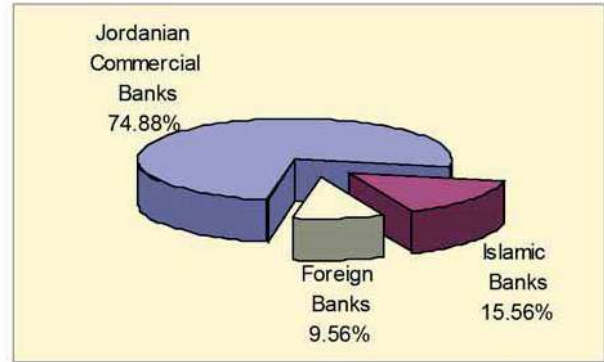
Chart(22)

Summary of Most Important Financial Indicators of Banks Operating in Jordan

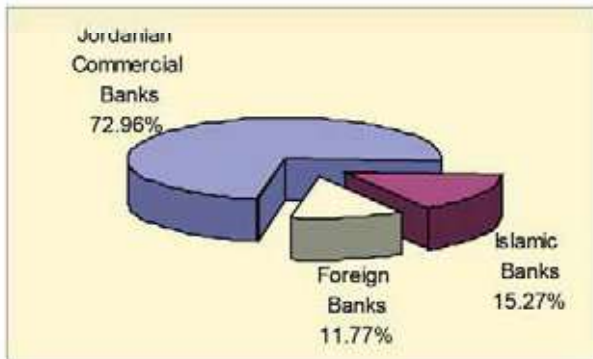
Distribution of Total Assets of Banks Operating in Jordan at the End of 2010



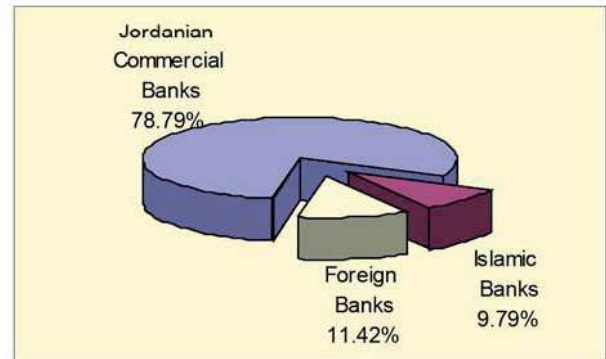
Distribution of Total Credit Facilities Extended at the End of 2010



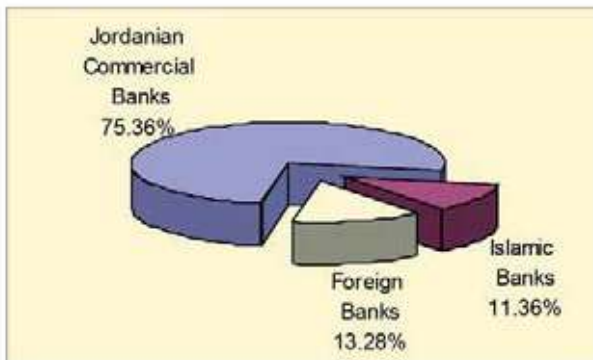
Distribution of Total Deposits at Banks Operating in Jordan at the End of 2010



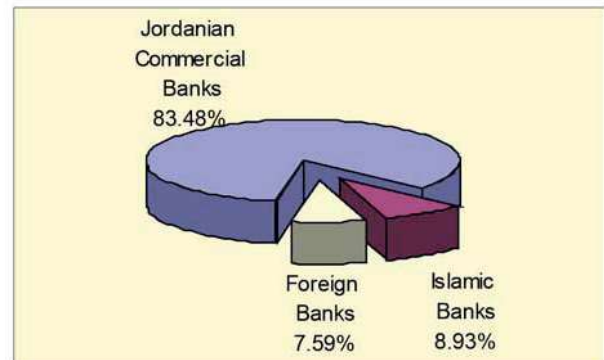
Distribution of Shareholders' Equity of Banks Operating in Jordan at the End of 2010



Distribution of Capital of Banks Operating in Jordan at the End of 2010

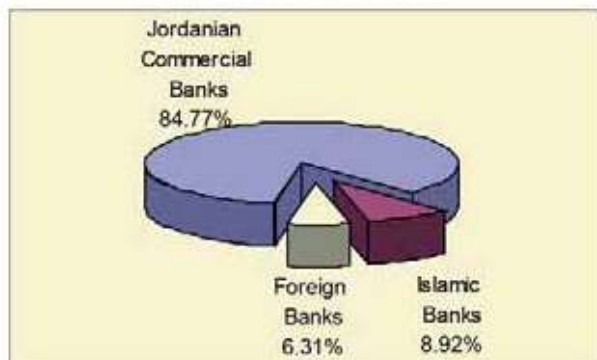


Distribution of Pre-Tax Profit of Banks Operating in Jordan at the End of 2010

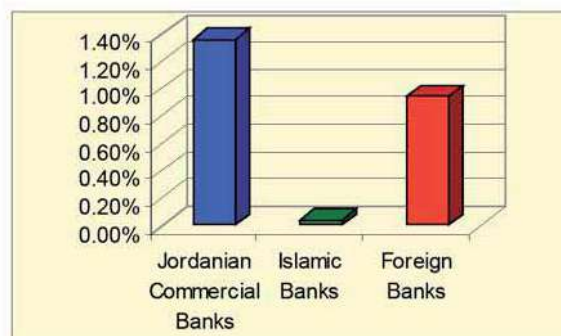




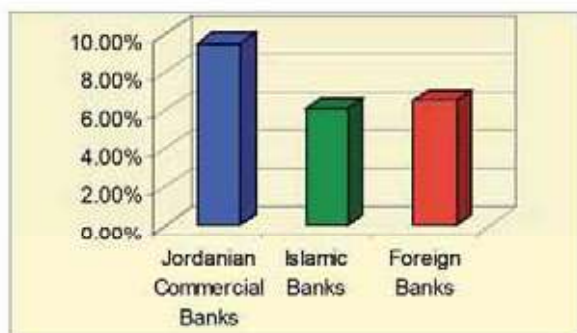
Distribution of After Tax Profit of Banks Operating in Jordan at the End of 2010



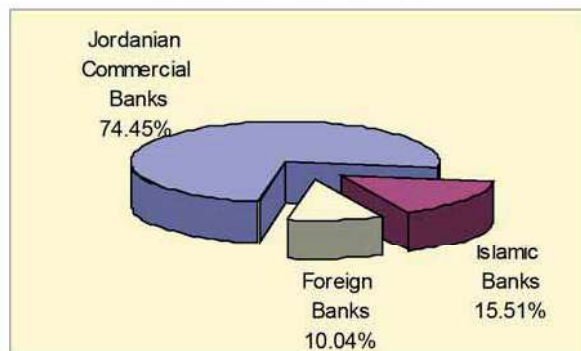
Distribution of Return on Assets for Banks Operating in Jordan at the End of 2010



Distribution of Return on Shareholders' Equity for the Banks Operating in Jordan at the End of 2010



Distribution of Number of Employees in Banks Operating in Jordan at the End of 2010



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Chapter Nine

New Banking Services

Association's Activity



H.E Mr. Marwan Awad Chairman of the ABJ opens Finance and Businesses Forum 2010



Within the drive to improve and develop their services and keen to keep up-to-date with the latest technologies in banking services, the banks operating in Jordan introduced several new banking services within the services they provide. The following table shows the most important new services that banks introduced during 2010.

Table (51): New banking services introduced by banks in 2010

Bank	Service	Short description of Service	Service Provider
Arab Bank	Accepting Social Security subscriptions through the Arabi Online	Providing the possibility of transferring money from the accounts of the bank clients through the Arabi Online (the banking service via the internet) with the aim of settling the voluntary subscriptions of clients/companies/buying years	--
	Immediate payment of Visa credit card bills	Accepting the payments/installments from clients for their credit cards through the branch and electronic channels with immediate update of balance.	--
	Settling by direct entry the bills of Ummiah and Batelco	Accepting authorizations from clients for settling their monthly bills that are due by authorizing the bank to accept the requests of companies to settle their bills by direct debiting the accounts of clients	--
	Launching the "loans" service against real estate hypothecation	Maintenance and expansion of property or unifying the obligations of clients towards banks only	-
	Launching the "salary transfer" service (Extra/Extra Plus)	Salary transfer account	--
	Launching two new real estate loans under the names Flexy and Easy	The Easy housing loan: Installments at lesser amount at a low interest rate	-
		The Flexy housing loan: Provides an opportunity for repayment of part of the loan without any fees	-
Launching the Visa Black credit card	The Visa Black credit card was designed especially for those who seek exceptional privileges not available through other credit cards	-	
Real estate loans for Jordanian expatriates -- Flexy and Easy	Financing with ease and flexibility the purchase of a private home in Jordan from any of the bank's branches in the UAE, Qatar, Bahrain or Jordan	--	
Bank of Jordan	The service of settling bills	Possibility of settling the bills for electricity, Miyahuna (water), Orange (fixed, mobile and internet) and Zain mobile through the ATM or electronic services.	Orange, Zain, Miyahuna and the electricity company
	Requesting subscription in the bank's electronic services via the bank's electronic website	Possibility of submitting an application for subscription to the electronic services via the bank's electronic website	Internal
	E-statement	Sending an account statement to the client via the e-mail	Internal



Continued /Table (51): New banking services introduced by banks in 2010

Bank	Service	Short description of Service	Service Provider
Housing Bank for Trade and Finance	Upgrading Iskan Online	Application of V.on IOL	Internal
	Pull Msg	Pull Msg service upon request	A2A
	Push service	Push MSG when executing an entry from the account	Internal
Jordan Kuwait Bank	Fly & Plus card	A joint Mastercard service between the bank and Royal Jordanian	Department of information systems
	Two (special) ATMs	Serving the blind and the vision-impaired persons	Department of information systems
Arab Jordan Investment Bank	SMS services	The service was upgraded to include a larger number of banking services and a larger number of clients	--
	Internet bank	The internet service was upgraded to include a larger number of banking services provided to clients	--
	(VBV) service	The (VBV) service was applied to the bank's clients and a website was created for it on the bank's electronic website on the internet	--
	Advanced banking software	The applications of the new banking system were developed and advanced banking software was created for it internally and externally	--
	Participating in subscriptions	Participating, on behalf of clients, in initial public offerings at financial markets	--
	Developing the bank's card and accepting the smartcard service	Accepting the smartcard and distinguishing it from magnetic cards	--
	Developing new services related to the Treasury department	New services related to the Treasury department were developed such as trading on behalf of customers and expanding in the markets of financial derivatives	--



Continued /Table (51): New banking services introduced by banks in 2010

Bank	Service	Short description of Service	Service Provider
Jordan Commercial Bank	Upgrading the programmes of personal loans	Adding new terms and extra advantages in order to expand in the retail market	Internal
	Upgrading the programmes of car loans	Adding new terms and extra advantages in order to expand in the retail market	Internal
	Upgrading the programmes of housing loans	Adding new terms and extra advantages in order to expand in the retail market	Internal
	Introducing decent housing for decent living loan programmes	An agreement was signed with the Housing and Urban Development Corporation to support the initiative	Internal
	Introducing the credit cards' prizes programme	Monthly cash draws on the cards used in purchases	Internal
	Upgrading the prizes programme for savings accounts	Monthly cash prizes on clients' accounts	Internal
	Upgrading the prizes programme on the golden deposit	Monthly and weekly cash prizes on clients' accounts	Internal
Investment Bank	Automatic safekeeping service	A service provided by the Mecca Street branch without human interference as the client can access his/her private belongings in the safekeeping round the clock all the week without the help of an employee from the bank. The safekeeping room can be entered through a special card and a password and the box is then brought automatically into the room. This service cannot be used by more than one person at the same time. The room is equipped with camera to monitor movements outside the room as well as a telephone linked to the security personnel to be used in case of emergency	Through Offtech, the agent of the company in Jordan
Arab Banking Corporation/ Jordan	Depositing cash via the ATM	Possibility of depositing cash via ATMs	ABC Euronet.



