



جمعية البنوك في الأردن
ASSOCIATION OF BANKS IN JORDAN

Annual Report

Thirty Fourth

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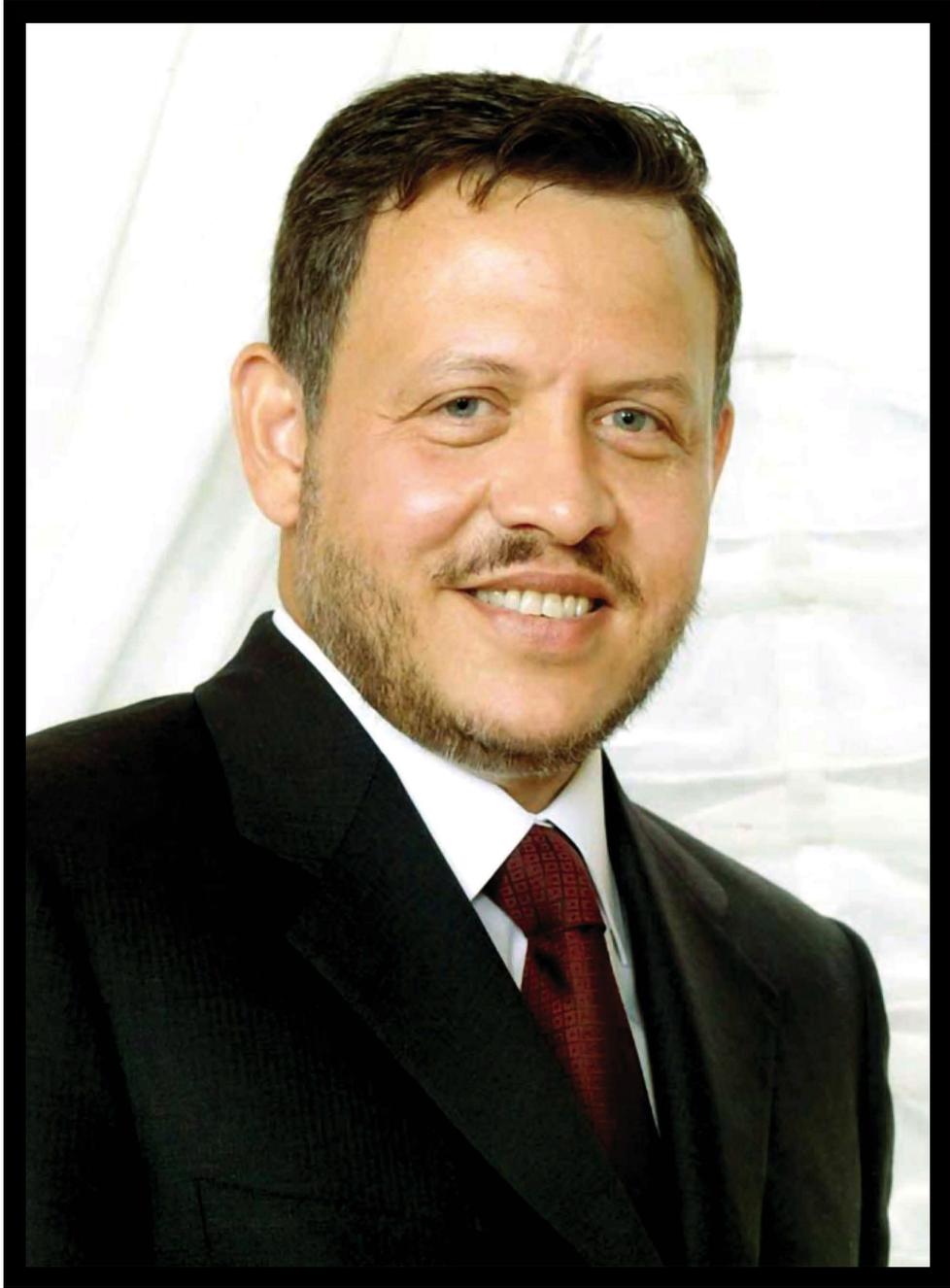


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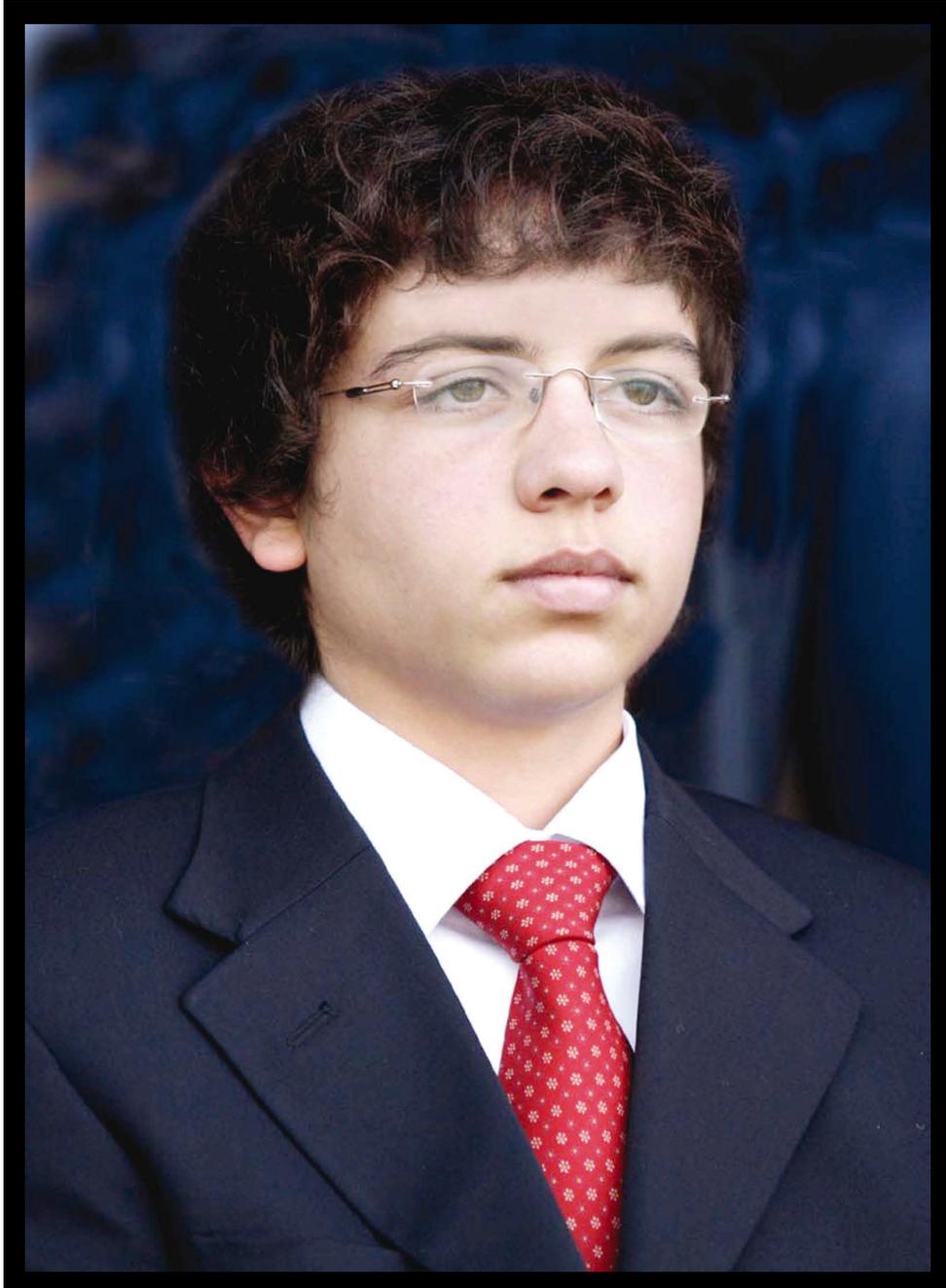
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His Majesty King Abdullah II bin Al Hussein



His Royal Highness Prince Hussein bin Abdullah

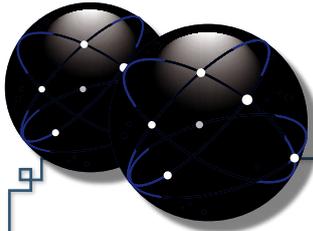
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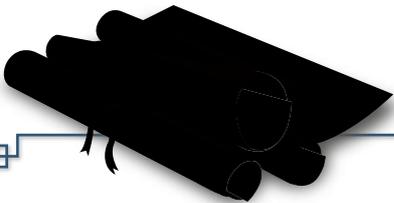
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Our Vision

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. Weaspire 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 marks 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 of the Association of Banks in Jordan

The Association's Board of Directors comprised the following dignitaries at the end of 2012:

- ◆ **H.E. Mr. Basem Khalil Al-Salem** / Capital Bank of Jordan / Chairman
- ◆ **H.E Ms. Nadia Al-Saeed** / Bank Al-Etihad / Vice Chairman
- ◆ **Mr. Nemeh Sabbagh** / Arab Bank / Member
- ◆ **Mr. Omar Malhas** / The Housing Bank for Trade and Finance / Member
- ◆ **Mr. Mohammed Yaser Al Asmar** / Jordan Kuwait Bank / Member
- ◆ **Mr. Shaker Fakhoury** / Bank of Jordan / Member
- ◆ **Mr. Kamal Al-Bakri** / Cairo Amman Bank / Member
- ◆ **Mr. Mahdi Allawi** / Jordan Commercial Bank / Member
- ◆ **Mr. Crossy Zakarian** / National Bank of Kuwait / Member
- ◆ **H.E. Dr. Maher Al-Sheikh Hasan** / Central Bank of Jordan / observer

Director General
Dr. Adli Kandah

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 2012 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	Bank Al-Etihad	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
10	Al Rajhi Bank	2011	www.alrajhibank.com.jo

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Chairman of Board of Directors’ Foreword

Dear members of the Association of Banks in Jordan,,

I am pleased to present to you the 34th annual report of the ABJ’s activities, achievements of the year 2012, and the audited financial statements of the fiscal year that ended on Dec.31, 2012, along with the auditors’ report of their work addressed to your esteemed Association.

Dear members,

Available data indicate that Jordanian economy had been able to register a slight recovery in 2012 compared with the previous two years, albeit growth levels remained below what was achieved during the period of 2005-2009. Growth rate in GDP in 2012 registered approximately 2.7%, compared to 2.6% in 2011 and 2.3 in 2010.

Jordan’s banking sector maintained its stability and strength, and could even register tangible developments during 2012. Assets of registered banks went up by 4.2% to reach the amount of 39.3 billion JDs. The balance of credit facilities granted by registered banks registered an increase of 12.5%, reaching 17.8 billion JD by the end of 2012. The balance of overall deposits at registered banks went up by 2.4% to become 25 billion JD.

As for indicators of the financial strength of banks operating in Jordan, the capital adequacy ratio proved the strength of Jordan’s banking sector as it registered levels higher than the minimum requirements of the Central Bank of Jordan’s instructions and Basel II standards. The ratio of non-performing loans to the overall loans remained at acceptable levels, where it reached 7.7% at the end of 2012. Finally, the liquidity ratio of banks operating in Jordan greatly surpassed the margin required by the CBJ: it reached 143.5% by the end of 2012.

Honorable members of the Association,

Allow me to extend my heartfelt thanks to all members of the ABJ for the efforts they exerted throughout the year to accomplish the goals of the association. I also extend my thanks and appreciation to the Governor of the Central Bank of Jordan and all employees and apparatus of member banks of the association for their constant cooperation with the association for the benefit of the banking sector in particular and Jordanian economy in general under the guidance of His Majesty King Abdullah II.



Basem Khalil Al Salem

Chairman of the board of directors

Speech of the Director General

During 2012, the ABJ continued to carry on its mandate of discussing and following up the different issues that were submitted to it, especially those submitted by member banks. Specialized technical committees of the ABJ discussed in depth those issues and presented their comments and feedback to the concerned parties which showed a response characterized with a high degree of seriousness. The ABJ's legal, financial and other technical committees discussed a variety of issues and laws regarding the Central Bank, public policy and legislations dealing with the work of macro-economy and the Jordanian financial and banking system.



In the field of training and financial and banking education, the association organized a series of lectures, seminars and workshops that dealt with different issues of concern to the banking sector. The association held 4 workshops and 8 training courses and organized a seminar to discuss the Islamic financing instruments law, and held the third forum of Social Responsibility for Banks, and organized a seminar to discuss the operational procedures for the application of (FATCA).

As for studies, the association issued a number of publications, reports and studies that pertain to Jordan banking system. It published five booklets dealing with a number of banking issues. Furthermore, the association issued its 33rd annual report in both Arabic and English about the year 2011. In addition to that, it issued the directory of banking services, products, and solutions offered by banks in Jordan, which is the first of its kind in the Kingdom and the region.

Finally, I extend my greatest gratitude and thanks to the chairman and members of the board of directors who never spared a breath to support the association with their enlightened ideas and distinguished experiences. I also thank all member banks for their fruitful cooperation with the association, in addition to all employees of the association for their efforts to develop and upgrade the ABJ's work.

Dr. Adli Kandah
Director General



Chapter One

Prospects of Global and Regional Economy and Summary of International Developments





This chapter reviews the international economic environment and its expected trends, as well as the prospects of regional economy in the Middle East and North Africa by discussing economic developments of the oil-exporting countries and oil importing countries.

1. Prospects of World Economy

Global economy growth rates continued to regress in 2012, reaching 3.2 percent, compared with 4.0 percent in 2011 and 5.2 percent in 2010.

This slowdown affected most international economies; growth rates of the developed countries went back from 1.6 percent in 2011 to 1.2 percent in 2012. The most outstanding setback was registered by the European Union region that contracted by 0.6- percent in 2012 compared to a growth of 1.4 percent the year before. Emerging and developing economies registered a growth of 5.1 percent in 2012 compared to 6.4 percent the year before. In general, growth rates of emerging and developing economies are higher than those of developed economies.

The economic contraction of 2012 coincides with the conditions of uncertainty that reigned over world economy that were the result of a number of factors; the most important of which is high risks in the euro zone, the continued vulnerability of the financial system and the state of the American financial policy. In addition to that, the slowdown of economic activity in emerging and developing economies was caused by the slowdown in demand from advanced economies and the regression of the investment activity in these economies.

However, global growth is expected to shift in the year 2013 because of the easing in the main factors that caused the weak activity. Prospects are that global economy growth will hit 3.3 percent, something that is slightly better than 2012, although it is lower than growth rates achieved in 2010 and 2011.

As for advanced economies, policy measures adopted in the Euro zone and the United States led to a draw back in the risks of the acute crisis, taking into consideration that recovery of the Euro zone came late after a prolonged period of shrinking. Although Japan started the recession cycle, the incentives given by the government are expected to boost growth in the near future. There remains a number of existing risks, including the risk of a return of the setback to the Euro zone and the risks of exaggerated financial austerity in the short term in the United States.

Generally speaking, stability in the growth rates of advanced economies is expected, where they are expected to remain in the vicinity of 1.2 percent, which are the same as those of 2012. However, the emerging and developing economies are expected to experience growth that is just a little higher than the year before, reaching 5.3 percent.

As can be noticed, growth expectations for 2014 are considered positive and point to a universal economic recovery that includes advanced as well as emerging and developing countries.

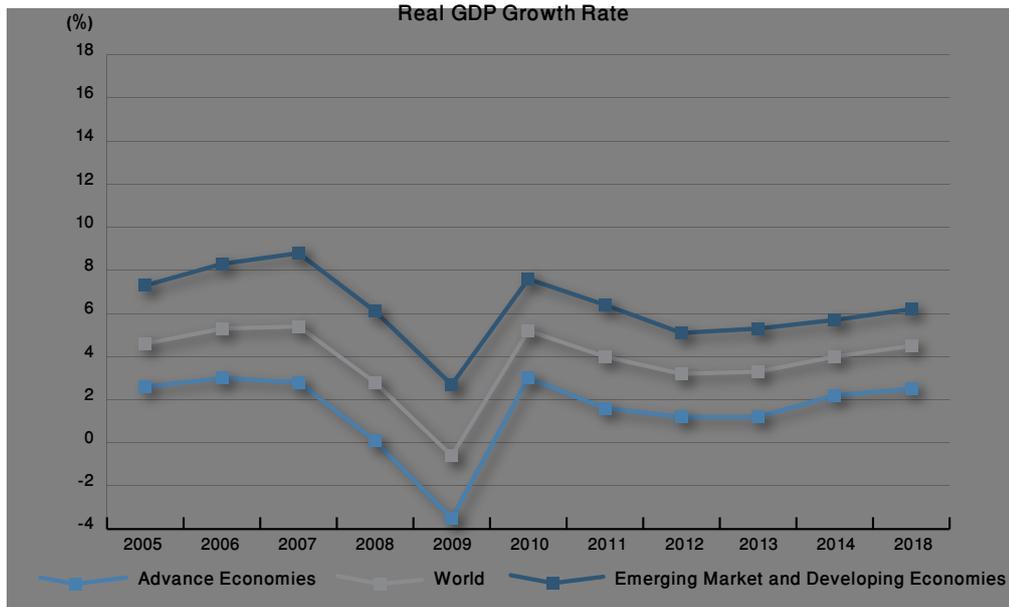
Table (1)
Global Economic Growth Rates

	Actual								Expected		
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2018
World	4.6	5.3	5.4	2.8	-0.6	5.2	4.0	3.2	3.3	4.0	4.5
Advanced Economies	2.6	3.0	2.8	0.1	-3.5	3.0	1.6	1.2	1.2	2.2	2.5
USA	3.1	2.7	1.9	-0.3	-3.1	2.4	1.8	2.2	1.9	3.0	2.9
EU	1.7	3.2	3.0	0.4	-4.4	2.0	1.4	-0.6	-0.3	1.1	1.6
Japan	1.3	1.7	2.2	-1.0	-5.5	4.7	-0.6	2.0	1.6	1.4	1.1
Other Advanced Countries	3.6	3.9	4.2	0.9	-2.1	4.5	2.6	1.4	1.9	2.8	3.1
Emerging and Developing Economies	7.3	8.3	8.8	6.1	2.7	7.6	6.4	5.1	5.3	5.7	6.2
Regional and international groups											
Central and Eastern Europe	5.9	6.4	5.4	3.1	-3.6	4.6	5.2	1.6	2.2	2.8	3.8
Commonwealth	6.7	8.8	8.9	5.3	-6.4	4.9	4.8	3.4	3.4	4.0	4.0
Developing Asia	9.5	10.4	11.6	7.9	6.9	9.9	8.1	6.6	7.1	7.3	7.7
Latin America and the Caribbean	4.7	5.7	5.8	4.2	-1.5	6.1	4.6	3.0	3.4	3.9	3.9
Middle East and North Africa, Afghanistan and Pakistan	6.1	6.7	6.3	5.0	2.9	5.3	3.9	4.7	3.1	3.7	4.5
Middle East and North Africa	5.8	6.8	6.2	5.2	3.0	5.5	4.0	4.8	3.1	3.7	4.6
South Africa	6.2	6.4	7.0	5.6	2.7	5.4	5.3	4.8	5.6	6.1	5.5

Source: IMF, World Economic Outlook, April, 2013.



Chart (1)



2. Prospects of Regional Economy

The Middle East and North Africa (MENA) region experienced in 2012 an evidently robust economic growth which registered 4.8 percent, compared to 4 percent in 2011. The economic performance of the MENA countries witnessed uneven growth in 2012; most oil-exporting countries registered good growth rates while the oil-importing countries continued to experience a state of economic slowdown, taking notice that many of them pass in the state of political transition.

However, these disparities are expected to generally shrink as a result of the regression in the oil and gas production of the oil exporting countries and the slight economic recovery in the oil importing countries. The greatest challenge facing the MENA countries is to rebuild or maintain stability on the macro-economic level in an environment characterized by political uncertainty and social disturbances.

Growth rates in the MENA region are expected to fall in 2013 to reach 3.1 percent, due to the economic slowdown expected in the oil-exporting countries.

As regards inflation rates in this region, they registered 10.7 percent in 2012; however, there are expectations that they will go down to 9.6 percent in 2013 and to 9 percent in 2014.

Oil-Exporting Countries

Oil-exporting countries of the MENA region experienced a strong growth of 5.7 percent in 2012, due to a number of factors, the most important of which were Libya's comeback to produce oil and the strong expansion of the Gulf Cooperation Council (GCC) states.

Nevertheless, and because of the weak international demand on oil, oil production is expected to fall in 2013, the matter that will contribute to the regression in the economic growth rates to reach about 3.2 percent.

Inflation rate in oil-exporting countries registered 11.3 percent in 2012; however, it is expected to fall to 10 percent in 2013 as a result of the diminishing inflation in the foodstuffs prices, the convenient world inflation environment and the setback in the rental rates in some GCC countries.

The developments in oil prices and the world growth rates remain some of the most important challenges faced by oil-exporting countries, especially if the weak demand on oil persists for a long time or if the oil prices drop.



Oil-Importing Countries

Growth rate in the oil-importing countries in the region recorded 1.9 percent in 2012, a weak growth as a result of a number of factors, the most important of which is the continued political uncertainty atmosphere, the waves of social disturbances that spread in the Arab countries of transition, the tangible regional repercussions of the augmented conflict in Syria, the weak external demand of European commercial partners and the continued increase in the prices of primary goods, oil and foodstuffs in particular.

As a result of this, exports set back, the direct foreign investment flows dropped, touristic income decreased and unemployment rates soared in many MENA countries. Inflation rate remained generally slight as a result of the weak demand.

In Egypt, the uncertainty of the prolonged political transition impeded growth and increased disorders in public finances and foreign account. In Jordan, growth was affected by the confused trade routes via Syria and the strikes in the mining industry. In Morocco, economic performance faced a number of challenges as a result of the deteriorating situation in Europe, the increase in oil and foodstuffs prices, the decline in agricultural production and the accumulating pressures on public and foreign accounts.

Challenges of the local and external environment that face the MENA countries are expected to continue during 2013, especially in the presence of political disorders and the uncertain conditions the region is exposed to. However, economic growth is expected to increase to 2.7 percent in 2013.