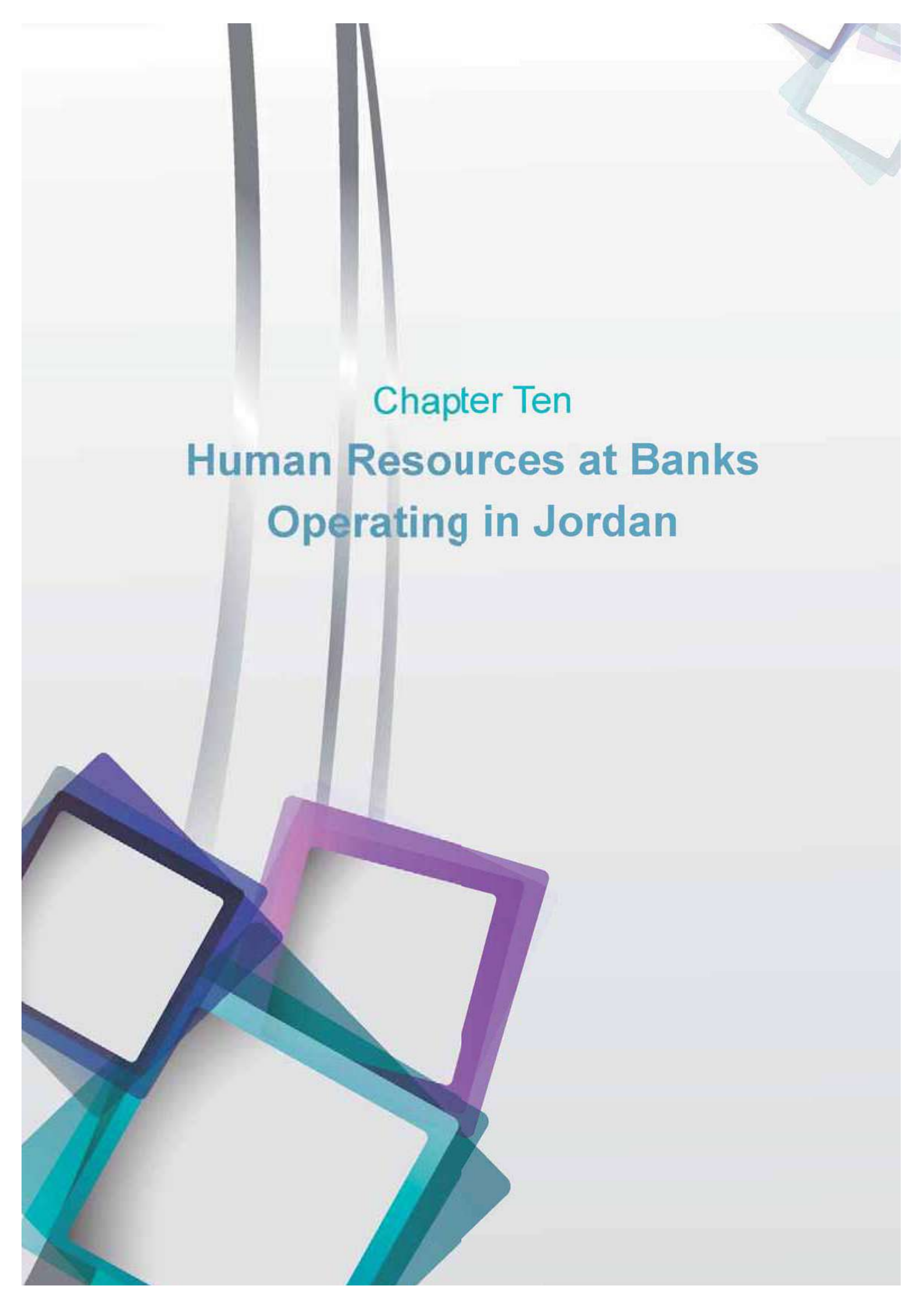
Continued /Table (51): New banking services introduced by banks in 2010

Bank	Service	Short description of Service	Service Provider
Societe Generale Jordan	Child protection from abuse card with Jordan River Foundation	Through this card, donating 53% of the value of bank's profit from each purchase transaction to support the child protection from abuse programme without any extra cost to the client	--
Jordan Islamic Bank	Upgrading I-banking	A set of services provided by the bank for its clients through the internet. It aims at serving those who deal with the bank at any place, lessen the pressure on the branches of the bank and improve the efficiency of service. It includes all services needed by clients such as transfers between accounts, brief accounts' balance, accounts' statement, request for account statement, request for a cheque book, Banki Al Yawm (My bank Today), private information and changing the password	The Arab Company for Internet Services A2A
	Expanding the SMS service	It aims at improving the efficiency of the service provided and extending the latest technologies related to inquiries or making entries and requesting service. It is divided into two types: The push messages and the pull messages. The push is a service to inform the client about the entries on his/her account at the bank. The pull is a service that enables the client to make transfers between accounts, obtain brief accounts' balance, accounts' statement, request account statement, request for account statement, request for a cheque book, Banki Al Yawm (My bank Today), private information and changing the password	The Arab Company for Internet Services A2A
Jordan Dubai Islamic Bank	Opening of accounts	The bank offers a diversified set of accounts that conform to Islamic Sharia such as current accounts, investment, savings and time deposits	-
	Financing services	-- Financing cars (Murabaha) -- Financing goods (Murabaha) -- Residential Financing on the principle of a lease ending with ownership	-
	Visa Electron cards	Cards that enable holders to settle costs of purchases through local and international points of sale in addition to cash withdrawals via ATMs	-
	Electronic banking services via the internet	This service enables clients to access their accounts via the internet in a safe way to check their balances, make transfers and other transactions.	-
	SMS banking	A short message is sent to clients on mobiles when using the Visa Electron	-
	Banking transfer service	This service enables clients to issue transfer whether in Jordan or abroad	-
	ATMs	Executing banking transactions via ATMs spread like cash withdrawal without having to visit a branch.	-



Continued /Table (51): New banking services introduced by banks in 2010

Bank	Service	Short description of Service	Service Provider
HSBC	International accounts	Possibility of opening an account at any of HSBC branches in the world	HSBC Middle East Ltd
	Transfer between accounts via the internet	Transfer between international accounts via the internet for free	HSBC Middle East Ltd
	Fast loan on the credit card at lower interest	Obtaining a loan at lower interest and a specific period within the credit card framework	HSBC Middle East Ltd
	Bancassurance	* Savings insurance for HSBC account holders providing saving and protection service * Educational insurance for children * Pension insurance only to HSBC clients * Life insurance for protection	MetLife/ ALICO
	Bancassurance	* Travel insurance + road assistance * Residence insurance * Personal accidents * Factory insurance (Fire) * Marine insurance * Car insurance	Middle East Insurance
	Platinum credit card	Platinum privileges for special accounts	HSBC Middle East Ltd
	Housing loans for 25 years	--	HSBC Middle East Ltd
Arab Egyptian Land Bank	Additional services on the electronic website	* Charging Zain mobile cards * Settling Social Security payments * SMS package	Internet banking
	Additional services on the ATMs	* Anti-skimming to protect the client's card from information copying	-
Standard Chartered Bank	E-Statements	Requesting account statements via the e-mail	-
Audi Bank	Middle East Airlines credit card	A credit card that gives clients points on purchases and then redeemed for air tickets	MasterCard
National Kuwait Bank	Clients' call centre	A call centre that enables clients to make inquiries and requests besides promoting the products	-
	Banking services via the internet	A service that enables customers to check on their account balances, transfer from one account to another, request transfer inside the Kingdom and abroad, request a cheque book and opening an account	-

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Chapter Ten

**Human Resources at Banks
Operating in Jordan**

Association's Activity



Dr. Frederic Mishkin during a lecture at the ABJ attended by chairmen and CEOs of member banks (3/11/2010)



This chapter reviews selective indicators of human resources at the banks operating in Jordan. The indicators show the development of the number of employees according to gender (males and females), the distribution of the workers at banks according to the educational qualifications and the distribution of employees according to age bracket. Also the distribution is broken down by social status, geographical areas and the number of workers with training courses according to the bank. Resignations and appointments are also included.

1- Number of Workers:

Around 16613 employees worked at the banks operating in Jordan in 2010, 5.2 percent more than the total in 2009.

Table (52)
Distribution of Bank Employees by Gender (2004 – 2010)

Year	Males	Relative Distribution %	Females	Relative Distribution %	Total	Change percentage (%)
2004	8715	70.1	714	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
2009	10406	65.90	5384	34.10	15790	-0.6
2010	10938	65.84	5675	34.16	16613	5.2

- Source: Banks' data

Breaking down the employees of banks by gender, the percentage of males dropped from 70.1 percent in 2004 to 65.8 percent at the end of 2010. As such, the percentage of females went up from 29.9 percent in 2004 to 34.2 percent at the end of 2010. These statistics point to a continued rise in the percentage of participation by both genders in the Jordanian banking sector positioning it with the highest rate among Jordanian economic sectors.



According to the Department of Statistics, the percentage of females over 15 years of age to the total Jordanian workforce stands at about 16.4 percent. The percentage of women aged more than 15 years to the overall workforce was around 18.4 percent.

- Source: Jordan in Figures booklet, Department of Statistics

2- Distribution of Workers in Banks by Educational Qualification:

The educational level of banks' employees continued to improve as those holding doctorate, masters and baccalaureate university degrees accounted for 67.4 percent of the total number of staff at the end of 2010 compared to 52.5 percent in the year 2004. The number of diploma holders declined reaching 16.1 percent at the end of 2010. The number of workers who hold Tawjihi certificates or less stood at 16.4 percent at the end of 2010.



Table (53)
Distribution of Bank Employees by Education Level (2004 – 2010)

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
2009	33	0.2	938	5.9	9304	58.9	2803	17.8	1206	7.6	1506	9.5	15790
2010	38	0.2	1043	6.3	10125	60.9	2677	16.1	1113	6.7	1617	9.7	16613

- Source: Banks' data

3- Distribution of Workers in Banks by Age Bracket:

The rate of employees aged less than 25 years declined from 14.4 percent in 2009 to 13.4 percent in 2010 whereas the rate of workers aged between 25 years and 39 years rose from 59 percent in 2009 to 59.9 percent in 2010.. Also the percentage of those aged between 40 and 59 years increased from 25.9 percent in 2009 to 26.1 in 2010. Those above 60 years and still employed edged down from 0.7 percent in 2009 to 0.6 percent in 2010. The percentage of those aged between 40 and 59 years remained unchanged at 25.9 percent of the total number of workers in banks.

Table (54)
Distribution of Bank Employees By Age Group (2004 -2010)

Year	Less than 25 years		25-39 years		40-59 years		More than 60 years		Total
	#	%	#	%	#	%	#	%	
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
2009	2277	14.4	9316	59.0	4089	25.9	108	0.7	15790
2010	2218	13.4	9956	59.9	4340	26.1	99	0.6	16613

- Source: Banks' data

4- Social Status of Workers:

The percentage of employees who were single to the total number of workers in banks was 40.3 percent in 2010, higher than the 39.1 percent in 2009. Those who were married was lower, down from 60.9 percent in 2009 to 59.7 percent of the total number of employees in 2010.



Table (55)
Distribution of Bank Employees By Social Status (2004 -2010)

Year	Singles		Married		Total
	#	%	#	%	
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	42.6	9116	57.4	15878
2009	6174	39.1	9616	60.9	15790
2010	6703	40.3	9910	59.7	16613

- Source: Banks' data

5- Geographical Distribution of Workers in Banks by Governorates:

The number of employees in banks in Amman totaled 13,895 workers or 83.64 percent of the total number of bank employees. The Irbid governorate accounted for 4.84 percent of the total number of bank workers followed by Zarqa (3.69 percent); Balqa (1.65 percent); Aqaba (1.37 percent); and the Karak governorate (1.31 percent). The rate at each of the remaining governorates in the Kingdom did not exceed one percent.

Table (56)
Geographical Distribution of Bank Employees by Governorate at the End of 2010

Governorate	Number Of Employees	Geographical distribution of employees (%)
Amman	13895	83.64
Irbid	804	4.84
Zarqa	613	3.69
Balqa	274	1.65
Aqaba	228	1.37
Al Karak	218	1.31
Madaba	119	0.72
Maan	99	0.60
Jerash	86	0.52
Ajloun	90	0.54
Tafilah	62	0.37
Mafrq	125	0.75
Total	16613	100.0

- Source: Banks' data

* The concentration of workers for each governorate = number of bank employees in the governorate / (overall number of bank employees)* 100%



Table (57)

Distribution of Bank Employees by Governorate and Bank at the End of 2010

Banks	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafleh	Mafraq
Arab Bank	2588	38	60	26	17	8	7	11	4	4	6	7
Jordan Ahli Bank	1059	46	38	37	18	16	13	12	11	12	12	9
Cairo Amman Bank	1140	100	50	40	22	26	10	9	15	0	0	21
Bank of Jordan	1085	105	42	16	14	10	9	9	11	10	0	19
The Housing Bank for Trade & Finance	1555	126	93	35	14	36	13	26	12	18	13	15
Jordan Kuwait Bank	759	20	35	17	10	4	8	0	0	0	0	5
Arab Jordan Investment Bank	342	13	13	0	10	0	0	0	0	0	0	0
Jordan Commercial Bank	405	28	9	20	13	7	6	0	0	0	0	0
Investbank	285	9	7	0	10	0	0	0	0	0	0	0
Arab Banking (Corporation) Jordan	395	7	6	4	8	6	5	0	0	0	0	6
Union Bank	450	19	17	7	16	0	8	0	0	0	0	0
Societe General _ Jordan	193	5	6	0	5	4	4	0	0	0	0	0
Capital Bank	350	6	19	0	9	0	0	0	0	0	0	0
Jordan Islamic Bank	1094	227	164	55	20	93	25	32	32	38	24	25
International Islamic Arab Bank	448	11	27	7	9	8	7	0	0	8	7	8
Jordan Dubai Islamic Bank	184	9	10	4	0	0	0	0	1	0	0	0
HSBC	394	0	0	0	0	0	0	0	0	0	0	0
Egyptian Arab Land Bank	244	10	16	0	11	0	0	0	0	0	0	9
Rafidain Bank	26	1	0	3	0	0	1	0	0	0	0	1
Citi Bank	50	0	0	1	0	0	3	0	0	0	0	0
Standard Chartered	265	7	0	0	8	0	0	0	0	0	0	0
Bank Audi	182	7	0	0	6	0	0	0	0	0	0	0
National Bank of Kuwait	142	0	0	0	8	0	0	0	0	0	0	0
BLOM Bank	237	9	0	0	0	0	0	0	0	0	0	0
National Bank of Abu Dhabi	23	1	1	2	0	0	0	0	0	0	0	0
Total	13895	804	613	274	128	218	119	99	86	90	62	125

- Source: Banks' data



6- Training Courses:

To improve the skills of bank employees and to upgrade their capabilities and efficiency, the banks operating in Jordan organised during 2010 a number of training courses for their staff. A total of 30369 employees participated in the training courses that were held at training centres of the banks. The number of the participants in training courses that were held at local training centres was 4,290 employees whereas the number of those who attended training courses abroad stood at 4369 workers.