Table (2)
Economic Growth Rate in the MENA Region

Economic Growth Rate	Actual	Expected	
	2012	2013	2014
MENA Countries	4.8	3.1	3.7
Oil-Exporting Countries	5.7	3.2	3.7
Oil-Importing Countries	1.9	2.7	3.7

Source: IMF, World Economic Outlook, April, 2013.



Chapter Two

Economic Developments in Jordan in 2012





Although Jordanian economy was able to register a slight recovery in 2012 compared to the year before, growth rates remained below the rates registered earlier during the period of 2005-2009. Macro-economic indicators recorded varying results as the inflation rate rose, while the unemployment rate remained at the previous level.

The budget deficit and the public debt increased dramatically, and the deficit in trade balance rose, while foreign direct investment retreated and workers' remittances rose slightly.

As for the monetary and banking indicators, there had been a decline in the Central Bank's balance of foreign currencies, while the balances of assets, facilities and deposits of licensed banks registered a visible growth in 2012. The most important economic, financial, monetary and banking indicators in Jordan during 2012 will be presented hereunder.

1. Production, Prices, and Companies

◆ **Gross Domestic Product (GDP):** Gross domestic product at constant prices amounted to 10.52 billion JD by the end of 2012, compared to 10.24 billion JD during 2011. Therefore, growth rate in GDP reached 2.76% in 2012 in comparison with a growth rate of 2.6% in 2011. We can observe in this regard that Jordanian economy was able to achieve a slight recovery in 2012 compared with the previous year, but nevertheless it remained below the rates achieved during the period of 2005-2009 in which the average growth rate registered 7.4%.

On a sector by sector basis, mining and quarrying sector and the agricultural sector declined by 17.1% and 9.4% respectively, and the construction sector fell by less than 1% in 2012. While the rest of economic sectors in Jordan registered positive growth rates didn't exceed a maximum of 7%.

The sector of financial services, insurance, real estate and business services and the manufacturing sector maintained their status as the most important pillars of GDP, as their contribution to GDP registered 19.9% and 17.1% in 2012 consecutively, which forms 37% of GDP.

◆ **Consumer Price Index:** Consumer price index during 2012 rose to the level of 136.2, compared with 130.0 in 2011. This rise was the result of the hike in food prices by 4.6%, clothing and footwear prices by 4.7%, the housing prices by 3.5%, and the price of other goods and services by 5.7%. Therefore, inflation rate reached 4.8% by the end of 2012, compared to 4.4% in 2011.

◆ **Producers' Price Index:** producers' price index increased by 4.8% during 2012 to compared to an increase by 14.8% during 2011.

2. General Government Budget

◆ **Domestic Revenues:** Domestic revenues of the government witnessed went up by 12.6% during 2012, to become 4.73 billion JD compared to 4.20 billion JD in 2011. The volume of foreign grants to the kingdom decreased significantly by 73.1%, dropping from 1.2 billion JD in 2011 to 327 million JD in 2012. The total value of domestic revenues and foreign grants registered a decrease of 6.6% in 2012 to become 5.05 billion JD compared with 5.4 billion JD in 2011.

◆ **Public Expenditure:** The total value of public expenditure rose slightly in 2012 by about 1%, reaching 6.86 billion JD, compared to 6.80 billion JD in 2011. The rise in public expenditures was due to the increase in the current expenditures by 7.8% and the decrease in capital expenditures by 36.1%.

◆ **Budget Deficit:** As the decline in domestic revenues and foreign grants by 6.6%, and the increase in government expenditure by 1%, budget deficit in 2012 grew by 30.7% to reach 1.8 billion JD compared to a deficit of 1.38 billion JD in 2011. Thus the ratio of budget deficit to GDP reached 8.2% in 2012 compared to a deficit rate of 6.8% in 2011.

3. Public Debt

◆ **Domestic Public Debt:** The domestic public debt of the central government rose from 9.996 billion JD in 2011 to 12.678 billion JD in 2012, which means a rise of 26.8%. Thus the ratio of domestic public debt to GDP rose from 48.8% in 2011 to 57.7% in 2012.

◆ **External Public Debt:** The balance of external public debt rose from 4.487 billion JD in 2011 to 4.932 billion



JD in 2012, which means a rise of 9.9%. Accordingly, the ratio of external public debt to GDP increased from 21.9% in 2011 to 22.5% in 2012.

- ◆ **Total Public Debt:** The balance of the total public debt increased in 2012 by 21.6% to reach 17.610 billion JD compared to 14.482 billion JD in 2011. Therefore, the ratio of total public debt to GDP rose from 70.7% in 2011 to 80.2% in 2012. It is observed here that the ratio of total public debt to GDP exceeds 60%, the maximum limit set by the Public Debt law and its administration.

The Public Debt Law and its administration No. 26 for the year 2001 stipulates in Article No. 21 that the net outstanding balance of internal public debt should not exceed in any time 40% of the gross domestic product in current prices. Article 22 thereof also stipulates that the net outstanding balance of external public debt should not exceed in any time 40% of the gross domestic product in current prices. Article 23 thereof stipulated that the total outstanding balance of public debt should not exceed in any time 60 of gross domestic product in current prices.

4. External Sector

- ◆ **Domestic Exports:** Domestic exports fell slightly in 2012 by 1.2% to amount to 4.750 billion JD compared to 4.806 billion JD in 2011.
- ◆ **Re-exports:** The value of re-exports fell down by 3.5% during 2012 to reach 848 million JD, in comparison with 879 million JD in 2011.
- ◆ **Total Exports:** The volume of total exports (domestic exports + re-exports) fell down by 1.5% in 2012, to reach 5.599 billion JD, compared with 5.685 billion JD in 2011.
- ◆ **Imports:** Imports rose by 9.3% in 2012, reaching 14.691 billion JD, up from 13.440 billion JD in 2011.
- ◆ **Trade Balance Deficit:** As the decline in total exports, and the increase in total imports, the deficit in trade balance went up in 2012 by 17.2%, reaching 9.092 billion JD, in comparison with a deficit of 7.756 billion JD in 2011.
- ◆ **Workers' Remittances:** Workers' remittances rose by 3.6% in 2012, reaching 2.230 billion JD, up from 2.152 billion JD in 2011.

5. Investment

- ◆ **Direct Investment:** The volume of direct investments in Jordan decreased in 2012 by 4.8%, reaching 996 million JD, down from 1046 million JD in 2011.

6. Financial and Banking Sector

- ◆ **Local Liquidity:** Local liquidity (M2) went up in 2012 by 826 million JD, amounting to 24.945 billion JD, thus registering an increase of 3.4% of the level it reached in 2011.
- ◆ **Gross Official Reserves at the Central Bank:** The balance of gross official reserves at the Central Bank decreased by 37% by the end of 2012. The balance regressed from 7.465 billion JD in 2011 to 4.702 billion JD at the end of 2012. This amount of reserves is enough to cover the kingdom's imports of goods and services for approximately 3.7 months.



- ◆ **Licensed Banks' Assets:** Licensed banks' assets registered by the end of 2012 an increase of 4.2%, reaching 39.275 billion JD, as compared to 37.686 billion JD at the end of 2011.
- ◆ **Credit Facilities:** The balance of Credit facilities granted by licensed banks rose at the end of 2012 by 1.979 billion JD (12.5%), reaching 17.830 billion JD compared to 15.851 billion JD in 2011.
- ◆ **Deposits:** The balance of total deposits at licensed banks increased at the end of 2011 by almost 2.4%, reaching 24.970 billion JD compared to 24.378 billion JD in 2011.
- ◆ **Share Price index weighted by Market Capitalization of Free Float Shares:** the share price index weighted by market capitalization of free float shares regressed at the end of 2012 by about 37.5 points, reaching 1957.6 points. This meant a regression of 1.9% from its level at the end of 2011.

Free float are shares available for circulation by investors. They represent the total number of shares listed in the stock market, minus shares owned by each member of the board of directors and their relatives, parent companies, subsidiaries, or associate companies, and shareholders who own 5% or more of the company's capital, the government, public firms and the company itself owning the shares.



Chapter Three

Development of the Banking System in 2012





Monetary and banking indicators continued to develop during 2012 in different fields. Those developments reflected the strength and soundness of Jordan's banking system and its ability to achieve constant growth throughout the years; it is an indicator of stability. This chapter will deal with the most important monetary and banking indicators along with the developments in such fields during 2012, including the developments of monetary policy during 2012 and the developments witnessed by indicators such as foreign reserves, assets, facilities and deposits at banks operating in Jordan.

1. Developments of Monetary Policy during 2012

The Central Bank of Jordan continued its policy of not issuing certificates of deposit during 2012 in order to provide sufficient liquidity in banks to stimulate them to expand lending processes. The Central Bank also raised the major interest rates on all monetary policy tools by 50 basis points in February 2012 in order to enhance the attractiveness of Jordanian dinar as a currency for savings. Moreover, the Central Bank decided to raise the overnight window rate by 75 basis points in December 2012 while keeping the interest rates on other monetary policy tools unchanged as of Dec. 3, 2012 in order to increase the attractiveness of financial instruments denominated in Jordanian Dinar and boost national savings. The following sections show the most important developments in the Central Bank of Jordan's monetary policy during 2012.

A) The Central Bank's Decisions Regarding Interest Rate on Monetary Policy Tools during 2012

- The Central Bank raises the main interest rates on monetary policy tools by 50 basis points

The Central Bank of Jordan decided to raise interest rates on monetary policy tools by 50 basis points as from February 5, 2012, as follows:

- Raising the rate of deposit window from 2.25% to 2.75% annually.
- Raising the rate of re-purchase agreements from 4.25% to 4.75% annually.
- Raising the re-discount rate from 4.50% to 5.00% annually.

The CBJ's decision aimed at ensuring monetary stability and creating an environment suitable to contain inflation pressures. It also aimed at maintains the competitiveness of financial instruments denominated in Jordanian dinar in such a way that maintaining an environment conducive to local and foreign investments. The decision will also enable Jordanian economy to continue to register higher growth rates.

- The Central Bank raises the rate of Deposit window by 50 basis points

The Central Bank of Jordan decided to raise the rate of deposit window by 50 basis points as from May 31, 2012, while keeping the interest rates on other monetary policy tools unchanged.

The CBJ's decision aimed at maintaining the competitiveness of financial instruments denominated in Jordanian dinar in such a way that maintains an environment conducive to local and foreign investments.

The decision to maintain the interest rate on one night repurchase agreements and the re-discount rate unchanged will enable Jordanian economy to continue to register higher growth rates. In this procedure the central bank has reduced the margin between lending and deposit rates for one night in order to guide the prevailing money market interest rates toward its targeted levels to promote the efficiency of monetary policy and maintain the structure of interest rates compatible with economic activity.

- raising the rate of Deposit window for the third time in 2012

The Central Bank of Jordan decided to raise the rate of deposit window by 75 basis points as from December 3, 2012, while keeping the interest rates on other monetary policy tools unchanged.

This decision comes within the Central Bank's policy in promoting monetary stability and increase the attractiveness of financial instruments denominated in Jordanian Dinars and boost national savings.