Table (58)
Number of Employees who attended training courses in 2010

Bank	training centers of the banks	local training centers	training courses abroad
Arab Bank	6473	511	38
Jordan Ahli Bank	3007	326	23
Cairo Amman Bank	2047	258	25
Bank of Jordan	4087	144	60
The Housing Bank for Trade & Finance	437	402	31
Jordan Kuwait Bank	1773	248	5
Arab Jordan Investment Bank	101	79	1
Jordan Commercial Bank	599	331	21
Investbank	0	100	0
Arab Banking (Corporation) Jordan	311	266	4
Union Bank	412	361	25
Societe General _ Jordan	547	70	24
Capital Bank	873	187	15
Jordan Islamic Bank	285	433	20
International Islamic Arab Bank	136	28	4
Jordan Dubai Islamic Bank	0	0	0
HSBC	158	37	9
Egyptian Arab Land Bank	60	159	15
Rafidain Bank	0	0	0
Citi Bank	0	64	0
Standard Chartered	0	73	21
Bank Audi	493	86	23
National Bank of Kuwait	107	52	2
BLOM Bank	161	71	1
National Bank of Abu Dhabi	2	4	2
Total	30369	4290	369

* The above numbers may include duplication of the same employees who attended more than one course

- Source: Banks' data



7- Resignations and Appointments:

Banks operating in Jordan appointed 3202 employees during 2010, compared to 2026 in 2009. The number of those who quit for all kinds of reasons reached 2,240 workers in 2010 compared to 2,229 workers during 2009.

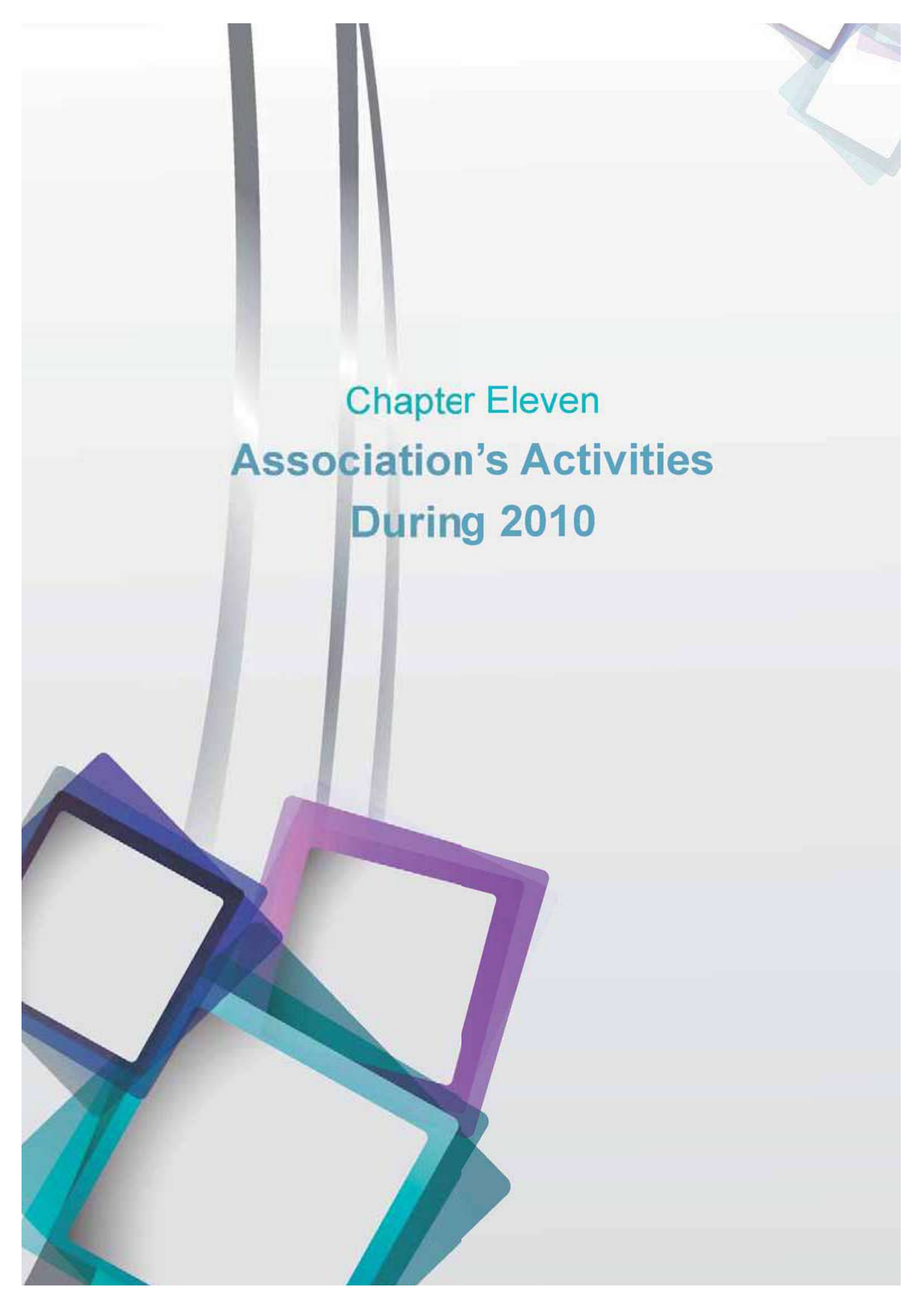
Subsequently, the 2010 staff turnover (total resignations / total employees x 100 percent) declined to 13.5 percent at the end of 2010 compared to 14.1 percent in 2009.

Table (59)
Appointments and Resignations (2004 – 2010)

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
2009	2229	2026	14.12
2010	2240	3202	13.48

* Resignations includes all those who quit working for all reasons,; voluntarily or retirement ets.

- Source: Banks' data

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Chapter Eleven
Association's Activities
During 2010



The Association of Banks in Jordan discussed and followed up during 2010 on various issues submitted to it, especially those presented by member banks. Those issues were thoroughly discussed by the specialised technical committees in the association and the banks' remarks about them were forwarded to the concerned parties whose response was at a high degree of seriousness by taking up many of the observations and proposals that the association recommended in the name of the banks on different issues. Within the sphere of training, the association held during 2010 a series of meetings, seminars, workshops, training courses and lectures on various issues and topics of interest to the banking sector. In the area of studies, the association issued during 2010 a set of publications, reports and studies of concern to the Jordanian banking system. In this chapter we shall review the most important activities that the association carried out in 2010.

A- Central Bank of Jordan's instructions

Standards proposed by the central bank for classifying companies to small and medium-size .

The Central Bank of Jordan sent a letter under number 10/5/12585 dated 21/11/2010 to the Association of Banks requesting that it circulate to member banks the standards proposed by the central bank for classifying companies to small and medium-size in order to receive their feedback and forward their remarks to the central bank. The association circulated the standards proposed by the central bank to the member banks asking for their views and suggestions about the plan. The association also compiled the remarks received from the banks about the proposed classification standards and sent them to the central bank on 6/12/2010.

Central bank lowers interest rates by 50 points.

The central bank decided to lower the interest rates on its monetary policy tools by 50 basis points as of 21/2/2010. Subsequently, interest rates on monetary policy tools become 4.25 percent for the rediscount rate, instead of 4.75 percent; 4.00 percent for the overnight interest rate on repurchase agreements (repo), instead of 4.50 percent, and 2.0 percent for the overnight interest rate on window deposits instead of 2.50 percent.

Instructions No. (52/2010) on the Minimum Capital of Licensed Banks.

Keen to enhance the financial affluency of banks and their capability to face the risks of banking operations, the central bank issued on 16/12/2010 instructions on the minimum capital of licensed banks. Accordingly, it raised the minimum capital of Jordanian banks to JD100 million and that of foreign banks to JD50 million. The central bank emphasised that banks should adhere to these new instructions before the end of 2011.

Instructions No. (51/2010) on Anti-Money Laundering and Financing Terrorism.

The Central Bank of Jordan issued instructions No. (51/2010) dated 23/11/2010 on anti-money laundering and financing terrorism seeking to put in place a set of rules, instructions and bases aimed at countering any money laundering operations in the Kingdom and combating any existence of direct or indirect financing for terrorism and sabotage.

Instructions No. (49/2010) on Holding Controlling Interest.

The central bank issued instructions No. (49/2010) dated 2/5/ 2010 on holding controlling interest canceling the instructions No. (45/2009). The new instructions specified clear bases for acquiring controlling interest or raising a controlling interest in any bank.



B - Public Policy Issues

Issuance of the Credit Information Law No. (15) for the Year 2010.

Published in the Official Gazette No. 5034 on 1/5/2010, the temporary credit information law No. (15) for the year 2010 is meant to put in place the broad bases for credit investigation in Jordan and to specify the mechanisms for establishing credit investigation companies in the Kingdom. The law named the Central Bank of Jordan as the responsible institution for licensing those companies and entrusted it for issuing the controls, regulations and instructions for this purpose.

Form for Coordinating the Bank's Statement to Implement the Government Financial Management Information System.

At the request of member banks, the association of banks sent on 5/5/2010 a letter to the Ministry of Finance requesting that representatives of the ministry attend a meeting at the association's premises to devise a form for coordinating the bank's statement in order to implement the government financial management information system (GFMIS) and clarify some matters. The Ministry of Finance obliged by accepting the invitation and, on Sunday 16/5/2010, six delegates from the Ministry of Finance attended a meeting with representatives from member banks and two delegates from the Intracom company which handles the implementation of the government financial management information system.

Commercial Insolvency Law for the Year 2010.

The association of banks in Jordan held a meeting for the legal committee on 10/6/2010 to discuss a number of legal subjects of interest to the work of the banking sector in Jordan. Among the subjects was the commercial insolvency law for the year 2010. Legal remarks expressed regarding this law were sent to the Legislation and Opinion Bureau for consideration when formulating the law in its final version.

Electronic Archiving of Clients' Documents.

The subject of electronic archiving of clients' documents that are kept for long years was tabled during a meeting that the legal committee held on 10/6/2010. The committee indicated that this subject overburdens the banks as a result of keeping these documents for a long time. The committee concluded that there is a need for a legislative amendment and advised the association to initiate a letter to His Excellency Dr. Rajai Muasher, deputy prime minister, and to the Central Bank of Jordan together with a short study about electronic archiving and the most important problems and hurdles that face the banks in this regard as well as the most important proposals about this subject.

Association of Banks Discusses the Draft Law on Guaranteeing Rights in the Current Assets.

The Association of Banks in Jordan held a meeting for the legal committee at the association's premises on 9/8/2010 to discuss the draft law on guaranteeing rights in current assets. The committee hosted a representative from the legal office that is supervising the preparation of the draft law in order to express legal remarks and inquiries about the new draft law. The members of the legal committee mentioned several suggestions about the new draft law because it is closely linked to the banking sector in Jordan as this law aims at financing small and medium-size projects through extending credit secured by the current assets of these entities. It was agreed that the banks' legal remarks about this law be sent to the legal office that is supervising the preparation of the draft law in order to take them into consideration before issuing the law in its final version.

Call for Setting Up an Arbitration Room for Setting Banking Disputes.

The Association of Banks in Jordan held a meeting for the legal committee on 30/8/2010 to discuss the proposal presented by Cairo Amman Bank General Manager Kamal Al Bakri for setting up an arbitration room that would look into banking disputes between banks and clients.



As advocated by Mr. Bakri in his explanation of the idea, the arbitration room would be an important achievement in the banking domain if actually activated and applied. In his opinion, the establishment of the arbitration room to settle banking disputes between banks and their clients will be an important step on the local scene.

Dr. Adli kandah, director general of the Association of Banks, stressed the importance of the suggestion presented by Mr. Bakri and the need to work on developing this idea by having members of the legal committee prepare legal studies to translate it into reality. Soon after, on 23/9/2010 and 18/10/2010, the Association of Banks held several small-scale meetings for the legal committee about establishing an arbitration centre for resolving banking disputes between banks and clients in order to come up with legal concepts and assumptions in this regard. A legal study was put together and it was submitted to the board of the Association of banks for deliberation.

Visit to the President of Amman Court of First Instance

Representatives from the legal committee at the Association of Banks paid a visit on 28/9/2010 to the president of Amman Court of First Instance. The visit aimed at examining some issues that face the banks at the court's divisions. There was an understanding of some problems and issues.

At the onset of the meeting, the judge president of Amman Court of First Instance welcomed the lawyers and showed entire cooperation in listening to the suggestions of banks about some problems that irritate bank lawyers when performing their activities at the court. The representatives of the legal committee spoke about some practices that face the bank when registering a number of lawsuits concerning banks at the court's registry as this unit does not allow the lawyers representing the banks to register more than three lawsuits. They stressed that this limitation harms the banks' interests due to the number of lawsuits and claims that the banks are congested with. The court's president responded favorably by instructing the administrator of the court and the head of the registry to show greater cooperation with bank lawyers and to register around five bank lawsuits for each lawyer representative of a bank in one day.

Other subjects raised during the meeting were the rejection of films for registering a lawsuit until the original papers are made available, the rejection of photocopies or payable stamps, or unacceptability of reply statements (even if presented on the last day for compliance) or if the papers are in the English language unless translated taking into consideration that all of this delays the litigation procedures. The representatives of the legal committee indicated that what is presented in the lawsuit is subject to the discretion of the trial judge examining the lawsuit and that the parties to the lawsuit may consent to that as the whole can be an evidence to be weighed by the court and the judge examining the case. The president of the court listened carefully to this subject and commented that there is no objection if the lawyer signs on the photocopy presented to the court registry when the original is not available. However, he insisted that the translation is necessary for presentation indicating that this procedure followed by the court's departments is legal and in accordance with the text of the law. Judge Ahmad read a legal text regulating this subject and stressed that this matter cannot be violated from the legal point of view because there is a specific wording in this regard.

Referring to stamp fees and how the court deals with it, as well as obtaining photocopies of verdicts or trial minutes directly from the trial judge without waiting for a long time; the president of the court said this subject would carry a cost for the state treasury and a circular in this regard cannot be issued. However, he said that under a proposal to a committee affiliated to the Ministry of Justice, a fee can be levied on the adversaries in a lawsuit for obtaining the minutes and the verdicts directly.



Meeting of the Compliance Committee at the Association of Banks to Prepare a Report on Monitoring Compliance in Jordan

The Association of Banks in Jordan held several meetings to discuss the preparation of a report for monitoring compliance in Jordan. The meetings were attended by members of the committee representing those responsible for the compliance control departments at the banks in addition to a representative from the central bank.

The attendance stressed the importance of the committee's role from a practical perspective as compliance monitoring is among the important subjects for banks and the banking sector as a whole.

They underlined the need for a quick move by the committee members to prepare a report on monitoring compliance in Jordan so as to promote the role of compliance and its importance. Moreover, they emphasised the need to develop the compliance departments and enhance the capabilities of their workers through the parties that grant certificates related to compliance and anti money-laundering in order to upgrade these departments as they are linked to many others in the bank. A small-scale committee, formed to work on this subject, met on 30/9/2010 and discussed this matter from all aspects in addition to the preparation of a study on the parties that grant the CAMS certification to enable compliance cadres at banks benefit from this certificate. Discussions during the meeting also examined how to establish a legislation base related to banking functions in order to enable compliance control and anti money-laundering departments access all new legislation and laws of concern to the work of the department.

Association of Banks Discusses the Subject of Interest in Suspense in the Rules and Procedures of Deducting Allowed Expenses No. (14) for the Year 2010.

At the request of member banks, the Association of Banks in Jordan held several meetings to discuss the subject of interest in suspense in the rules and procedures of deducting allowed expenses No. (14) for the Year 2010. During the last two meetings (on Sunday 19/12.2010 and on Tuesday 21/12/2010) held to discuss the subject, the financial directors and the lawyers of banks as well as the representative of the Central Bank of Jordan, who were present, managed to convince the delegates from the Income and Sales Tax Department, who were also present, with the banks' view that it is not justifiable to tax the income in suspense because it has not been realized.

Within this context, the efforts that were exerted resulted in the issuance of instructions No.(1) for the year 2011 amending the instructions of the rules and procedures for deducting allowed expenses No.(14) for the year 2010 that was issued based on the rules of article (5) of the temporary income tax law no.(28) for the year 2009. By amending article (8) with the addition of para (A) , the amended instructions were in line with the demands of banks. Para (A) states that (Accepted are the suspended interests and commissions of banks on non-operating credit facilities whose provisions have been accepted within the allowed expenses). Para (B) in Article (8) was also amended to read (Each bank must present to the department with its tax declaration a list showing the interests and commissions in suspense and the changes that occurred on them for each year and each client). Finally, article (9) of the original instructions was amended by annulling the wording (for the years 2009 and before).

Instructions No. (1) and (2) for the Year 2010 Concerning the implementation of Obligations Mentioned in the Security Council Resolution No. 1267 for the year 1999 and Resolution No. 1373 for the year 2001.



The Association of Banks held a meeting on 20/12/2010 for the compliance and anti money-laundering committee to discuss the instructions No.(1) ,(2) for the year 2010 concerning the obligations mentioned in Security Council Resolution No. 1267 for the year 1999 and Resolution No. 1373 for the year 2001. The representatives of banks expressed a number of remarks and inquiries about these instructions and the association forwarded them to Sharif Fares Sharaf, governor of the Central Bank of Jordan.

C - Information Technology Issues

The Association Discusses the Subject of Banks accessing Personal Data from the Civil Status and Passports Department.

At the request of member banks, the association held a meeting on 5/1/2010 for the information technology directors at the banks to look into the possibility of banks accessing directly the personal data of clients from the Civil Status and Passports Department. The access would be to the department's website on the internet, by using a password, at a specific charge that banks would shoulder.

On 12/1/2010, another meeting was held for the information technology directors besides delegates from the Central Bank of Jordan and the Civil Status and Passports Department. Member banks were asked for their opinions about having the Civil Status and Passports Department supply them directly with the personal data of clients through the department's website on the internet, by using a password to be given to banks by the department against an annual fee that would cover the expenses of maintaining this data within a mechanism to be agreed upon later. The banks unanimously preferred subscribing to the service provided by the Civil Status and Passports Department by taking the data from the department on a CD every year. The data is to be updated every quarter against the payment of an annual amount that include 10 users with an extra yearly amount for each additional user.

To complement the aforementioned subject, and due to a difference in the opinions on the outcomes and recommendations that were reached by the member banks' delegates who attended the previous two meetings, the association held another meeting on 10/2/2010 aimed at arriving at results and recommendations that would win unanimity of member banks. The concerned responsible and decision-makers of banks who attended the meeting besides delegates from the Central Bank of Jordan and the Civil Status and Passports Department indicated that the majority of member banks agreed on the financial costs specified by the department. Subsequently, the association advised the Central Bank of Jordan of the banks' intention to subscribe to this service.

Association of Banks Holds Meeting to Discuss Problems of the Electronic Clearing System.

At the request of a member bank, the association held a meeting on 26/1/2010 for representatives of member banks to discuss problems of the electronic clearing system facing some concerned departments at the banks.

The attendants listed three types of problems Those related to operations, others concerning the system from technical aspects and those about the system from legal facets.

After discussing the subject from all sides, the attendants agreed to distribute the minutes of the meeting on the participants from member banks so as to study and submit the views about it and come up with unified recommendations that all the banks agree on to face these problems. After receiving the recommendations, The Association of Banks would complete the procedures from its side by present the proposals to the Central bank of Jordan. Later, it was agreed to transfer the subject to the Clearing Council to follow it up.



Association of Banks Discusses the Subject of Forged Cheques.

At the request of a member bank, the Association of Banks held on 15/2/2010 a meeting that grouped the directors of operations at member banks besides delegates from the Central Bank of Jordan and the Progress Soft company to discuss the subject of cheque forgeries. The attendants indicated that cheque forgeries are taking place at a high degree of skill that fakes the magnetic line of the cheques and the water marks. The participants suggested a number of solutions and recommendations to face these forgery operations. They requested that the necessary measure be taken and that members of the Association of Banks be informed about this subject in order to discuss it in the presence of the central bank and progress soft so that a solution can be reached to solve this problem.

All participants agreed to swiftly transfer the subject and the proposed solutions for discussion at the Clearing Council that includes the Central Bank of Jordan and the member banks. Progress Soft and the Association of Banks were also to participate.

Association of Banks Holds a Meeting to Discuss the Subject of Electronic Clearing and the Mechanism of Exchanging Cheques that Do Not Have Ultra Violet Marks in Accordance with Technical and Security Specifications of Cheques.

At the request of a member bank, the Association of Banks held on 21/3/2010 a meeting that was attended by representatives of member banks and delegates from the Central Bank of Jordan to discuss the subject of electronic clearing and the mechanism of exchanging cheques that do not have ultra violet marks in accordance with technical and security specifications of cheques. After discussing the subject, the participants arrived at a number of recommendation, most important of which are the following:

Accepting cheques by banks whether the MICR (magnetic ink character recognition) line can be read or not. Collection of cheques whose MICR line cannot be read is to be handled according to central bank instructions.

- Cheques stamped "Original Seen" and viewed by the paying bank when presented through the electronic clearing, must not be returned.
- Specifying the cheques collection commissions outside the clearing session.
- Specifying a minimum for cheques exchanged during the manual clearing session.

Association of Banks Holds Five Meetings for the Information Technology Committee During 2010.

The first meeting of the information technology committee, held on 31/3/2010, aimed at preparing a working programme for the committee in a way that would conform to the executive plan of the Association of Banks. The subjects that were accomplished by the committee were reviewed and those that are of interest to banks were marked for follow up and implementation during 2010.

In continuation to the first meeting, a second one was convened by the committee at the Association of Banks on 21/7/2010 when a committee president and a deputy were elected. During the second meeting, subjects listed on the working programme were reviewed. Of those were credit cards fraud, the reports system from the central bank, electronic archiving, electronic legislations, obtaining the password at centralized risks, bouncing cheques and unifying the KYC forms.

During the third meeting of the information technology committee, held on 16/8/2010, a steering committee was initiated with terms of reference for it. It was agreed that the subjects on the work



agenda of this committee be specialized in the area of information technology. Of the most important subjects discussed in the meeting were the committee's work plan and the developments on the central bank's reports project and the centralized risks as well as a final conception for and an agreement on the requirements of banks in Jordan regarding the civil status data. Archiving of cheques and the draft law on electronic dealings were among other subjects that were discussed.

Held on 13/10/2010, the fourth meeting of the information technology committee discussed the work agenda of the steering committee and examined the developments on the central bank's reports project and the centralized risks. This file was presented to the steering committee for forwarding to the concerned parties. During this meeting, a final conception for and an agreement on the requirements of banks in Jordan regarding the civil status data was formulated and the code of conduct for the information technology committee was reviewed besides the preparation of a letter to the central bank about archiving the clearing cheques. It was agreed that the information technology committee members would forward any courses or workshops to the steering committee to enable it supervise and coordinate between the banks about this subject and through the association. Finally, it was recommended that some issues, namely the credit cards fraud, the bouncing of cheques, and the unification of KYC forms; be transferred to the specialized committees at the Association of Banks.

During the fifth meeting, held on 2/12/2010 at the Association of Banks, the attendants decided that with the end of parliamentary elections, which delayed the subject of supplying banks with copies of the data base, it was time to stress the need for follow up on this matter with the Civil Status and Passports Department and the concerned parties. They discussed the central bank's reports project and the centralized risks in order to be present it to the steering committee and forwarding to the concerned parties. Other subjects were reviewing, amending and revising the translation into Arabic of the terms of reference related to the information technology committee and writing to the central bank concerning the archiving of clearing cheques.

Association of Banks Holds Two Meetings for the Information Technology Steering Committee.

The steering committee emanating from the information technology committee held its first meeting on 28/7/2010 at the association's premises. The committee discussed a number of subjects that included examining and amending some clauses of the committee's terms of reference. Also, the central bank's reports project and the centralized risks was reviewed, a final conception for and an agreement on the civil status data was formulated and the subject of archiving/cheques within the central bank project was discussed. During the first meeting, the committee considered delegating a lawyer to table the subject of electronic legislations at the next meeting of the information technology committee and distribute it by e-mail on the information technology committee members at any seminars or lectures specialized in information technology.

At the information technology steering committee's meeting on 20/9/2010, the members discussed writing a letter about the central bank's reports project and the centralized risks and presenting it to the steering committee for forwarding to the concerned parties. The committee asked the association to keep the steering committee informed about the responses of banks on the subject of office control systems and decided to follow up on preparing a letter about a final conception for the requirements of banks in Jordan regarding the civil status data. Moreover, the discussions covered reviewing the terms of reference related to the information technology committee, amending and translating it into the Arabic language as recommended at the last meeting of the information technology committee. The



participants agreed that the information technology committee members would forward any courses or workshops to the steering committee to enable it supervise and coordinate between the banks about this subject and through the association. Finally, it was recommended that some issues, namely the credit cards fraud, the bouncing of cheques, and the unification of KYC forms; be transferred to the specialized committees at the Association of Banks. The information technology steering committee also discussed the preparations for the Arab Conference for Electronic Trading.

Association of Banks Holds Three Meetings for Discussing Mechanisms to Face Information Security Risks and Cyber crimes.

At the request of some member banks, the first meeting was held on 17/8/2010 to discuss the risks associated with banking information security and cyber crimes, and to propose suitable solutions and recommendations in this regard. The attendants indicated that the subjects of information security affect the consumer, bank clients and the public stressing that some types of cyber attacks are on the rise and, consequently, it is imperative that awareness and warning letters be sent to clients and public. The attendants called on the Central Bank of Jordan, as a control party on the banks, to conduct studies about information security risks and to notify the banking system of such issues when necessary. It was agreed to form a committee from representatives of banks to study the observations and suggestions that were reached and to come up with unified recommendations to be sent to banks for approval. Also, it was agreed to study the subject of financial costs and how to secure them.

At the second meeting held on 30/8/2010, four themes were examined, namely: Identity theft, phishing, ATM, and social engineering. The committee recommended that the Association of Banks carry out a media campaign to raise awareness about information security and risks. Such a campaign was proposed to be through a specialized company in this field, selected by the information security and risks committee, and through letters that would be adopted by the committee and approved by the administrations of member banks provided that the Association of Banks study the costs of the project and the parties that will finance it. The information security and risks committee also recommended that it be considered among the permanent committees accredited at the association. To be dubbed "information security management committee", it is to be independent from the risks committee and the information technology committee.

The attendants discussed the subject of unifying the observations and recommendations of banks to face the risks related to banking security information and cyber crimes as well as specifying and separating the themes to address the public and the clients. Letters are to be directed for each subject or theme separately after specifying the themes and letters designated for each theme and specifying the means through which it will be passed to the public and clients. The attendants recommended that educational workshops in the area of information security governance be held by the central bank for board chairmen, general managers and senior management of banks.

The third meeting was held at the association on 3/10/2010 to follow up on the same subject. The committee submitted a number of recommendations one of which was to carry out the proposed work mechanisms in two stages. The first was to get the approval of the banks on the letters that were prepared through writing a letter and enclosing with it the letters that were prepared within the four themes. The second phase was to submit the results that the committee will arrive at from these letters and the banks' observations to specialized companies and to get an idea from them about the financial cost of the project. The committee recommended that it be considered among the permanent committees accredited



at the association. To be dubbed “information security management committee”, it is to be independent from the risks committee and the information technology committee.

D - Seminars, Lectures, and Training Courses

1- Workshops:

“Unified Rules for Letters of Guarantee” workshop

Date convened: 4/5/2010

Lecturer: Mohammad Burjaq

● *Workshop on cheques in use in Jordan*

This workshop, held on 16/6/2010, aimed at discussing and clarifying the security aspects in the cheques besides showing and comparing the facets and security marks of cheques in European countries and America with the cheques in use in Jordan. In this regard, measures should be considered to add what is needed, in terms of printing and processing, in order to upgrade the security level of cheques and prevent forgeries.