B) Most Important Instructions and Circulations Issued By the Central Bank of Jordan during 2012

- Memorandum No. (29/2012) regarding Updating the Current Operational Framework for Monetary Policy

In order to increase the effectiveness and efficiency of managing the monetary policy, and to expand the base of its tools to achieve its operational goals of influencing banks' excess reserves and guiding the interbank lending rates to the targeted overnight level, the CBJ's Open Market Operations Committee decided to effect some amendments on the operational framework of monetary policy. These amendments include the following:

1. The Corridor System: The Central Bank of Jordan continues to implement the corridor system as a component of the operational framework of monetary policy intended to direct the short-term interest rates in interbank market towards its targeted level. This system includes defining two rates that represent the return on overnight facilities (Standing Facilities), implemented by the CBJ upon an initiative of banks so that the overnight window rate is the minimum limit and the overnight repo rate is the maximum limit for this system. The CBJ will also continue to provide banks with their overnight needs of liquidity upon their request through repurchase agreements at the declared repo rate, and to accept banks' overnight deposits at the declared window rate.
2. The Temporary Open Market Operations: The new operational framework aims at enhancing the role of temporary open market operations as one of the main indirect monetary policy tools, to enable the central bank to influence the volume of excess reserves, direct the interbank lending rate within the corridor system, as well as to direct the prevailing interest rates in the financial market. The central bank has identified the tools used in money market operations as follows:
 - a. Repo and Reverse Repo: the central bank will use these tools to inject and withdraw liquidity in order to give signals about the monetary policy by influencing the volume of excess reserves and guiding the interbank lending rate to its targeted level.
 - b. Certificates of Deposit Auctions: Certificates of deposits (CDs) denominated in Jordanian dinar that are issued by the Central Bank is one of the monetary policy tools in open market operations. It can be manipulated to withdraw excess liquidity when needed.
 - c. Currency Swap: licensed banks can upon their own initiative use currency swap by submitting a request to the central bank.
3. Strengthening the Central Bank's portfolio of government securities and securities guaranteed by the government for monetary policy purposes: The Central Bank seeks to strength its securities portfolio in order to influence the level of domestic liquidity and to direct the prevailing interest rates in the market.

- Memorandum No. (33/2012) regarding the general conditions of permanent open market operations

In order to develop the monetary policy tools and to influence the level of domestic liquidity, the Central Bank of Jordan decided to activate the permanent open market operations by purchasing or selling the government securities and the securities guaranteed by the government, so that it can withdraw or inject liquidity whenever needed.

The memorandum stated the general conditions governing the open market operations in terms of method, special conditions, method of reporting for banks, entry procedures in the auction, the nominal value of the application, limit participation, method and timing of the announcement of the results and other conditions.

- Memorandum No. (67/2012) regarding the temporary open market operations

For further developing and activating of the monetary policy tools aimed to give signals regarding monetary policy by influencing the volume of excess reserves, and to give more flexibility in the management of banks' liquidity, and to support the functioning of money and capital markets in the kingdom, the Central Bank decided to use repurchase agreements and currency swap agreements according to a set of conditions and procedures.

For repurchase agreements, the memorandum identified its conditions including the duration of the agreements,



the implementation method, reference and the mechanism of calculating interests. The terms of currency swap agreements include swap basis, duration, minimum and maximum limit, the reporting mechanism, contracting terms, and demurrage under the amounts and other conditions.

- The Instructions of dealing with customers in a fair and transparent way No. (56/2012)

The Central Bank of Jordan issued instructions of dealing with customers in a fair and transparent way. These instructions aimed to promote the values of dealing with customers fairly and transparently as an integral part of the banks' culture at all levels, and to ensure that the banking products and services provided to customers have a clear and comprehensible characteristics and conditions that enables banks' customers to understand the benefits and risks and the cost of the products offered to them.

The instruction addressed a number of aspects, including the characteristics and conditions of banks' advertisement, the transparency and procedures and conditions of the retail portfolio, fees and commissions, and rigid accounts, in addition to a set of general provisions.

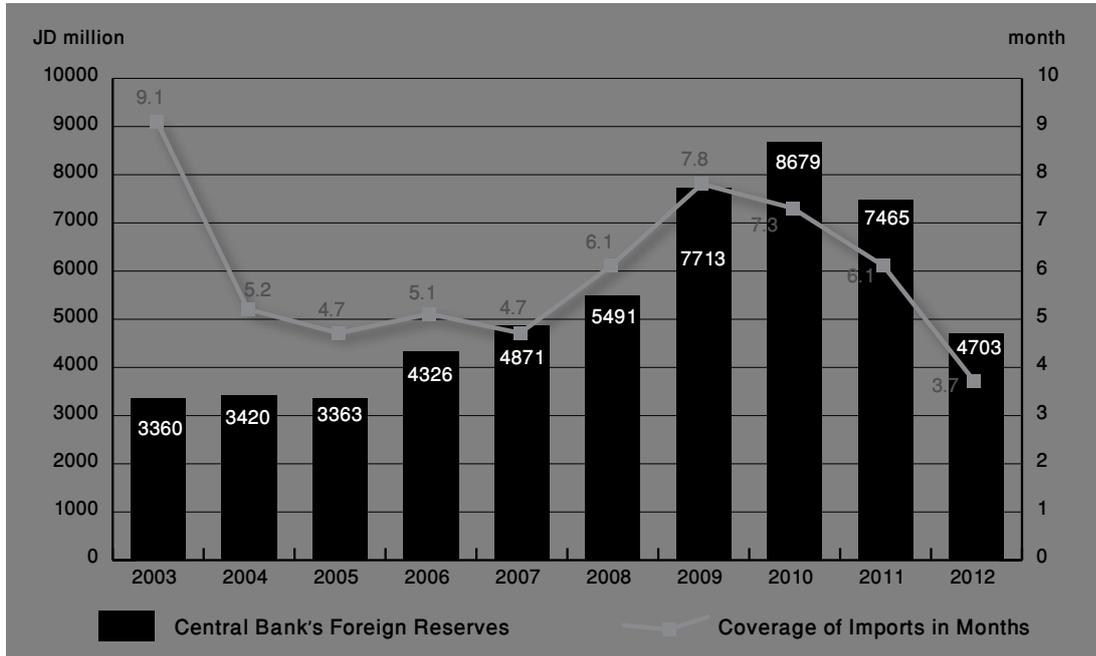
2. Foreign Reserves

Central Bank's reserves of foreign currencies regressed at the end of 2012 to reach 4.702 billion JD, down by 2763 million JD of the registered level at the end of 2011. This equals a regression rate of 37%. This level of reserves is enough to cover the kingdom's imports of goods and services for almost 3.7 months. It is worth mentioning that the decline in the foreign reserves during 2012 resulted from the sharp increase in the kingdom's energy bill, which are to be paid in foreign currencies, in addition to the increase in trade deficit.

Central bank of Jordan defines CBJ's reserves of foreign currencies as the ready cash, balances and deposits in convertible foreign currencies, and bonds and securities in foreign currencies, and cash, balances and deposits in non-convertible foreign currencies, subtracted from them the deposits of all licensed banks and non-residents in foreign currencies at the Central Bank. The CBJ's official reserves of foreign currencies' coverage of goods and services imports represent the CBJ's ready-to-use reserve divided by the monthly average value of imports in goods and services and subtracted from them the monthly average value of re-exports.



Chart (2)
Central Bank's Foreign Reserves



3. Assets/Liabilities of Banks Operating in Jordan

The balance of assets/liabilities of banks operating in Jordan registered at the end of 2012 an increase of 4.2%, reaching the amount of 39.275 billion JD, in comparison with 37.686 billion JD at the end of 2011.

A. Domestic Assets

The net domestic assets of licensed banks rose at the end of 2012 by the amount of 1.522 billion JD (4.8%) compared to their level at the end of 2011, thus reaching 32.922 billion JD at the end of 2012, in comparison with 31.400 billion JD at the end of 2011.

This rise in the domestic assets of banks in Jordan was the result of the increase in the claims on public sector by 1.6 billion JD (21.9%) to reach 9 billion JD, and the increase in the claims on private sector by 1 billion JD (6.9%) to reach 15.9 billion JD.

Banks' reserves at the central bank declined by 1.66 billion JD due to the decrease in banks' balances at the Central Bank in Jordanian Dinar.

B. Foreign Assets

The net foreign assets of licensed banks rose at the end of 2012 by 67.2 million JD (1.1%) from their level at the end of 2011, registering as a result the amount of 6.353 billion JD at the end of 2012, in comparison with 6.286 billion JD in 2011.

The increase registered in 2012 is the outcome of the growth in the item of cash in vaults (in foreign currencies) by the amount of 154 million JD (18.2%), as well as the increase in the balances with foreign banks by 139 million JD (3.2%).



Table (3)
Consolidated Balance Sheet of Licensed Banks

JD Million	2011	2012	Change	Change percentage
Assets				
Foreign Assets	6285.9	6353.1	67.2	1.1%
Cash in Vaults (In Foreign Currencies)	135.3	289.6	154.3	114.0%
Balances with Foreign Banks	4298.6	4437.5	138.9	3.2%
Portfolio (Non-Resident)	637.5	483.9	-153.6	-24.1%
Credit Facilities to Private Sector (Non-Resident)	974.0	853.4	-120.6	-12.4%
Other Foreign Assets	240.5	288.7	48.2	20.0%
Domestic Assets	31400.5	32922.3	1521.8	4.8%
Claims on Public Sector	7402.7	9023.8	1621.1	21.9%
Claims on Private Sector (Resident)	14905.2	15933.5	1028.3	6.9%
Claims on Financial Institutions	128.1	122.5	-5.6	-4.4%
Reserves	5639.0	3976.2	-1662.8	-29.5%
Deposits with CBJ in Foreign Currencies	5291.4	3633.2	-4425.6	-83.6%
Unclassified Assets	2798.1	3000.5	202.4	7.2%
Total of Assets	37686.4	39275.4	1589	4.2%
Liabilities				
Demand Deposits	5807.1	6284.8	477.7	8.2%
Public Non-Financial Institutions	29.7	39.0	9.3	31.3%
Municipalities and Village Councils	3.4	3.4	0	0.0%
Non-Banking Financial Institutions	88.0	69.4	-18.6	-21.1%
Social Security Corporation	43.5	59.0	15.5	35.6%
Private Sector (Resident)	5642.5	6114.0	471.5	8.4%
Time and Saving Deposits	15272.2	15426.4	154.2	1.0%
Public Non-Financial Institutions	299.0	275.9	-23.1	-7.7%
Municipalities and Village Councils	13.0	15.7	2.7	20.8%
Non-Banking Financial Institutions	189.0	205.5	16.5	8.7%
Social Security Corporation	507.9	656.3	148.4	29.2%
Private Sector (Resident)	14263.3	14273.0	9.7	0.1%
Foreign Liabilities	6164.0	5827.2	-336.8	-5.5%
Central Government Deposits	637.4	646.7	9.3	1.5%
Credit From CBJ	449.0	998.3	549.3	122.3%
Capital Accounts & Allowances	5397.2	5848.2	451	8.4%
Unclassified Liabilities	3959.5	4243.8	284.3	7.2%
Total of Liabilities	37686.4	39275.4	1589	4.2%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

4. Assets and Liabilities in Foreign Currencies

The assets of licensed banks in foreign currencies rose from 8.030 billion JD in 2011 to 9.143 billion JD in 2012, which makes an increase percentage of 13.9% compared to the previous year's balance. This increase was substantially the result of the increase in the item of balances with CBJ by the amount of 338 million JD, or the percentage of 64.2%, in addition to the increase in the item of balances with banks with the amount of 225 million JD (5%), and the rise in credit facilities by 491 million JD (28.3%).

Table (4)
Foreign Currency Assets of Licensed Banks

JD Million	2011	2012	Change	Change percentage
Cash in Vaults	135.3	289.6	154.3	114.0%
Balances with CBJ	527.4	865.8	338.4	64.2%
Balances with Banks	4492.1	4716.8	224.7	5.0%
Portfolio	759.3	581.5	-177.8	-23.4%
Credit Facilities	1734.9	2226.4	491.5	28.3%
Other	381.3	462.5	81.2	21.3%
Foreign Currency Assets	8030.3	9142.6	1112.3	13.9%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Liabilities of licensed banks in foreign currencies rose with the amount of 2116 million JD to reach about 10 billion JD in 2012; this makes an increase percentage of 26.6% from the year before. This increase is due to the increase in the Customers' Deposits with the percentage of 38%

Table (5)
Foreign Currency Liabilities of Licensed Banks

JD Million	2011	2012	Change	Change percentage
Customers' Deposits	5258.8	7258.6	1999.8	38.0%
Central Government	6.2	9.3	3.1	50.0%
Public Entities	22.4	31.1	8.7	38.8%
Non-Banking Financial Institutions	87.6	45.7	-41.9	-47.8%
Private Sector	5142.6	7172.5	2029.9	39.5%
Cash Margins	505.0	576.1	71.1	14.1%
Deposits of Banks	1867.7	1852.1	-15.6	-0.8%
Other	324.5	385.2	60.7	18.7%
Foreign currency liabilities	7956.0	10072.0	2116	26.6%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

5. Capital, Reserves and Provisions

Capital, reserves and provisions of banks operating in Jordan registered significant growth during 2012 that reached 5.848 billion JD (8.4%) by the end of 2012.

6. Credit facilities Granted by Licensed Banks

The outstanding balance of the total credit facilities granted by licensed banks amounted to 17.830 billion JD by the end of 2012, an upturn by 1979 million JD (12.5%) from its level at the end of 2011.

Credit facilities granted by banks operating in Jordan were mainly in the form of loans and advances, which represent approximately 85.8% of the total credit facilities, while the overdrafts stood at the percentage of 12.7%, and discounted bills and bonds at about 1.5%.

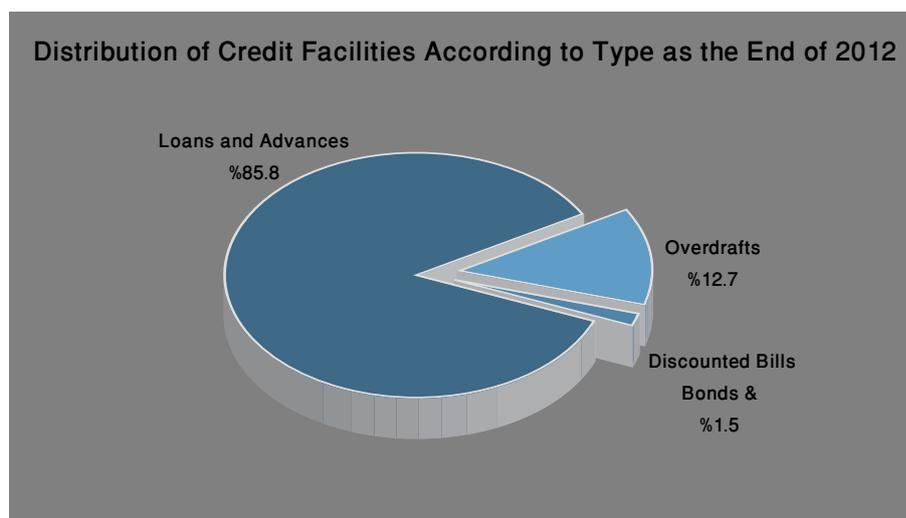
Table (6)

Distribution of Credit Facilities According to Type as the End of 2012 (JD Million)

Credit Facility Type	2011	2012	Change	Change percentage
Overdrafts	2025.5	2257.3	231.8	11.4%
Loans and Advances	13538.0	15297.5	1759.5	13.0%
Discounted Bills & Bonds	287.7	275.0	-12.7	-4.4%
Total of credit facilities	15851.2	17829.8	1978.6	12.5%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (3)



Regarding the development of credit facilities according to the currency used, credit facilities in Jordanian dinar accounted for 87.1% of the total facilities at the end of 2012, compared to 88.6% at the end of 2011. Consequently, the relative importance of credit facilities in foreign currencies registered 12.9% of the total facilities of 2012.

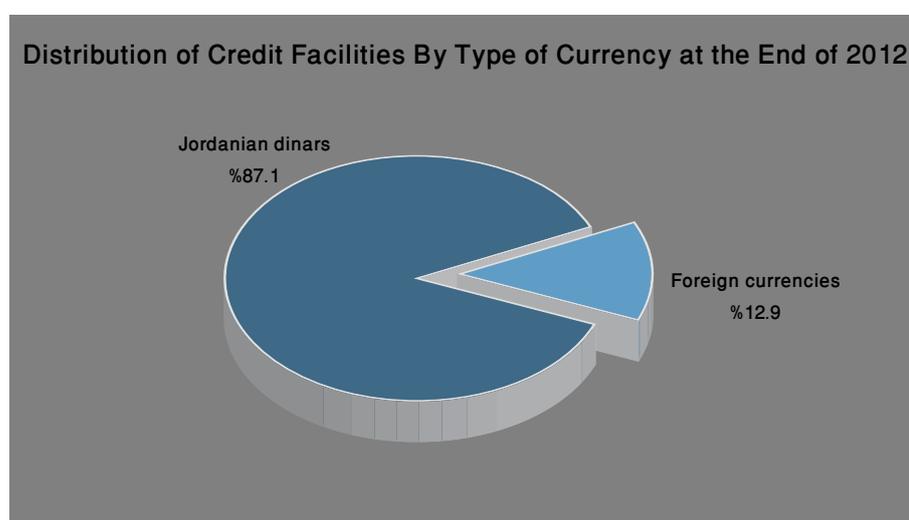


Table (7)
Distribution of Credit Facilities By Type of Currency at the End of 2012

Credit Facilities	2011		2012	
	JD million	Relative Importance %	JD million	Relative Importance %
Jordanian dinars	14044.9	88.6%	15532.1	87.1%
foreign currencies	1806.3	11.4%	2297.7	12.9%
Total	15851.2	100.0%	17829.8	100.0%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (4)



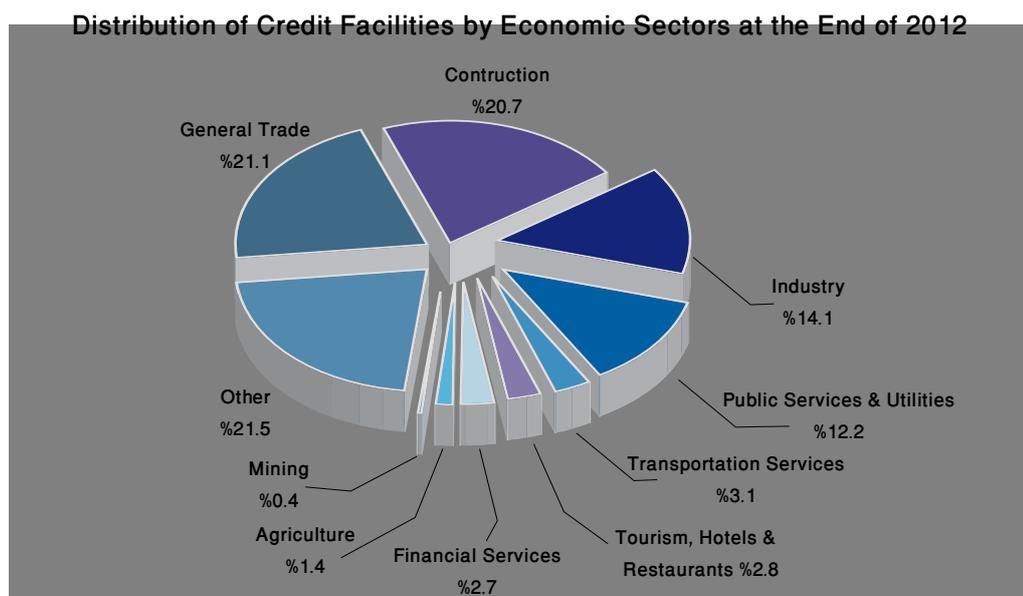
The distribution of credit facilities according to the kind of economic activity at the end of 2012 shows that the sectors of trade, construction and industry account for about 55.9% of the total facilities granted by banks operating in Jordan. The balance of credit facilities granted to the industrial sector rose by the amount of 218.5 million JD (9.5%); facilities granted to the constructions sector rose by 219 million JD (6.3%), while the facilities granted for the general trade sector declined by 24 million JD (-0.6%).

Table (8)
Distribution of Credit Facilities by Economic Sectors at the End of 2012

Sectors	2011		2012	
	JD million	Percentage %	JD million	Percentage %
Agriculture	229.2	1.4%	254.9	1.4%
Mining	79.5	0.5%	73.0	0.4%
Industry	2297.2	14.5%	2515.7	14.1%
General Trade	3779.0	23.8%	3754.9	21.1%
Construction	3463.6	21.9%	3682.6	20.7%
Transportation Services	531.6	3.4%	554.5	3.1%
Tourism, Hotels and Restaurants	493.7	3.1%	505.6	2.8%
Public Services and Utilities	1135.3	7.2%	2172.0	12.2%
Financial Services	430.5	2.7%	486.1	2.7%
Other	3411.6	21.5%	3830.5	21.5%
Total	15851.2	100.0%	17829.8	100.0%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (5)



A. Credit Cards

The number of credit cards granted by banks operating in Jordan during 2012 exceeded 95 thousand cards. These cards consist of four main kinds: Visa Card, Master card, American Express and national Express. The following table provides some information about the market of credit cards issued by banks operating in Jordan during 2012.