Workshop on E- Signing

The Association of Banks in Jordan held a workshop on 7-8/3/2010 on “e-signing” that is used in correspondence with banks around the world. Heitz Reschke and Peter Reschke addressed the workshop which was attended by 36 participants representing the local and foreign banks operating in the Kingdom. The e signing or SignatureNet system is used by more than 1100 international banking institutions in more than 70 countries. This system has been endorsed by the Association of Swiss Banks as well as several other international organizations.

The director general of the Association of Banks in Jordan opened the workshop stressing the importance of Jordanian banks keeping up with technical developments that contribute to ensure the flow of banking operations in a secure and trusted manner besides equally saving the time of work and for the bank. He mentioned the Association of Banks’ initiative that acquainted the member banks with the most advanced technologies and electronic tools which contribute to upgrading banking services to internationally advanced levels.

He underlined in this regard that the association launched a number of initiatives to develop technical banking services most important of which was the banking services initiative for the blind.

Electronic signature capture enables instantaneous, signature-secure authorization of such financial documents as loans, new accounts, withdrawals and credit card applications through a secure internet connection for managing the transfer of documents by e-signing. This SignatureNet system is distinguished by many benefits such as lower cost and enhanced security besides joining the expanding network which includes most major international financial institutions. The e--signing was developed by SOFTPRO/ Germany to prevent forgery by capturing the actual biometrics of signatures and restricting them through time-stamped documents. Peter Reschke from SOFTPRO, which developed the e-signing system, made a presentation about the advantages of the signing and the ease of using it as well as the security levels that the system enjoys.

Operational Risk Management Workshop.

In cooperation with Banque de Liban et D’oure Mer, the Association of Banks in Jordan held on



3/8/2010 a workshop entitled Operational Risk Management. A large number of risk management bank employees heard British international expert Gary Williams lecture about managing operational risks.

Lecture introduces Jordanian Cypriot Company for Logistic Services

5/5/2010

Globe Williams Jordan

2- Training Courses and Programmes

Training Course about the “Legal Aspects Associated with Banking Contracts in Light of Rules Concerning Companies”.

The Association of Banks held a training course entitled: “Legal Aspects Associated with Banking Contracts in Light of Rules Concerning Companies” during the period from April 11 to 14/2010. Salem Al Khazaaleh, chairman of Jordan Dubai Islamic Bank lectured at the training course that was attended by 44 bank employees representing the legal departments besides lawyers of banks and employees responsible for lending and extending credit facilities and for bank contracts and corporate credit. Workers in the audit and internal review at the banks’ legal departments also attended the training course.

The course dealt with the legal aspects associated with banking contracts in light of rules and legal facets mentioned in the Jordanian companies’ law concerning banks’ operations. Other areas tackled by the course were the procedural, practical and legal aspects that the bank should take into consideration before extending credit, signing/renewing/executing/terminating banking contracts related to corporations.

The course examined the legal competence of companies within the limits of the entity’s articles of association and the bylaws as well as the legal competence of the those authorized to sign on behalf of the companies and their capability to sign on the banking contracts on behalf of the companies in addition to the limit and time frame of their authorization. Other areas tackled during the course were an analysis of the legal impact related to the companies’ articles of association and bylaws and their amendments as well as the decisions of the general assemblies and the boards of directors on the bank credits extended to corporations and the bank contracts signed with them.

The training covered the impact of transformation of companies from one form to another, their mergers and acquisition on the rights of banks in terms of bank contracts, voluntary and compulsory liquidation of companies contracted with the banks and their effect on the financial rights of banks in addition to the appropriate means to safeguard the rights of banks. Also covered were the guarantees, given by corporations to the banks whether as mortgage, pledge, hypothecation or others, the means and ways of dealing with the financial data of corporations that received credit or linked to any type of banking contracts, and the monitoring of influential information that enable the bank to appropriately intervene to protect its rights.

The course aimed at deepening the knowledge of participants about the legal, procedural and practical aspects associated with legal rules of companies in light of the Jordanian companies’ law especially concerning extension of credit, bank contracts and the appropriate collaterals along with effects linked to that in order to protect the rights of banks. It also aimed at deepening the knowledge of participants about the legal, procedural and practical rules related to the registration of companies and their types as well as the elements associated with the articles of association and bylaws of the companies. Moreover, the course examined the process of the companies’ general assemblies and meetings of boards of directors and the proper decisions taken during such occasions besides amendments to its articles of associations



and legal competency for signing bank contracts and the approval given to those authorized to sign on its behalf along with the time frame. The training sought to upgrade the efficiency of those working in banking operations, credit extension and management of banking contracts in terms of consideration for legal accuracy related to conditions of companies whether during transformation, merger, sale, acquisition, liquidation or if the entities face financial and administrative difficulties that may affect their capability to honor their obligations towards banks. The objective was also to entice the participants to explore and identify the points that should be considered in various bank contracts and to build a base of reference points related that the bank should review periodically regarding the situation of companies. The training sought also to deepen the knowledge of participants about formulating special terms in banking contracts that take into account the legal privacy of companies in light of their legal situation. Finally, it was the aim of the course to provide the capability and necessary knowledge for those working in credit extension to evaluate the position of the bank towards the companies when there is a change in their legal status and to build the necessary plans for that.

Training Course on : “The Application and Legal Aspects for Letters of Credit”

The Association of Banks in Jordan held on 17-19/5/2010 a training course entitled: “The Application and Legal Aspects for Letters of Credit”. His Excellency Salem Khazaaleh presented the course.

Training Course on: “Banking Guarantees and Letters of Warranty”

The Association of Banks in Jordan organized on 12-14/7/2010 a training course entitled: “Banking Guarantees and Letters of Warranty” to raise awareness about banking guarantees and letters of warranty. His Excellency Salem Khazaaleh presented the course.

Training Course on: “What Bankers Should Know About Insurance”

The Association of Banks in Jordan organized on 19-22/9/2010 a training course entitled: “What Bankers Should Know About Insurance”. Mr. Mithqal Maqtash lectured in the course.

The director general of the Association of Banks said the course aimed at providing a qualifying programme through nurturing the insurance culture of those working in credit facilities departments at banks besides employees at various levels.

Mithqal Maqtash, an expert in training and business development and a specialist in insurance issues, lectured at the course which targeted the managers of departments, heads of sections dealing with credit facilities, officers responsible for letters of credit and the employees working in these divisions besides the newly appointed staff. The participants also included branch managers, assistants and supervisors as the subject of the programme was considered central for qualifying and training requirements. The course aimed at emphasizing the importance of risk management in modern administration and linking the objective with insurance coverage in order to strengthen and enhance the relationship between the two parties: Banks and the insurance sector.

The participants in the training course learned about the principles of insurance, risk, insurance contracts, the general and special terms and the exceptions. During the course, the similarities and differences in the work of banks and insurance and re-insurance companies were reviewed in order to show why the integration should be enhanced between the two parties in the bankassurance system and the insurance of debts.

The course covered risk management subjects such as the basic concepts of risk management, strategic planning to contain the risk, where is it found, the possibility of it affecting properties, wealth and



financial capabilities, and the best methods to contain the damages associated with the occurring risk.

Other subjects covered during the course were the classification of risks, protective procedures, types of insurance coverage, legal principles of insurance and the main components of the insurance documents, obligations and compensations of losses according to the understanding of obligations based on article 256 of the Jordanian civil law.

The course examined the legal dimension of contracting, as it is an undertaking from one of the parties to accept the other, the insurance coverage for the banks and those working in them, the insurance coverage for the credit facilities extended by the banks to prime, current and future clients, the essence of bank assurance and the insurance of debts.

Training Course on: "Instruction about Banking Operations Issued by the Central Bank of Jordan"

The Association of Banks in Jordan organized on 26-29/September/2010 a training course entitled: "Instructions and Directives about Banking Operations Issued by the Central Bank of Jordan".

Attended by 70 bankers, the course covered rules and legal, organizational and procedural aspects related to banking operations and stated in the Central Bank of Jordan Law No. 23 of the year 1971 and its amendments, and Banks' Law No. 28 of the Year 2000.

The course reviewed, explained and clarified the procedural, practical and legal aspects detailed by the Central Bank of Jordan in the instructions, directives, circulars and memoranda linked to them and which banks and their employees should adhere to before taking any of the banking transactions or extending credit facilities. Also covered were signing, renewing, executing and terminating bank contracts, whether for companies or individuals, in the areas of monetary policy, mandatory cash reserves, interests, commissions, repurchase agreements, the banks' issuances of certificates of deposit and investments portfolios in Jordanian dinars.

It also included subjects in the areas of organization, banking supervision, ownership of real estate, anti money-laundering, financing terrorism, foreign currency, foreign currency control, management of investment portfolios in foreign currency, national payments, cheques and clearing.

The course aimed at deepening the knowledge of participants about the instructions, memoranda and directives issued by the Central Bank of Jordan and about the practical, procedural and legal aspects linked to them. The objective sought to deepen the knowledge of participants about the effects, results and risks that ensue from violating the instructions and memoranda issued by the Central Bank of Jordan.

The objective of the course was also to deepen the knowledge of the participants on how to formulate the special terms in the banking contracts in order to conform to the instructions and memoranda issued by the central bank.

The course's programmes targeted managers, heads of units and departments, and employees working in the operations divisions, credit facilities, banking contracts, corporate credit, audit and internal review at the legal departments of banks.

3- Forums and Seminars:

The Green Finance Forum

In cooperation with the Ministry of Environment and the International Finance Corporation, the





Association of Banks in Jordan organized on 7-8/March/2010 a forum entitled: “ The First Green Finance Forum”.

The two-day forum, which aimed at raising awareness about the importance of finding financing windows that seek to finance environment-friendly projects, was opened by Environment Minister Hazem Malhas. Banking experts specialized in Green financing lectured at the forum which was attended by local banking and economic professionals who focused their discussions on the green economy and the financing of environmental projects in the fields of waste and renewable energy.

The First Social Responsibility Forum for Banks

The Association of Banks in Jordan organized on 1/8/2010 the First Social Responsibility Forum for Banks which aimed at raising awareness among all segments of the society about the volume of banking sector's contributions in the concept of social responsibility and to underline the importance of effective partnership between the public and private sectors. The forum also aimed at coming up with a “Guidance Handbook for the Banks' Social Responsibility” and identifying the benefiting parties.

E - Other Activities and News

Jordan Television and the University of Jordan Radio shed light on the role of the Association of Banks in Jordan in serving the economy and the banking system

Jordan Television and the University of Jordan Radio shed light on the role of the Association of Banks in Jordan and the activities it executes to serve the members and the Jordanian banking sector in general. This promotion came through the “The Jordanian House” which Jordan Television broadcasted on Friday, 5-March-2010. The broadcast was an interview with Dr. Marwan Awad, board chairman of the association, and another with Dr. Adli Kandah, director general of the Association of Banks in Jordan. A radio interview conducted by the University of Jordan Radio with Dr. Adli Kandah, the association's director general, was aired on Wednesday, March 17, 2010.

The two broadcasts showed that the association acts as a link between the banks operating in the Kingdom and the official authorities such as the parliament, ministries, and official institutions to execute the task it is entrusted with especially those related to legislations that concern the national economy in general and the banking sector in particular.

Dr. Adli Kandah indicated in the two interviews that the association aims at cooperating with institutions in both the public and private sectors in all matters that serve and enhance the national economy and at fostering the interests of the association and its members besides strengthening cooperation between them and coordinating between their activities to achieve their joint interests. Dr. Kandah also indicated that the association discusses the joint issues related to various aspects of members' activities, looks for suitable solutions to the problems that face them, and exchanges information and expertise in all matters that help to raise the level of banking work, serve the joint objectives of members and develop/modernize the methods of providing banking services.

He stressed that the association works to enhance cooperation with the central bank for executing its banking and monetary policy plans and to express views concerning them. The association works also to establish cooperation ties with Arab and international banking associations and organizations and to extend advisory services to members in the area of their work.

He said that the association works to achieve its objectives through enter into agreement, issuing pamphlets and periodic publications that tackle various banking activities, holding seminars and lectures



about economic issues in general and banking in particular, developing the capabilities and efficiencies of bank workers by all possible means, preparing studies and researches related to banking operations and distributing them on members, and providing suggestions aimed at upgrading the commercial legislations in general and the banking in particular.

Dr. Adli reviewed the most important activities that the association contributed to such as providing banking support to the Decent Housing for Decent Living initiative, the efforts exerted by the association through the committee that studied the financing needs of the private sector, and supporting the Jordanian Armed Forces. He highlighted the social responsibility role that the banks carry out with all economic, social, cultural, health, sportive, youth and other sectors. He shed light on the role of women in the banking sector and indicated that the banking sector is of the pioneering sectors in this regard compared to other sectors. He revealed the most important constituents of the 2010-2012 association's executive plan. He indicated that there is an intention to sign agreement with Jordanian universities to provide training and rehabilitation for the potential workforce that would enter the banking system in accordance with standards and bases to be agreed upon between the association and the concerned universities.

Director General of the Association of Banks Floats Alternatives to the Budget's Structural Problems.

Dr. Adli Kandah, director general of the Association of Banks in Jordan, said that the structural problems suffered by the state's public finance can be overcome if the government reconsiders the approach for preparing the budget by accurately estimating the revenues and the expenditures to avoid issuing budget supplements. In an interview with Radio Jordan and the JoSat satellite station, he said that the issuance of supplements causes higher spending than the estimate in the budget law and increases structural problems. Dr. Kandah called for studying the public and private economic sectors to estimate the spending and revenue of each sector and activity and to remedy those not achieving any income that partly contribute to their expenditures. He said that the most important priorities for the government is to implement the mega projects that His Majesty the King mentioned in the Letter of Designation to the government. Those projects would help overcome structural problems at the macro-economic level such as water and power shortage up to poverty and unemployment. He indicated in this regard that banks possess financial capabilities to finance such projects and to contribute to economic development.

Director General of Association of Banks meets Tunisia's president and managing director of Professional Association of Banks and Financial Institutions

Dr. Adli Kandah, director general of the Association of Banks in Jordan, met on 21/4/2010 Mohammad Farid Bin Tanfous, president of Tunisia's Professional Association of Banks and Financial Institutions, in the presence of Omar Saafi, managing director of the Tunisian entity. During the meeting, Dr. Kandah discussed cooperation mechanism between the two associations and the scope for development to serve the banking sector in both countries. Sides are studying the possibility of a twinning project. Dr. Adli indicated that both sides are studying the possibility of a twinning project and signing a cooperation agreement similar to the ones that the association signed with the Association of Banks in Palestine and in Romania. Dr. Kandah was informed about the association's Tunisian experience especially as it groups financial institutions, in addition to banks, and practices roles that supplement the work of banks such as collecting debts for the banks. He was briefed about the relations between the Tunisian professional association with the financial institutions and the supervisory parties. The two sides agreed to exchange experiences in the areas where both associations operate and to set up joint training programmes and



activities after arriving at the stage of signing the agreement between the two parties.

Director General of the Association of Banks Participates in an Arab Conference in Tunis

Dr. Adli Kandah, director general of the Association of Banks in Jordan, participated in the annual Arab Conference of the International Aid and Grants and their Effect on Development in the Arab World which was held in Tunis on April 20-22/2010 under the title: «Management of Inter-Arab Cooperation.»

Dr. Kandah presented at the conference a working paper titled “ The Role of the Public and Private Sectors in Stimulating Inter-Arab Investment”. In the paper, he called for taking more measures to prepare the suitable environment for Arab investment including an improvement to the business climate, a reduction in the procedures and time for setting up projects, settling commercial disputes, and fighting financial and administrative corruption. He also called for directing a larger portion of inter-Arab investments towards the real economy and increasing local production.

Dr. Kandah reviewed in his paper the constituents and capabilities of Arab investments, the reality of this investment, the flow of inter-Arab investments, the ratio of inter-Arab investment to the total direct foreign investment, and the geographical distribution of Arab investments.

Dr. Kandah suggested mechanisms to activate inter-Arab investments namely: The existence of a candid Arab political resolve and the establishment of joint Arab institutions for setting up a solid economic structure that would contribute to stimulating and making use of investments besides widening the capacity and allowing partnerships with foreign companies.

He called for adopting developmental Arab strategies, on country and national levels, that would allow and encourage investment in developmental projects based on public and private partnerships. He also called for encouraging the opening of financial and banking institutions, or branches for them, in Arab states to upgrade country and inter-Arab investments and continue improving the business climate and investment in Arab countries as well as granting incentives in order to arrive at merging the Arab countries' private sectors, federations and non-governmental organizations in an economic coordination and integration process.

Lebanese Economic Delegation Visits Association of Banks in Jordan

Marwan Awad, chairman of the Association of Banks in Jordan, received at the association's premises on 16/5/2010 a Lebanese economic delegation and updated them about the national economic developments at the macro level and the performance of the banking system in particular.

Awad said during the meeting that the Jordanian economy is similar to the Lebanese economy as it is a free economy open to the outside world in a sound manner. He indicated that the repercussions of the international financial crisis on Jordan were very limited and that the conservative policies and limited exposure to the world have lessened their impact.

The association's chairman spoke about the performance of the Jordanian economy in general and that of the banking system in particular pointing out that assets of licensed banks exceeded JD30 billion, banks' capital and reserves were close to JD4 billion, deposits were about JD20 billion, credit facilities around JD13 billion and that the capital adequacy ratio was high at 20 percent.

The association's chairman stressed that the Jordanian banking system is considered efficient because its management is capable through the Central Bank of Jordan, its conservative monetary policy and its extensive supervision of banks. There is harmony and excellent relations between the central bank and



the banks. He said that although non-performing loans in Jordan rose to 6.5 percent due to the crisis, the rate is considered within the acceptable level. The rate of return on shareholders' equity of banks in Jordan stood at 12.6 percent and the rate of return on assets stood at 1.7 percent. As for the rate of provisions' coverage, it is considered good and high as it reached 65 percent. The crisis came to prove the importance of guarantees for banks' operations.

About the interest rates in Jordan, Awad indicated that the average weighted interest rate on credit facilities in Jordanian dinars was 9.2 percent (9.4 percent on overdrafts and advances under current accounts, 9.1 percent on loans and 9.2 percent on bills and promissory notes). On deposits, the average weighted interest ranges between 3.6 percent and 1.8 percent. He emphasized that interest rates on deposits are linked to liquidity levels which are considered high in Jordan as they reach JD4 billion held by banks at the central banks at a low interest rate of about 2 percent. As such, the interest on large deposits is low.

The Lebanese delegation said that the average interest rate on credit facilities in Lebanon was around 7 percent whereas the average interest on deposits was 10 percent. The delegation stressed that the average return on equity in Lebanon was about 13 percent and that the return on assets was 101 percent. The Lebanese delegation indicated that there is a great similarity between Jordan and Lebanon as the rates of economic growth in Lebanon ranged between 7 percent and 9 percent during the past years with expectations that the growth would be about 4 percent for the present year. There is also a big trade deficit in Lebanon amounting to \$11 billion, which becomes \$3 billion when the deficit is covered by funds from transfers of expatriates and tourism. Lebanese expatriates have transferred between \$4.5 billion and \$5 billion and external transfers amounted to around \$2 billion due to the size of external labour which number more than 2500,000 workers.

As to the Lebanese banking sector, the Lebanese delegation mentioned that total assets expanded by about 22 percent in March 2009 and that deposits increased by 20.9 percent to about \$110 billion. The delegation said that the external assets of the Lebanese central bank amounted to \$30 billion and that foreign investment in Lebanon reached around 420 billion, most of which from Arab investors. The team added that although the Lebanese indebtedness was high, most of it was local as the external debt did not exceed 15 percent. This indebtedness declined from 185 percent to 147 percent.

A person in attendance made an intervention saying that trade between Jordan and Lebanon surged by 80 percent indicating that our imports from Lebanon amount to \$150 million whereas our exports to it are valued at \$180 million. A member of the Lebanese delegation said that there is a similarity between Jordan and Lebanon in terms of government utilization of internal borrowing noting that that causes high demand for financing. A member of the Lebanese delegation mentioned that there are 66 banks in Lebanon, 10 of those are foreign banks, and that there is a high rate of concentration in the Lebanese market reaching 75 percent for the largest 11 banks whereas in Jordan, the largest four banks account for 50 percent of the market.

Marwan Awad, chairman of the Association of Banks in Jordan, called for signing a memorandum of cooperation and understanding with the Association of Banks in Lebanon similar to those signed with Romania and Palestine. He proposed that the memorandum include an article stipulating cooperation between the banks from the two countries to penetrate other markets. The Lebanese delegation welcomed the suggestion and stressed the importance of activating the Jordanian-Lebanese cooperation especially in light of the current situation in Iraq so as the two sides can enter the Iraqi market.



Annual Meeting for His Excellency Governor of the Central Bank of Jordan with the Banks

His Excellency Dr. Umayyah Toukan, governor of the Central Bank of Jordan, said the Jordanian economy is adapting dynamically with the international financial crisis adding that many economic indicators have showed improvement during the first four months of 2010.

The governor was speaking during a dinner party held by the Association of Banks in Jordan on 1/6/2010 and attended by Deputy Prime Minister Rajai Muasher and board chairmen and executive management of member banks.

In his speech entitled: “The General Framework for the Central Bank’s Role in the National Economy”, the governor mentioned that foreign currency reserves at the central bank are considered within comfortable levels stressing that it supports trust in the constituents of the national economy and in the stability of the dinar exchange rate. He reviewed during the meeting the monetary policy methodology in Jordan pointing to the role of financial policy in stimulating the economy and alleviating uncertainty. The governor spoke about the gaps in the capitalis system and the reasons for the international financial crisis. He talked about the role of governance in making economic reform efforts a success pointing to the risks of the new control system.

His Excellency Marwan Awad, board chairman of the Association of Banks, said in a speech during the dinner party that the performance of the Jordanian banking sector was a record by all standards during the past ten years. He indicated that the business of the banking system grew on average by more than 10 percent annually, assets and deposits of banks by more than double and a half, and credit facilities by about threefold. Awad spoke about the repercussions of the international financial crisis on the Jordanian economy as a whole and on the banking system in particular mentioning the most important measures taken by the Jordanian government and the central bank to minimize the impact of the crisis’ repercussions.

At the end of the party, the association honored the governor of the central bank by presenting him the association’s shield and a gift as The Banker magazine awarded him the title of “Best Central bank Governor in the Middle East.”

Signing a memorandum of understanding with the Hashemite University to train the university’s students from the Faculty of Economy and Administrative Sciences.

The Association of Banks in Jordan signed a memorandum of understanding with the Hashemite University for organizing cooperation between the two parties in specialized banking sector training. The memorandum was signed on behalf of the association by Board Chairman Marwan Awad and on behalf of the university by its President Dr. Suleinan Arabiyat. Dr. Adli Kandah, director general of the association, Dr. Saleh Al Uqeili, the university’s deputy president for academic affairs, and Dr. Samer Al Rjoub, dean of the Faculty of Economy and Administrative Sciences, attended the signing of the memorandum.

Association’s Chairman Marwan Awad said the memorandum is the first of its kind that the association signs to develop the efficiency of those working in banks and to prepare the students from the Faculty of Economy and Administrative Sciences to join the labour market after graduation. He emphasized the interest of the association in continued training because of its importance in upgrading the efficiency of those working in banks and in supporting them with modern tools that are in line with progressive market needs for banking services.



Underlining the association's belief in the importance of opening up to the academic institutions and exchanging experiences, Awad described the signing of the memorandum as a significant step on the road for exchanging experiences and enriching the training process especially as this move is an implementation of the association's three-year executive plan which was endorsed by the board of directors at the onset of this year. Dr. Arabiyat said the university is interested in supplying the labour market with qualified graduates in various specializations of the Faculty of Economy and Administrative Sciences through continued training that correspond with the needs of the labour market. He emphasized that through an approach to benefit from and to exchange experiences and resources available at both sides, the university is carrying out the directives of the Al Hussein Fund of Excellence's management related to the Faculty of Economy and Administrative Sciences at the university.

Association of Banks in Jordan Director General Dr. Adli Kandah stressed that the association is keen on opening up to the academic society and on transferring practical experiences to students especially in the financial and banking specializations in order to acquaint them with the requirements of the labor market and prepare them to the post-graduation stage. He said the association is fully ready to cooperate with Jordanian universities in the area of training that is specialized in banking work in order to fulfill the advanced needs of the sector.

As per the cooperation memorandum, the two parties are committed to develop the cooperation that exists between them on joint interests whereby the Faculty of Economy and Administrative Sciences will supply the association with lists of students who fulfill the academic conditions as specified by the faculty in order to participate in the training activities and workshops that the association organizes according to specific standards. The participating student will be awarded a participation certificate signed by the Association of Banks and the Hashemite University at the end of each training activity.

Association of Banks Launches a Banking Training Program for the Hashemite University Students in Implementation of the Agreement Signed Between the Two Parties.

42 students from the Hashemite University enrolled at an applied training programme organized by the Association of Banks in Jordan in implementation of the agreement signed with the university with the aim of cooperation between the two parties in the area of training that is specialized in the banking sector.

The programme started at the association on August 31/2010 with lectures to acquaint the students with the training and the skills that they will acquire. The students, most of whom have completed the graduation requirements, began the training process from the beginning of September.

Dr. Adli Kandah, director general of the association, said the students were divided into groups distributed over the following seven banks: Housing Bank for Trade and Finance, Jordan Kuwait Bank, Jordan Islamic Bank, Cairo Amman Bank, Jordan Commercial Bank, Jordan Ahli Bank, and International Islamic Arab Bank. Dr. Kandah delivered a presentation about the agreement, which is considered the first between the association and academic institutions, and its benefits in terms of preparing the students to enter the job market after graduation. In the presence of Dr. Samer Al Rjoub, dean of the Faculty of Economy and Administrative Sciences at the university, he emphasized the association's interest in continued training to upgrade the efficiency of those working in banks and to support them with modern tools that are in line with progressive market needs for banking services.

Dr. Al Rjoub valued the cooperation of the Association of Bank in training the students from the Faculty of Economy and Administrative Sciences and in providing them with skills about banking



work as well as enabling them to practically apply the theoretical side in order to achieve educational objectives of narrowing the gap between the scholastic curricula and the needs of the job market. He said that the trainee students represented various specializations at the Faculty of Economy and Administrative Sciences including students specializing in computer. The participating student will be awarded a participation certificate signed by the Association of Banks and the Hashemite University at the end of the training programme.

President of the Hashemite University Patronizes the Graduation of an Applied Course in Banking Work.

Hashemite University President Dr. Ruweida Al Maaytah patronized a ceremony where certificates were distributed to students from the Faculty of Economy and Administrative Sciences attesting their completion of an applied training course in the area of banking work.

The training course, implemented by the Association of Banks in Jordan, aimed at preparing students from the Faculty of Economy and Administrative Sciences to enter the job market through providing them with the necessary practical experience in addition to the theoretical knowledge taught at the university. The objective was also to contribute in preparing a new generation of qualified bank employees.

Six banks, namely: Cairo Amman Bank, Jordan Commercial Bank Housing Bank for Trade and Finance, Jordan Islamic Bank, Jordan Ahli, and International Islamic Arab Bank participated in training the students and supervising and following up on the process.

The training was in implantation of a memorandum of understanding signed by the Hashemite University in the middle of last May with the association of Banks in Jordan in order to organize the cooperation between the two parties in the area of training that is specialized in the banking sector.