Table (9)
Credit Cards Extended by Banks During 2012

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate / Murabaha %	Commission on cash withdrawal	Salary Transfer	Salary Minimum*	Card limit Max**
Arab Bank	Visa Silver	-	Free	2.25%	4%	—	—	Up to 5000
	Visa Gold	-	50 JD	2.25%	4%	—	—	Up to 50000
	Visa Black	-	50 JD	2.25%	4%	—	—	Up to 50000
	Visa Platinum	-	100 JD	2.0%	4%	—	—	Up to 50000
	Visa together	-	100 JD	2.0%	4%	—	—	Up to 50000
	The Royal Visa	-	35-60 JD	2.25%	4%	—	—	Up to 50000
	Visa Zain	-	25-50 JD	2.25%	4%	—	—	Up to 50000
	MasterCard Titanium	-	50 JD	2.25%	4%	—	—	Up to 50000
	MasterCard World	-	Free	2.25%	4%	—	—	Up to 50000
	Online shopping card	-	10 JD	0.0%	—	—	—	—
Jordan Ahli Bank	Visa Platinum	2930	Without Issuance fee, Annual Subscription fee after the first year as shown below: 75 JD	2.0%	4%	Salary Transfer / Cash Margins / Approved income	JD 200	15000
	Visa Gold		50 JD					7000
	Visa Classic		25 JD					3500
	MasterCard International	JD 75	15000					
	MasterCard Gold	2619	50 JD					7000
	MasterCard Classic	25 JD	3500					
Cairo Amman Bank	Visa	43937	15-75 JD	2.0%	4%, minimum 3 JD	conditional	JD 200	10000 JD for transferred salaries, or 90% of cash margins

Continued / Table (9) Credit Cards Extended by Banks During 2012

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate / Murabaha %	Commission on cash withdrawal	Salary Transfer	Salary Minimum*	Card limit Max**
Bank of Jordan	Visa	10514	Free	purchasing 2.24% cash withdrawal 2.24% for silver and gold, and 2.49% for platinum	minimum ,4% 4 JD	unconditional	100 JD	10 times the salary
The Housing Bank for Trade & Finance	Visa International	10215	30 JD	2.0%	minimum ,4% 2 JD	according to the bank's terms and conditions	JD 200	The minimum and maximum limits are: Visa International 200JD-3500JD
	Visa Gold	1083	60 JD					Visa Gold 3500JD –7000JD
Visa Platinum	577	80 JD	Visa Platinum 7000 JD and above					
The Housing Bank for Trade & Finance	MasterCard International	25	30 JD	2.0%	2%, minimum 2 JD	according to the bank's terms and conditions	JD 200	The minimum and maximum limits are: MasterCard Local 200JD –500JD
	MasterCard Gold	79	60 JD					MasterCard International 501JD-3500JD
	MasterCard Platinum	41	350 USD					MasterCard Gold 3501JD-7000JD
	MasterCard Local	109	15 JD					MasterCard Platinum 10000JD and above
								The card limit can be raised according to maturities

Continued / Table (9) Credit Cards Extended by Banks During 2012

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate / Murabaha %	Commission on cash withdrawal	Salary Transfer	Salary Minimum*	Card limit Max**
Jordan Kuwait Bank	Visa Silver revolving (CREDIT)	1582	15 JD	2.0%	4%		JD 250	3500
	Visa Gold revolving (CREDIT)	220	30 JD	2.0%	4%			Unlimited
	Visa Silver (CHARGE)	11	50 JD	Free	4%			3.5 thousands
	Visa Gold (CHARGE)	38	100 JD	Free	4%			Unlimited
	Visa Infinite	15	150 JD	Free	4%			Unlimited
	Visa Cozmo	40	20 JD	2.0%	4%		JD 250	Unlimited
	AMEX centurion	1	USD 3000	Free	4%, minimum 15 USD			Unlimited
	AMEX platinum	6	USD 750	Free	4%, minimum 15 USD			35000
	AMEX gold	33	USD 175	Free	4%, minimum 15 USD			7000
	AMEX green	9	95 USD	Free	4%, minimum 15 USD			3500
	MasterCard Platinum Fly&Plus	66	75 JD	2.2%	4%			Unlimited
	MasterCard Gold Fly&Plus	183	50 JD	2.2%	4%			15000
MasterCard Silver Fly&Plus	385	25 JD	2.2%	4%		JD 250	3500	
Arab Jordan Investment Bank	Visa	659	Free	1.5%	4%	conditional	300 JD	400 JD
	Visa Charge	48	Local 15 JD Silver 25 JD Gold 50 JD	Free	4%	conditional	300 JD	50 JD
	Visa Platinum	37	70 JD	Free	4%	Credit decision	Credit decision	5250 JD
	Visa Infinite	77	100 JD	Free	4%	Credit decision	Credit decision	14000 JD
Jordan Commercial Bank	Visa	544	Classic 25 JD Gold 50 JD	1.75%	4%	conditional	JD 200	20,000 or 65% DPR
	MasterCard	94	Classic 25 JD Gold 50 JD	1.75%	4%	conditional	JD 200	20,000 or 65% DPR

Continued / Table (9) Credit Cards Extended by Banks During 2012

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate / Murabaha %	Commission on cash withdrawal	Salary Transfer	Salary Minimum*	Card limit Max**
Investbank	Visa Classic	338	25 JD	2.0%	4%	unconditional	JD 400	10000JD or 5 times transferred salary
	Visa Gold	280	40 JD	2.0%	4%	unconditional	JD 400	25000JD or 5 times transferred salary
	Visa Platinum	359	80 JD	2.0%	4%	unconditional	4000 JD	35000JD or 5 times transferred salary
Arab Banking (Corporation) Jordan	Visa	1282	Local 10 JD International 25 JD Gold 50 JD Platinum 100JD	2.0%	minimum ,4% 4 JD	unconditional	Public sector: 500JD Private Sector: 300JD	15000
	MasterCard	159	International 25 JD Gold 50 JD	2.0%	4%, minimum 4 JD	unconditional	Public sector: 500JD Private Sector: 300JD	15000

Continued / Table (9) Credit Cards Extended by Banks During 2012

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate / Murabaha %	Commission on cash withdrawal	Salary Transfer	Salary Minimum*	Card limit Max**
Bank Al-Etihad	Visa Platinum	248	Main Card: 70 JD sub-card: free for the first year and 35 JD thereafter	1.75%	minimum ,4% 3 JD	For customers: Salary Transfer For non customers: professionals and entrepreneurs Cash Margins	300 JD Gross Income/ Salary	50000
	Visa Gold	107	Main Card: 30 JD sub-card: free for the first year and 15 JD thereafter	1.75%	minimum ,4% 3 JD	For customers: Salary Transfer For non customers: professionals and entrepreneurs Cash Margins	300 JD Gross Income/ Salary	50000
	Visa Classic	911	Main Card free sub-card: free	2.0%	minimum ,4% 3 JD	For customers: Salary Transfer For non customers: professionals and entrepreneurs Cash Margins	300 JD Gross Income/ Salary	3500 JD
	Visa Platinum (Al-Etihad Tag)	20	Main Card 75 JD sub-card: free for the first year and 35 JD thereafter	2.25%	minimum ,4% 3 JD	For customers: Salary Transfer For non customers: professionals and entrepreneurs Cash Margins	300 JD Gross Income/ Salary	50000
	Visa Gold (Al-Etihad Tag)	4	Main Card 40 JD sub-card: free for the first year and 20 JD thereafter	2.25%	minimum ,4% 3 JD	For customers: Salary Transfer For non customers: professionals and entrepreneurs Cash Margins	300 JD Gross Income/ Salary	50000
	Visa Business	77	Main Card and sub-card: free for the first year and 25 JD thereafter	1.5%	Cash withdrawal unavailable	Credit Facilities	Not for individuals, just for companies and institutions, depending on credit facilities	50000

Continued / Table (9) Credit Cards Extended by Banks During 2012

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate / Murabaha %	Commission on cash withdrawal	Salary Transfer	Salary Minimum*	Card limit Max**
Societe General - Jordan	MasterCard Charge	54	35 JD	0.0%	2%	conditional	Public sector: 200JD Private Sector: 350JD	20000
	MasterCard Revolving	242	35 JD	21%	2%	conditional	Public sector: 200JD Private Sector: 350JD	20000
	MasterCard Co Brand	213	35 JD	21%	2%	conditional	Public sector: 200JD	20000
	MasterCard USA	74	60 JD	0.0%	2%	unconditional		28000 USD
	MasterCard EURO	51	60 JD	0.0%	2%	unconditional	Private Sector: 350JD	20000 EURO
	MasterCard ESurf	86	12 JD	0.0%	0.0%	unconditional	without	One thousand USD
	Visa	52	35 JD	0.0%	2%	conditional	Public sector: 200JD Private Sector: 350JD	20 thousands
Capital Bank	Visa	470	Free	1.75%	4%	Salary Transfer / Cash Margins	500 JD	—
	MasterCard	320	Free	1.75%	4%	Salary Transfer / Cash Margins	500 JD	—
	Visa Electron	2400	Free	Free	Not allowed	unconditional	unconditional	Account Balance

Continued / Table (9) Credit Cards Extended by Banks During 2012

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate / Murabaha %	Commission on cash withdrawal	Salary Transfer	Salary Minimum*	Card limit Max**
Jordan Islamic Bank	MasterCard Gold	319	50 JD	Free	Depending on the amount withdrawn	unconditional	According to card limit	According to customer's creditworthiness
	Visa Gold	423	50 JD					2000 JD
	Visa Silver	1476	25 JD					100 JD
	Visa local	1024	15 JD					
Islamic International Arab Bank	Visa Silver	304	25 JD	Free	2% + 1.96 JD	Salary Transfer / Cash Margins	150 JD	5000 JD
	Visa Gold	98	50 JD		2% + 1.96 JD		750 JD	50000JD
	Visa Internet	194	10 JD		No		150 JD	750 USD
Jordan Dubai Islamic Bank	Visa	713	Classic 25 JD Gold 50 JD	—	4%	Salary Transfer / Cash Margins	300JD for Visa classic and 2500JD for Visa Gold	5000JD for Visa classic and 10000JD for Visa Gold
Al-Rajhi Bank	—	—	—	—	—	—	—	—
HSBC	—	—	—	—	—	—	—	—
Egyptian Arab Land Bank	Visa	624	Silver 25 JD Gold 50 JD	2.4%	4%, minimum 4 JD	unconditional	250 JD	200 JD and Above
	MasterCard	713	Silver 25 JD Gold 50 JD	2.5%				
Rafidain Bank	—	—	—	—	—	—	—	—
Citi Bank	—	—	—	—	—	—	—	—
Standard Chartered	MasterCard Classic MasterCard Gold MasterCard Platinum	4	Classic 25 JD Gold 50 JD Platinum 75 JD	and 2.55% 1.99% for platinum	4%, minimum 4 JD	unconditional	500 JD for transferred salaries, and 650 without salary transfer	3 times the transferred salary, 2 times for un-transferred salary
	Visa Classic Visa Gold Visa Platinum	338	Classic 25 JD Gold 50 JD Platinum 75 JD					
Bank Audi	Visa	962	25 JD	1.99%	4%	unconditional	4200JD annually	Debt Burden for all credits 55%
	MasterCard	296						
National Bank of Kuwait	Visa	77	Free	2.0%	4%, minimum 4 JD	—	500 JD	25000 JD
BLOM Bank	MasterCard Gold	3520	- Free for customers (who have a loan) - 35 JD for new customers	2.0%	4%, minimum 4 JD	unconditional	350 JD	20 times the salary, not higher than 30000JD
	MasterCard Gold	172		1.5%		conditional		
National Bank of Abu Dhabi	Visa	—	Silver 35 JD Gold 65 JD	2.0%	4%, minimum 4 JD	conditional	600 JD	50 thousands

- Not Available

B. Personal Loans

Banks operating in Jordan granted more than 189.5 thousand personal loans during 2012, the value of which exceeded 1.45 billion JD, at an interest rate that varied between 4.5% and 13%, and at a commission rate that varied between zero and 1%, and with a settlement period that is between one year and 10 years. Most banks demanded as a prior condition the transfer of salary to grant the personal loan.