The banks, in cooperation with the Jordanian Association of Banks and the Hashemite University's Faculty of Economy and Administrative Sciences, were keen to follow up on the trainees, evaluate their participations and activate their training to ensure maximum benefit from this experience.

It should be noted that this memorandum is the first of its kind that the association signs, to prepare the students from the Faculty of Economy and Administrative Sciences to enter the job market after graduation, in addition to its functions of developing the competence of bank employees.

Dr. Adli Kandah, director general of the Association of Banks in Jordan, participated in the graduation ceremony and stressed the association's interest in continued training noting its importance in upgrading the efficiency of the workers in banks and in supporting them with modern tools that are in line with progressive market needs for banking services.

He indicated that the association took the initiative of signing this memorandum, to be an important step on the road of exchanging experiences and enriching the training process, was derived from its belief in the importance of opening up to the academic institutions in order to exchanging experiences and the belief of the association and the member banks in the social responsibility towards civil society institutions. The signing was also initiated in implementation of the association's 3-year executive plan that was endorsed by the board of directors at the onset of this year.

Dr. Maaytah said the university is dedicated to supply the labor market with qualified graduates in various specialization from the Faculty of Economy and Administrative Sciences by continuous training that conforms to the needs of the labor market. The university president suggested institutionalizing the cooperation process with the association through training programs that would conclude with



professional certificates within the areas of specializations and within several stages. It was agreed to form a committee from both sides to study the subject and come up with a practical concept that is applicable. 40 students from the Hashemite University participated in the training course.

Board Chairman of the Association of Banks in Jordan Opens Jordan Money and Business Forum and Expo 2010.

Participants in the Jordan Money and Business Forum and Expo 2010 underlined the importance of the Jordanian banking sector as being a strong reinforcement to the national economy. They commended the sector's prudent policies and sense of responsibility behind the steadfastness in the face of challenges from the international economic and financial crisis noting that credit facilities, to revive the national economy, expanded by 5 percent to JD14 billion during the eight months of this year. They indicated that credit facilities are available to qualified borrowers within a framework of responsibility and safeguarding the savings and deposits of citizens.

The forum was organized by United Jordan for Exhibitions Company with support from the Association of Banks in Jordan, Jordan Ahli Bank, the mobile company Zain and Ad-Dustour newspaper.

Marwan Awad, chairman of the Jordanian Association of Banks, emphasized during the opening of the forum and expo the strength and soundness of the Jordanian banking sector despite the economic slowdown and the difficult economic conditions in the Kingdom. He said that indicators show the sector's healthy conditions compared to the situation of banking systems in several other countries. Awad indicated that the performance of the banking sector in Jordan was a record by all standards during the past ten years as the business of the banking system grew on average by more than 10 percent annually, assets and deposits of banks by more than double and a half, and credit facilities by about threefold.

Awad refuted accusations that banks are becoming stricter in extending credits and stressed that the problem lies in demand more than supply. Indicated that the growth in the balance of credit facilities invalidate the accusations, he said that the international financial crisis and the economic slowdown in the Kingdom since two years have exposed weak financial positions of a large number of clients, whether individuals or corporations. As such, it has become necessary to rethink the lending policies to this group and, consequently, the rate of troubled loans to the total credit facilities in Jordan rose from six percent in 2008 to 7.6 percent in 2009 and further to about eight percent during the first eight months of this year.

Awad said; "It is imperative that we reconsider the forecasts for the next year 2011 as this situation is likely to continue for at least another year before indicators of improvements start to show." He added that the Jordanian banking system enjoys responsible and vigilant performance during crises and possesses the elements of strength, profitability, efficiency, proper practices, prudent credit policies, and commitment to full corporate governance. These characteristics have been proven through experiments and tests that the national economy dealt with as, two years after the eruption of the international financial crisis, it was an opportunity for Jordanian banks to revise their credit policies, risk management, capital adequacy, management of troubled loans, and allocation of provisions. As such, the Jordanian banking system showed resoluteness, safety and strength in facing the repercussions of the crisis and, also, the Jordanian banking system remained far away from other crises that followed the international financial crisis like the Dubai debt crisis and the European debt crisis. Subsequently, the Jordanian banking system continued to be a strong backup for the national economy.

Awad said that the course of economic growth in Jordan is not clear as the average growth declined



from 7.6 percent in 2008 to 2.3 percent in 2009 and to 2.5 percent according to results for the first half of this year. He added that despite the achieved growth rate, the positive growth rates that the Kingdom's economy have accomplished are not enough for their effects to reflect on the living standards of the citizens and to lower the unemployment and poverty rates. He indicated that an observer of the financial, economic, and investment activities can say that Jordan did not enjoy any major business worth mentioning during the past 20 months that followed the international financial crisis. With a number of limited exceptions, there was a semi-stagnation in most major economic projects in the construction, building and infrastructure sectors that activate economic growth in the Kingdom. He acknowledged that through all the previous indicators, it can be concluded that the general economic conditions are still difficult and that exiting the economic slowdown which prevailed during 2009 is still moving at a snail's pace that differs from one sector to another. In the absence of improvement signs for this year, Awad expected the situation to continue in the year 2011.

Awad called on the concerned parties in Jordan to closely monitor the "currency war" and be alert to its potential repercussions in order to take whatever preventative measures should it escalates stressing the need to devise emergency plans based on specifying and tracking its impact on our national economy and to study all possible and available options should it continue. With increasing differences among major countries of the world, each seeking to weaken its currency in order to boost exports, several nations have entered this war which first started between the United States and Japan and was later joined by China and the countries of the European Union. This declared war comprises many countries from Asia and Latin America. China has continued to oppose appreciating its currency (yuan) and Japan continued to intervene on a wide scale to devalue its currency (yen) while the dollar's exchange rate reached its lowest level since 13 years amid an extreme and absolute US silence about this regression. To halt the continued appreciation in the exchange rate of the Swiss franc, Switzerland spent around \$100 billion whereas the countries of the European Union are still resisting the high exchange rate of the euro.

Awad reviewed the international reports that indicate a recovery in the global economy having gained some vitality during the first half of 2010 with expectations that the average international economic growth would reach 4.2 percent at the end of 2010 compared to an average of about one percent negative growth at the end of 2009. Indications point to a distortion in the economic recovery and that it is fragile and uneven between the countries as growth in the advanced countries is expected to reach 2.3 percent compared to a projected 6.3 percent negative growth in developing countries at the end of this year. A average 4.2 percent growth is envisaged for the economies of the Middle East and North Africa.

Ahmad Al Khub, deputy chief executive officer at Jordan Ahli bank, reviewed the contributions of the bank in serving the Kingdom's financial and investment sectors since it was established. He said the bank was active in setting up financing institutions that focus on individuals in order to stimulate demand in the local market and finance institutions besides financing exports to stimulate the external sectors of imports and exports. Emphasizing that the bank believes in the creation of mega banking institutions, he indicated that the bank pioneered mergers with banking institutions in order to form large banking entities.

Dr. Adli Kandah, director general of the Association of Banks in Jordan, pointed out that, out of approximately JD23 billion of overall deposits, around 65 percent or JD14 billion are credit facilities extended to the private sector with only JD4 billion going in credit facilities to the government. He stressed that the local market does not suffer from liquidity shortage but from the lack of qualified borrowers.



who meet the conditions.

Capital Bank General Manager Haitham Kamhiyah said financing resources in Jordan are limited to banks and called for coming up with new financing tools such as securitization and sukuk as banks have limited financial capabilities and cannot finance mega projects like infrastructure, water and energy that require billions of dollars. He added that it is not in the interest of banks to have idle deposits and to shun lending because interests payable and operational costs on the deposits would reduce the profitability of banks. He noted that the interest margin in Jordan is close to international margins when operational costs are considered.

Association of Banks Hosts American Economist Professor Fredrick Mishkin.

The Association of Banks hosted on Wednesday, 3/11/2010, American economist and professor at the Columbia Business School Fredrick Mishkin who delivered a valuable lecture that was attended by Dr. Umayyah Toukan, governor of the Central Bank of Jordan; Marwan Awad, chairman of the Association of Banks in Jordan; board chairmen and management of member banks in addition to a crowd of banking and financial experts.

Professor Mishkin reviewed the roots of the financial crisis that started in the United States and the developments reached at present in the US market. He said that the US monetary policy still relies on the accommodating principle as it lowered the interest rates on the dollar and is still low. Also, the Federal Reserve contributed in siphoning the toxic financial tools in the market after the crisis surfaced. Mishkin stressed that the “loans bubble” in the US market stifled the central banks from achieving their objectives and, consequently, a deep crisis erupted, the effects of which were softened by quick protective measures taken by the central banks with the encouragement of governments. He said that the US transparent application of the stress test instructions, led to the success of remedial measures more than in other countries, especially the European. This directed the decision-makers to the appropriate policies and measures to remedy the situation that emanated from the crisis.

Focusing on Jordan, Mishkin emphasized that the Kingdom, like other countries, is going through the repercussions of the economic and financial crisis but is not experiencing the pressure that is weighing on the advanced economies in the world. He added that there is a chance for the emerging economies, including Jordan, to concentrate on developing its institutions more than the policies. Mishkin indicated that fixing the dinar exchange rate against the dollar and linking the dinar to the dollar protected the Jordanian economy and, besides the effective monetary policy, contributed to achieve the monetary stability for the Kingdom. Speaking about the roles of the financial and monetary policy in the world for protection from the repercussions of crises, Mishkin said the role of monetary policy was more effective especially in the US because it dealt transparently and worked on accommodating the markets. However, those responsible for financial policy still have much to do to tackle unemployment, high indebtedness and the increase in budget deficit.

Association of Banks holds symposium to discuss the standing of the branches of Jordanian banks operating in Palestine.

The Association of Banks held a symposium on Thursday, 11/11/2010, to discuss the situation of the branches of Jordanian banks operating in Palestine. The symposium was attended by Umayyah Toukan, governor of the Central Bank of Jordan; Dr. Jihad AlWazir, governor of Palestine Monetary Authority;



Marwan Awad, chairman of the Association of Banks in Jordan; Dr. Adli Kandah, director general of the association; Mazen Abu Hamdan, chairman of the Association of Banks in Palestine; and Nabil Abu Diab, the director general of the association.

Marwan Awad, chairman of the Association of Banks in Jordan, opened the symposium stressing the importance of holding joint meetings to deepen partnership channels and open new scopes of cooperation with the banks operating in Palestine. He also emphasized the significance of observing the role undertaken by the branches of Jordanian banks operating in Palestine and considering means for developing it to the benefit of the banking system in both countries. Awad indicated that the meeting falls within the framework of the memorandum of understanding that was signed between the Association of Banks in Jordan and the Association of Banks in Palestine in order to enhance bilateral cooperation in the banking business.

The governor of the Central Bank of Jordan emphasized the importance of enhancing cooperation between the control parties in the two countries and pointed to the role of the branches of Jordanian banks in the Palestinian economy especially as the activities of those branches grow in terms of credit facilities and deposits.

The governor of the Palestine Monetary Authority praised the role of the Jordanian banks describing it as effective in developing the Palestinian banking system, sharpening competition, introducing new banking and financial tools, and raising the level of depositors' confidence in Palestine.

Dr. Adli Kandah, director general of the Association of Banks in Jordan, spoke about the performance of the eight Jordanian banks operating in Palestine. He reviewed the trajectory of their market shares in terms of assets, deposits, credit facilities, and their banking expansion in Palestine.

Nabil Abu Diab, director general of the Association of Banks in Palestine, presented the study that was prepared jointly by Association of Banks in Palestine and the Association of Banks in Jordan. The study focused on the development of Jordanian banks operating in Palestine and the development of the Palestinian banking sector as a whole. He mentioned the availability of various tools needed for banks such as a modern banking law, an advanced payment system, and a credit investigation system.

The participants discussed the instructions of the monetary authority to raise the capital of banks operating in Palestine to \$50 million before the end of 2010 and presented suggestions to conform to the new instructions.