Table (10)
Personal Loans Extended by Banks During 2012

Bank	Number of personal loans' applications submitted to Banks during 2012	Number of personal loans Extended by Banks during 2012	value of loans (JD million)
Arab Bank	-	-	-
Jordan Ahli Bank	14930	13249	131.087
Cairo Amman Bank	62657	41917	130.000
Bank of Jordan	-	17190	113.900
The Housing Bank for Trade & Finance	38558	33278	299.300
Jordan Kuwait Bank	3435	2515	19.000
Arab Jordan Investment Bank	1467	969	10.070
Jordan Commercial Bank	4750	3555	35.776
Investbank	959	824	16.047
Arab Banking (Corporation) Jordan	13577	12506	67.108
Bank Al-Etihad	1358	585	10.401
Societe General - Jordan	2234	1348	9.464
Capital Bank	1456	1014	13.874
Jordan Islamic Bank *	46845	45346	439.600
Islamic International Arab Bank ^{(1)*}	2030	1728	6.291
Jordan Dubai Islamic Bank *	1519	1151	11.427
Al-Rajhi Bank *	6158	4672	43.398
HSBC	-	-	-
Egyptian Arab Land Bank	3640	3034	20.941
Rafidain Bank	-	-	-
Citi Bank	16	16	0.113
Standard Chartered	954	788	11.689
Bank Audi	2330	1952	22.077
National Bank of Kuwait	166	120	1.608
BLOM Bank	3542	1661	33.301
National Bank of Abu Dhabi	105	105	5.359
Total	212686	189523	1451.831

-Unavailable

* represents individuals' personal finances

(1) The funds under this Title include (good loan (Al Qard Al Hassan) / staff advances/Ja'ala)

Table (11)
Terms and Characteristics of Personal Loans Extended During 2012

Bank	Salary transfer	required collaterals	maximum amount of loan *	Interest rate Murabaha (%)	Annual commission (%)	Payment period (year)
Arab Bank	Conditional	Without guarantor	70000 JD	9.5%-10.5%	1% Annually	7 years
Jordan Ahli Bank	Conditional	salary transfer	50000 JD	11%	1% for the first year	8 years and 3 months
Cairo Amman Bank	Conditional	salary transfer	100000 JD	11.75%	1% for the first year	10 years
Bank of Jordan	Conditional	salary transfer	50000 JD	9.25%- 12.5%	1% for the first year - 1% annually	7 years
The Housing Bank for Trade & Finance	Conditional	Cash, Real Estate, financial solvency, vehicles	Depending on debt burden and guarantees	Housing 9.8% personal loans and advances 9%-9.5%	Housing 0.5% personal loans and advances 0.5%-1%	8 years for personal loans 5 years for personal advances 25 years for Housing loans
Jordan Kuwait Bank	Conditional	salary transfer	50000 JD	10%	1% for the first year	8 years
Arab Jordan Investment Bank	Conditional	salary transfer, guarantor in some cases	50000 JD	9%	1%	7 years
Jordan Commercial Bank	Conditional	salary transfer + guarantor	75000 JD	10%	1%	10 years
Investbank	Conditional	salary transfer + additional guarantees in some cases	70000 JD, a maximum 30 times the salary	11%	1% annually	7 years
Arab Banking (Corporation) Jordan	Conditional	salary transfer	50000 JD for public sector	12.25%	1%	Public sector 9 year
			40000 JD for private sector	11.875%		Private sector 7 year
Bank Al-Etihad	Conditional	Salary transfer, checks, guarantor	50000 JD	10%	0.75%	8 years
Societe General - Jordan	Conditional	Salary transfer + other guarantees in some cases	35000 JD	10.85%	1% or 100 JD whichever is less	8 years and 4 months
Capital Bank	Conditional	guarantor for not approved companies, Checks for non employee	70000 JD	Lowest price 10% decreasing	1%	8 years and 4 months

Continued / Table (11): Terms and Characteristics of Personal Loans Extended During 2011

Bank	Salary transfer	required collaterals	maximum amount of loan *	Interest rate Murabaha (%)	Annual commission (%)	Payment period (year)
Jordan Islamic Bank	Conditional	guarantor, and other guarantees	As the monthly installment doesn't exceed 50% of income	5.5%	-	5 years
Islamic International Arab Bank	Conditional	salary transfer	10000 JD	0	0	One year
Jordan Dubai Islamic Bank	Conditional	salary transfer, Promissory upon request, checks for non employees	50000 JD	From 5.75%	100 JD for one time	5 years
Al-Rajhi Bank	Conditional	-	50000 JD	6%-6.75%	100 JD for one time	8 year
HSBC	-	-	-	-	-	-
Egyptian Arab Land Bank	Salary transfer or deduction of salary	Personal guarantees, mortgages, salary transfer, deduction of salary	5000 JD according to case	8.5%-13%	1%	9 years
Rafidain Bank	-	-	-	-	-	-
Citi Bank	-	-	7000 JD	4.5%	-	3 years
Standard Chartered	conditional	Salary transfer	60000 JD	10.5%	1%	7 years
Bank Audi	conditional	Cash Margins	40000 JD	10%-12%	0.25%	6 months-6 years
National Bank of Kuwait	Conditional	Salary transfer	40000 JD	11%	1% annually	5 years
BLOM Bank	conditional	-	30000 JD	12%	-	1-8 years
National Bank of Abu Dhabi	conditional	salary transfer, guarantor in some cases	50000 JD	11%	1%	6 years

- Not Available

C. Car Loans

During 2012, banks operating in the kingdom granted more than 40800 loans to buy a car, whose value surpassed 321 million JD, so the average funding of car ranged from 6000 JD to about 58.5 thousand JD with a general average of 7880 JD. The interest rate varied between 4.00% and 12.0%, while the commission rate varied between zero and 1.5%. The settlement period varied between 5 years and 10 years, in addition to the condition of mortgaging the car by most banks.

Table (12)
Car Loans Extended During 2012

Bank	Number of car loans' applications submitted to banks during 2012	Number of accepted car loans during 2012	Total value of cars loans extended during 2012 (JD)	Average Finance Per One Car during 2012
Arab Bank	-	-	-	-
Jordan Ahli Bank	121	68	1340522	19713.56
Cairo Amman Bank	47	29	414000	14275.86
Bank of Jordan	-	282	4910000	17411.35
The Housing Bank for Trade & Finance	305	246	4600000	18699.19
Jordan Kuwait Bank	964	682	11100000	16275.66
Arab Jordan Investment Bank	4	4	234000	58500.00
Jordan Commercial Bank	73	55	1006335	18297.00
Investbank	250	204	2842321	13932.95
Arab Banking (Corporation) Jordan	20	10	277960	27796.00
Bank Al-Etihad	87	62	1423541	22960.34
Societe General – Jordan	206	189	3296000	17439.15
Capital Bank	206	153	2483447	16231.68
Jordan Islamic Bank	-	19233	147600000	7674.31
Islamic International Arab Bank	8249	7227	49555483	6856.99
Jordan Dubai Islamic Bank	942	673	11322187	16823.46
Al-Rajhi Bank	172	115	1456227	12662.84
HSBC	-	-	-	-
Egyptian Arab Land Bank	539	244	5183311	21243.08
Rafidain Bank	-	-	-	-
Citi Bank	0	0	0	0
Standard Chartered	-	-	-	-
Bank Audi	345	244	5264646	21576.42
National Bank of Kuwait	9	2	38600	19300.00
BLOM Bank	15802	11064	67042200	6059.49
National Bank of Abu Dhabi	-	-	-	-
Total	28341	40786	321390779.9	7879.93

- unavailable

Table (13)
Terms and Characteristics of Car Loans Extended During 2012

Bank	Terms of Car loans	financing ratio (New and used car)	Interest rate/ Murabaha (%) (New and used car)	Annual commission (%)	Payment period (year)
Arab Bank	car mortgage	100%	5%-5.5%	1%	6 years
Jordan Ahli Bank	Salary transfer and car mortgage by 100% of the loan	with salary transfer: 100% for new cars and 80% for used cars	11%	-	7 years
		Without salary transfer: 80% for new cars and 60% for used cars			
Cairo Amman Bank	Car mortgage + comprehensive insurance + salary transfer + car price estimation from certified centers + pay to the order of the seller	75%-100%	10%-12%	No commission	8 years and four months
Bank of Jordan	Car mortgage Without salary transfer in some cases	95% for new cars 85% for used cars (based on Car model and year)	4.49%-6.49%	1%-1.5% for the first time	7 years
The Housing Bank for Trade & Finance	Car mortgage + Comprehensive insurance	<u>New cars:</u> 100% for employees 90% for professionals <u>Used cars:</u> 100% for employees 80% for professionals	4.5% for transferred salaries 5% for professionals	No commission	10 years
Jordan Kuwait Bank	Car mortgage	New cars 100%, used cars 85%	5.50%	No commission	6 years
Arab Jordan Investment Bank	Car mortgage	70%	7.00%	No commission	7 years
Jordan Commercial Bank	Car mortgage	New cars 90% used cars 80%	5.75%	No commission	6 years
Investbank	Car mortgage	Up to 100%	10%	1% for the first year	5 years

Continued / Table (13) Terms and Characteristics of Car Loans Extended During 2012

Bank	Terms of Car loans	financing ratio (New and used car)	Interest rate/ Murabaha (%) (New and used car)	Annual commission (%)	Payment period (year)
Arab Banking (Corporation) Jordan	Car mortgage	New cars 90%	10% - 10.5%	-	7 years
Bank Al-Etihad	Car mortgage	-	8%	1%	8 years
Societe General - Jordan	Car mortgage + Salary transfer + guarantor in some cases	New Car 90% used car 80%	4.44%-5.55%	No commission	8 years and four months
Capital Bank	Car mortgage, salary transfer or checks	50% - 100%	Lowest price 10.5% decreasing	1%	8 years and four months
Jordan Islamic Bank	Car mortgage + guarantor	75%-100%	5.50%	-	5 years
Islamic International Arab Bank	- for A class companies and governmental entities up to 7500 JD (without car mortgage and guarantor) - for A class companies and governmental entities up to 6000 JD (without car mortgage, guarantor and comprehensive insurance) - for B class companies and unclassified companies (car mortgage and /or guarantor and / or other guarantees)	New cars up to 90% used cars 80%	From 4%	No commission	10 years
Jordan Dubai Islamic Bank	Car mortgage	Up to 100%	from 5%	50 JD	7 years
Al-Rajhi Bank	Salary transfer and car mortgage	New cars: 90%, Used cars: 80 %	4.5% - 5.5 %	150 JD	8 years
HSBC	-	-	-	-	-

Continued / Table (13) Terms and Characteristics of Car Loans Extended During 2012