F - Publications issued by the Association of Banks in Jordan During 2010

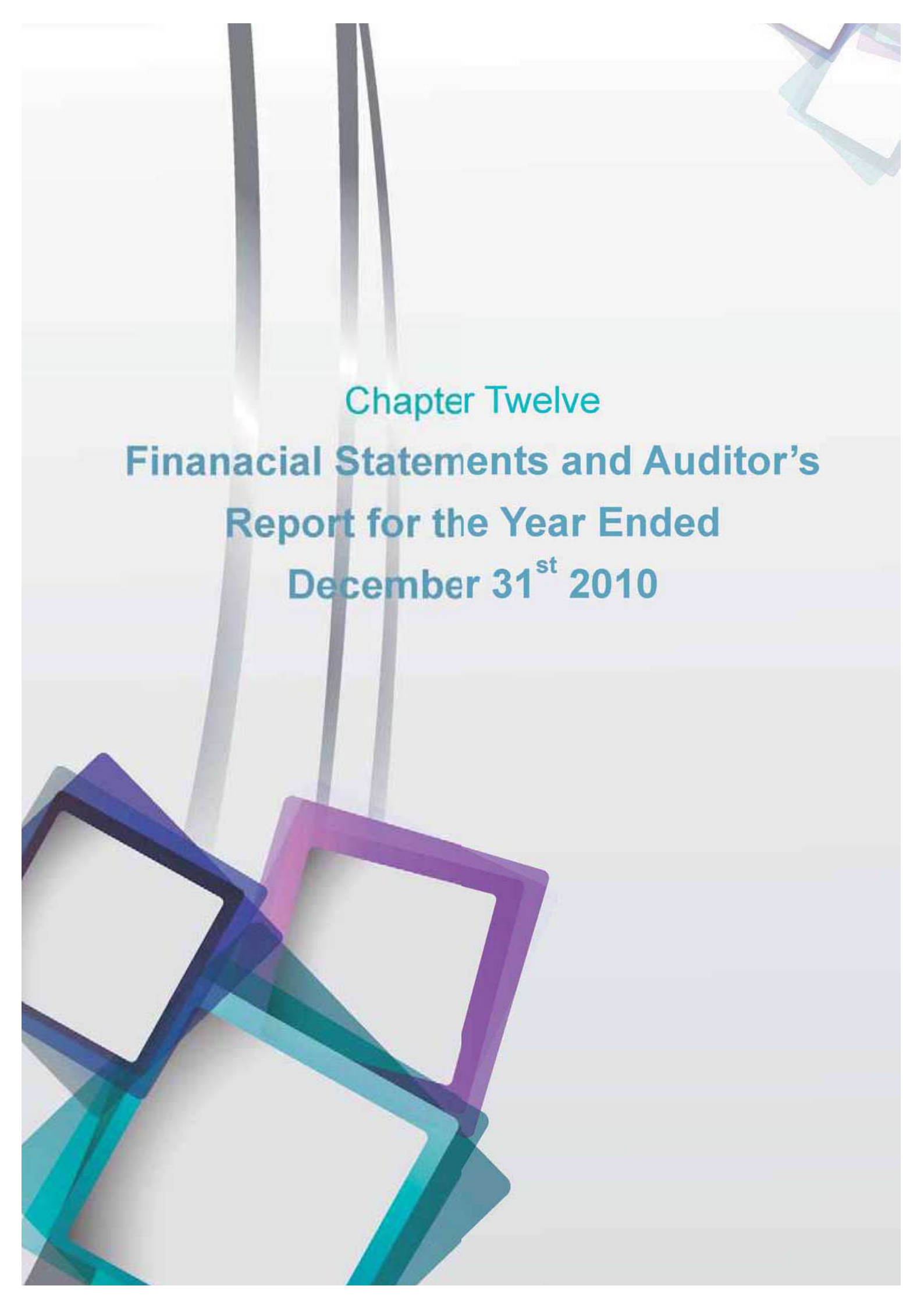
The Association of Banks in Jordan issued the following publications during 2010:

- Association's Booklets Series: The association published six issues of the associations' series of booklets which cover a number of banking subjects including:
 - Booklet No.(1): Profitability of Banks Operating in Jordan
 - Booklet No.(2): Credit Facilities Extended by Banks Operating in Jordan
 - Booklet No.(3): Banking Merger and Acquisition -- Concept, Types, Motivations and Positive and Negative Effects
 - Booklet No.(4): Addresses of His Excellency Marwan Awad, chairman of the Association of Banks in Jordan; and His Excellency Dr. Umayyah Toukan, governor of the Central Bank of Jordan, at the



annual meeting of the banking community with the governor of the Central Bank of Jordan on Tuesday, 1/6/2010.

- Booklet No.(5): Comparative performance of the banks operating in Jordan during 2009.
- Booklet No.(6): ATMs market in Jordan
- Guide of Banks Operating in Jordan: The ninth edition of the Guide of Banks Operating in Jordan for the year 2010 was issued, 12 years after the eighth edition was issued in 1998. This guide reflects a major change in the structure and number and distribution of banks operating in Jordan during more than a decade. This guide comprised an important and valuable set of information about each bank including the its name and logo, a brief about the bank, the names of board chairman and members and the names of the bank's executive management. The guide also included information about the number of the bank's employees until the end of 2010, the balance sheet and income statement for the years 2007 and 2008 in addition to the various branches of the bank.
- Annual Report: During 2010, the association issued the 31st annual report in both Arabic and English. The report includes information about the most important developments at the banks operating in Jordan during 2009 in terms of number of banks and branches, the volume of assets, deposits and credit facilities, movement of interest rates and the most important financial indicators as well as the association's activities and news during 2009.
- The development of the Jordanian Banking Sector (2000-October 2010): It is an annual study that the association issues to shed light on the development at the Jordanian banking sector from the year 200 until October 2010.

The background features a light blue gradient with several vertical lines of varying thickness and color (grey, blue, purple). In the bottom left corner, there are three overlapping, semi-transparent square frames in shades of blue, purple, and teal. In the top right corner, there is a small, abstract geometric shape composed of overlapping lines in blue, purple, and teal.

Chapter Twelve
Financial Statements and Auditor's
Report for the Year Ended
December 31st 2010



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 31st, 2010 Revenues and Expenses Statement and The Cash Flow Statement 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 fair view of (or 'present fairly, in all material respects.') the financial position of Association of Banks as of December 31st 2010, 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, 23rd January 2011



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

EXHIBIT A

BALANCE SHEET AS OF DECEMBER 31ST 2010

		<u>2010</u>	<u>2009</u>
		<u>JD</u>	<u>JD</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash on hand		1,000	1,000
Cash at bank	3	1,748,392	1,621,112
Accounts Receivable	4	22,582	17,308
Refundable Deposits		1,132	1,132
Prepaid Expenses		2,850	3,213
Total Current Assets		<u>1,775,956</u>	<u>1,643,765</u>
<u>Non Current Assets</u>			
Cost		2,302,106	2,285,507
Accumulated Depreciation		<u>(744,450)</u>	<u>(692,965)</u>
Net book value	5	<u>1,557,656</u>	<u>1,592,542</u>
Total Assets		<u>3,333,612</u>	<u>3,236,307</u>
<u>Liabilities & Accumulated Surplus</u>			
<u>Current Liabilities</u>			
Credit Banks		9,589	6,304
Account Payable		2,975	3,605
Employee Income Tax Trustees		686	765
Membership Fees Trustees		52,214	000
Accrued Expenses		<u>1,410</u>	<u>1,445</u>
Total Current Liabilities		<u>66,874</u>	<u>12,119</u>
Provision for Compensating the end of Employee Service		<u>39,661</u>	<u>32,685</u>
<u>Accumulated Surplus</u>			
Retained Surplus		3,191,502	3,537,513
Surplus(deficit) for this year-Exhibit B		35,575	<u>(346,010)</u>
Total Accumulated Surplus		<u>3,227,077</u>	<u>3,191,503</u>
Total Liabilities & Accumulated Surplus		<u>3,333,612</u>	<u>3,236,307</u>

The Accompanying Notes From 1-8 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 2010

		<u>2010</u>	<u>2009</u>
		<u>JD</u>	<u>JD</u>
<u>Revenues</u>	<u>Note</u>		
Subscription Fees		401,997	000
Bank Interest Revenue		73,414	101,084
Banker's Guide Revenue		7,460	000
Halls Rent Revenue		1,550	6,050
Conferences		000	2,518
Other Revenues		23	170
<u>Total Revenues</u>		<u>484,444</u>	<u>109,822</u>
<u>Banks Magazine</u>			
Magazine Revenue	6/A	98,040	51,652
Less: Expenses Magazine	7/A	<u>(64,859)</u>	<u>(48,610)</u>
<u>Banks Magazine Profit</u>		<u>33,181</u>	<u>3,042</u>
<u>Training Courses</u>			
Training courses Revenue	6/B	43,150	000
Less: Training courses Expenses:	7/B	<u>(14,911)</u>	<u>000</u>
<u>Profit (loss) from Training Courses</u>		<u>28,239</u>	<u>000</u>
Total Revenues & Gain from Banks Magazine and Training Courses		<u>545,864</u>	<u>112,864</u>
Less: General & Administrative Expenses:	8	<u>(510,289)</u>	<u>(458,874)</u>
<u>Year's Surplus (Deficit) – Exhibit A</u>		<u>35,575</u>	<u>(346,010)</u>

ANNUAL REPORT THIRTY SECOND 2010

The Accompanying Notes From 1-8 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 2010

	<u>2010</u>	<u>2009</u>
	<u>JD</u>	<u>JD</u>
<u>Cash Flows from Operating Activities</u>		
Surplus(Deficit) for the Year	35,575	(346,010)
End of service Compensating provision	6,976	6,408
Depreciation Expenses	<u>51,485</u>	<u>53,921</u>
Net Surplus(Deficit) Before Changes in Working Capital	94,036	(285,681)
<u>(Increase) Decrease In Current Assets</u>		
Accounts Receivable	(5,274)	6,610
Prepaid Expenses	363	1,161
<u>Increase (Decrease) In Current Liabilities</u>		
Accounts Payable	(630)	2,865
Other Credit Balances	<u>52,099</u>	<u>(1,029)</u>
Net cash flow from operating activities	<u>140,594</u>	<u>(276,074)</u>
<u>Cash Flow From Investment Activities</u>		
Changes in Fixed Assets	<u>(16,599)</u>	<u>(10,210)</u>
<u>Cash Flow From Financing Activities</u>		
Credit Bank	3,285	<u>1,171</u>
Net increase(Decrease) in cash during the year	127,280	(285,113)
Cash balance in the beginning of the year	<u>1,621,112</u>	<u>1,907,225</u>
Cash balance in the end of the year	<u>1,748,392</u>	<u>1,621,112</u>

The Accompanying Notes From 1-8 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. Non current 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 slowing 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:-

	2010	2009
	JD	JD
Arab bank / Deposit account	419,734	359,128
Housing bank / Current account	6,717	4,246
Islamic bank	4,477	2,060
Jordan commercial bank	1,224,835	1,165,477
Housing bank / Deposit account	<u>92,629</u>	<u>90,201</u>
Total	<u>1,748,392</u>	<u>1,621,112</u>

4. Accounts Receivable

This item consists of the following:-

	2010	2009
	JD	JD
Members accounts	13,190	9,066
Employees accounts	000	600
Other accounts	<u>9,392</u>	<u>7,642</u>
Total	<u>22,582</u>	<u>17,308</u>

5. Noncurrent Assets

This item consists of the following:-

	Cost			
	31/12/2009	Additions	Omissions	31/12/2010
Association's land	326,477	000	000	326,477
Association's Construction	1,557,388	000	000	1,557,388
Equipment & tools	143,052	4,814	135	147,731
Furniture's & decorations	184,104	11,501	000	195,605
Books	9,106	419	000	9,525
Cars	65,380	000	000	65,380
Total	<u>2,285,507</u>	<u>16,734</u>	<u>135</u>	<u>2,302,106</u>

	Accumulated Depreciation			
	31/12/2009	Additions	Omissions	31/12/2010
Association's construction	373,726	31,148	000	404,874
Equipments & Tools	127,990	6,463	000	134,453
Furniture & Decorations	163,936	3,223	000	167,159
Books	5,048	844	000	5,892
Cars	22,265	9,807	000	32,072
Total	<u>692,965</u>	<u>51,485</u>	<u>000</u>	<u>744,450</u>
Total Net Book value of Non current Assets	<u>1,592,542</u>			<u>1,557,656</u>



6. Magazine & Training Courses Gains.

A. Magazine Revenues

This item consists of the following:-

	2010	2009
	.JD	.JD
Subscription Revenue	68,158	25,901
Advertising Revenue	29,760	25,680
Sales Revenue	<u>122</u>	71
Total Revenue from the Magazine	<u>98,040</u>	<u>51,652</u>

B. Training courses Revenues

This item consists of the following:-

	2010	2009
	.JD	.JD
Bank Guarantees Course	3,600	000
Electronic Signature Course	1,600	000
Legal aspects Course	11,000	000
Uniform Rules of insurance course	1,150	000
Practical aspects for letter of credits Course	4,000	000
Tags security checks course	2,800	000
Bankers around insurance course	4,250	000
Central bank instructions course	<u>14,750</u>	<u>000</u>
Total Training Courses Revenues	<u>43,150</u>	<u>000</u>



7. Magazine & Training Courses Expenses

A. Magazine Expenses

This item consists of the following:-

	<u>2010</u>	<u>2009</u>
	<u>JD</u>	<u>JD</u>
Rewards	12,775	12,800
Printing	46,870	34,485
Miscellaneous	<u>5,214</u>	<u>1,325</u>
Total Banks Magazine Expenses	<u>64,859</u>	<u>48,610</u>

B. Training courses Expenses

This item consists of the following:-

	<u>2010</u>	<u>2009</u>
	<u>JD</u>	<u>JD</u>
Bank Guarantees Course	1,675	000
Electronic Signature Course	63	000
Legal aspects Course	3,853	000
Uniform Rules of insurance course	300	000
Practical aspects for letter of credits Course	1,905	000
Tags security checks course	418	000
Bankers around insurance course	1,452	000
Central bank instructions course	<u>5,245</u>	<u>000</u>
Total Training Courses Revenues	<u>14,911</u>	<u>000</u>



8. General & Administrative Expenses

This item consists of the following:-

	2010	2009
	JD	JD
Salaries and wages	203,576	183,345
Social Security	21,055	19,998
Saving fund	14,807	13,331
Traveling & Transportation	12,183	15,001
Medical Expenses	21,066	12,222
Electricity & Water.	12,625	11,929
Hospitality & Cleaning	10,018	11,520
Post , Telephone &Internet	16,364	17,399
Real Estate Tax	7,050	7,050
Bank Commissions and Charges	193	638
Stationary and Publications	37,562	34,594
Compensating the end of Service	6,976	6,408
Maintenance & Repair expenses	6,512	5,522
Cars & Motorbikes Expenses	8,139	5,956
Insurance	2,726	2,557
Garden Expenses	191	854
Depreciations	51,485	53,920
Auditing Fees	1,450	1,450
Public officer Notary Expenses	1,450	1,200
Tax on Deposit Expenses	3,557	4,516
Meetings & Parties	13,885	11,595
General Miscellaneous Expenses	7,295	2,154
Studies & Researches Expenses	000	16,414
Fuel Expenses	4,108	3,598
Employees Clothing's Expenses	1,740	1,498
External membership	1,540	1,844
Translation Expenses	2,324	2,461
Gifts	12,302	4,410
Advertisements	6,660	000
Outer seminars	000	150
Banker's Guide Expense 2010	8,104	000
Security and Protection Expense	6,166	000
Prior period expenses	1,774	000
Extra work	5,406	5,340
TOTAL	510,289	458,874

Technical supervision and print



Design and Printing Services

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