Bank	Terms of Car loans	financing ratio (New and used car)	Interest rate/ Murabaha (%) (New and used car)	Annual commission (%)	Payment period (year)
Egyptian Arab Land Bank	Mortgage, insurance, personal guarantees, bank checks, Insurance Policy	50% - 90%	9%-12%	1%	7 years
Rafidain Bank	-	-	-	-	-
Citi Bank	-	New cars: 100% Used cars: 85%	4.5%	-	6 years for new cars 5 years for used cars
Standard Chartered	-	-	-	-	-
Bank Audi	Car mortgage, Comprehensive insurance	New Cars: 75% - 90% Used Cars: 75%-80%	5% - 6%	-	6 years
National Bank of Kuwait	Salary transfer and car mortgage	New Cars: 85% Used Cars: 70%	New cars 5% Used cars 6%	1% for the first year	7 years for new cars 5 years for used cars
BLOM Bank	Car mortgage	New Cars: 85% Used Cars: 80%	5.75%	No commission	6 years
National Bank of Abu Dhabi	-	-	-	-	-
HSBC	-	-	-	-	-
Egyptian Arab Land Bank	Mortgage, insurance, personal guarantees, bank checks, Insurance Policy	50% - 90%	9%-12%	1%	7 years
Rafidain Bank	-	-	-	-	-
Citi Bank	-	New cars: 100% Used cars: 85%	4.5%	-	6 years for new cars 5 years for used cars

Continued / Table (13) Terms and Characteristics of Car Loans Extended During 2012

Bank	Terms of Car loans	financing ratio (New and used car)	Interest rate/ Murabaha (%) (New and used car)	Annual commission (%)	Payment period (year)
Standard Chartered	-	-	-	-	-
Bank Audi	Car mortgage, Comprehensive insurance	New Cars: 75% - 90% Used Cars: 75%-80%	5% - 6%	-	6 years
National Bank of Kuwait	Salary transfer and car mortgage	New Cars: 85% Used Cars: 70%	New cars 5% Used cars 6%	1% for the first year	7 years for new cars 5 years for used cars
BLOM Bank	Car mortgage	New Cars: 85% Used Cars: 80%	5.75%	No commission	6 years
National Bank of Abu Dhabi	-	-	-	-	-

- Unavailable

D. Syndicated Bank Loans

Thirteen banks participated in the syndicated bank loans extended in 2012. These banks extended more than 118 million JD to various economic sectors, the most important of which were the services, industrial, constructions, and tourism sectors.

Table (14)
Syndicated bank loans extended during 2012

Bank	# of loans	Economic Sectors	Volume of Participation		Volume of Participation	
			Million JD	Million USD	(%) Million JD	(%) Million USD
Arab Bank	1	Services sector (Water)	30	0	28.6%	0
Jordan Ahli Bank	2	Health Services + Industry	9.89	0	20.2%	0
Cairo Amman Bank	2	Industry + services (transportation and customs)	6.9	0	26.5%	0
Bank of Jordan	2	Tourism + services (water)	12	5	8.2%	13%
The Housing Bank for Trade & Finance	2	Health Services+ public utilities	15	20	35%	16%
Jordan Kuwait Bank	2	Tourism + services (water)	36.3	7.4	24.9%	19.3%
Arab Jordan Investment Bank	2	Tourism + services (water)	6	3	4.1%	7.8%
Jordan Commercial Bank	1	Industry	1	0	16.7%	0
Investbank	3	Industry, Tourism, services (water)	8	8	5.5%	3.7%
Bank Al-Etihad	2	Health Services+ services (water)	15	0	10.1%	0
Capital Bank	1	Tourism	5	0	12.3%	0
HSBC	1	Industry	0	6	0	28.6%
Bank Audi	1	Construction	0	2.46%	0	13.3%

- Banks that have been listed in the table are only the ones that participated in the syndicated banking loans during 2012.

7. Deposits at Licensed Banks

The balance of total deposits at licensed banks rose by the end of 2012 to reach 24.970 billion JD, an increase amounting to 592 million JD (2.4%) compared with the deposits' balance at the end of 2011.

This increase in the balance of total deposits during 2012 was due to the increase in the resident private sector's deposits by 481 million JD (2.4%), the increase in the public sector's deposits by 162 million JD (10.6%), as well as the increase in the deposits of Social security corporation by 164 million JD (29.7%), compared to the levels they reached at the end of 2011.

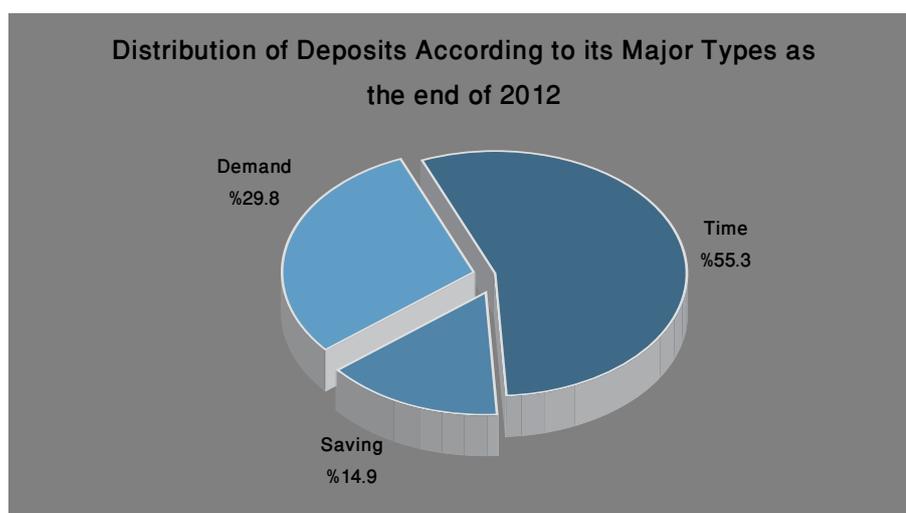
As for the structural development of the main types of deposits (demand, savings, and time deposits), time deposits had the highest percentage among deposits and accounted for 55.3% of total deposits at the end of 2012, compared to 57.9% in 2011. This slight regress in the importance of time deposits was due to the increase in the demand deposits whose percentage reached 29.8%, and the increase in the savings deposits to reach 14.9% at the end of 2012.

Table (15)
Distribution of Deposits According to its Major Types as the End of 2012

Deposit Type	2011		2012		Percentage Change %
	JD million	Relative Importance %	JD million	Relative Importance %	
Demand	6876.8	28.2%	7452.8	29.8	8.4%
Saving	3374.7	13.8%	3714.4	14.9	10.1%
Time	14126.4	57.9%	13802.5	55.3	-2.3%
Total Deposit	24377.9	100%	24969.7	100%	2.4%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (6)



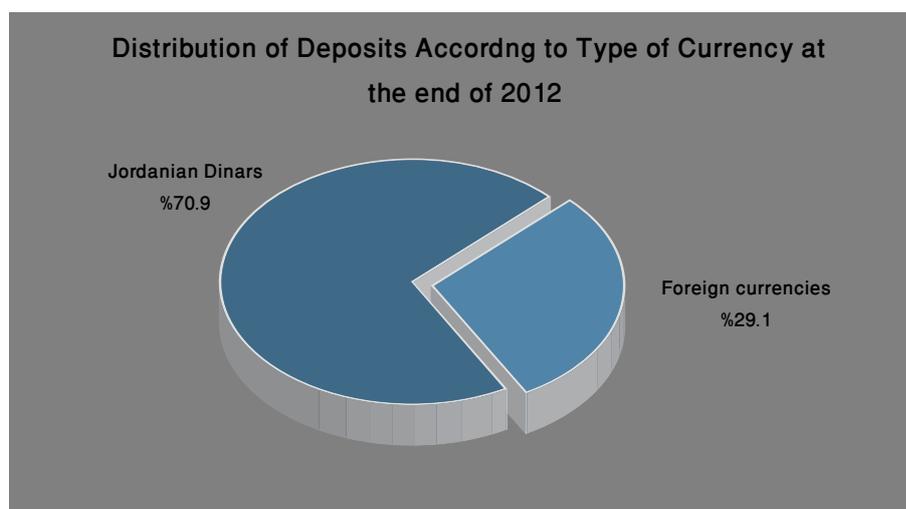
In light of the developments in deposits in terms of the currency types during 2012, an increase is noticed in the deposits in foreign currencies amounting to 2 billion JD, with a percentage of 38% of their value at the end of 2011. The item of deposits in Jordanian Dinar regressed by 1.4 billion JD, or the percentage of 7.4% of what they registered at the end of 2011. This change in the structure of deposits was the result of fears that prevailed in 2012 regarding the value of the Jordanian dinar, in addition to the decline in the foreign reserves.

Table (16)
Distribution of Deposits According to Type of Currency at the end of 2012

Deposits	2011		2012		Percentage Change %
	JD million	Relative Importance %	JD million	Relative Importance %	
Jordanian dinars	19119.1	78.4%	17711.1	70.9%	-7.4%
foreign currencies	5258.8	21.6%	7258.6	29.1%	38.0%
Total Deposits	24377.9	100%	24969.7	100%	2.4%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (7)





Chapter Four

Development in the Number of Banks and their Branches



The number of banks operating in Jordan reached 26 banks at the end of 2012, 16 of which are Jordanian banks (3 of which are Islamic banks), 10 of them are foreign banks (of which one is an Islamic bank). The services of these banks cover most parts of the kingdom through a network of branches that consist of 722 branches and 79 offices. The banking density indicator (the population to the total number of branches of banks operating in the kingdom) reached about 8848 people for each branch by the end of 2012.

Table (17)
Development of Number of Banks and Branches in Jordan (2003 – 2012)

Year	Number of Jordanian Banks		Number of Foreign Banks		Total	Number of Branches
	Commercial Banks	Islamic Banks	Commercial Banks	Islamic Banks		
2003	14	2	5	0	21	449
2004	14	2	8	0	24	447
2005	13	2	8	0	23	506
2006	13	2	8	0	23	516
2007	13	2	8	0	23	559
2008	13	2	8	0	23	593
2009	13	2	8	0	23	619
2010	13	3	9	0	25	666
2011	13	3	9	1	26	702
2012	13	3	9	1	26	722

1. Development of the Number of Branches

A. Branches opened in 2012

In an endeavor to keep in touch with their clients and facilitate the process of the client's getting the best banking services, the banks constantly try to increase the number of their branches to cover the whole kingdom. During 2012, new branches were opened by 14 banks; therefore, the number of new branches inside Jordan reached 34, whereas the number of branches opened outside Jordan during 2012 reached 4 Branches belonged to two banks.

Table (18)
Opening of Branches During 2012

Bank	In Jordan			Abroad		
	#	Branch's Name	City	#	Branch's Name	City
Arab Bank	0			3	Fifth Compound Branch	Egypt
					Kabatia Branch	Palestine
					Al-ersal Branch	Palestine
Jordan Ahli Bank	1	Khalda Branch	Amman	0		
Cairo Amman Bank	6	Gore essafi Branch	Amman	0		
		Ajloun Branch	Ajloun			
		Travel Complex Branch	Irbid			
		Tafileh Branch	Tafileh			
		Aljabal alshamali / Rusaifa	Zarqa			
		German Jordanian University Branch	Madaba			
Bank of Jordan	2	Alhashemi Alshamali Branch	Amman	1	Rafidia Branch	Palestine
		Thirty Street Branch	Irbid			
The Housing Bank for Trade & Finance	4	Bawabet Al salt Branch	Balqa	0		
		Taj Mall Branch	Amman			
		Aljeeza Branch	Amman			
		Thirty Street Branch	Irbid			
Arab Jordan Investment Bank	1	Jubaiha Branch	Amman	0		
Arab Banking Corporation / Jordan	2	Jerash Branch	Jerash	0		
		Marj Al-hamam Branch	Amman			
Bank Al-Etihad	6	Al-bayader Branch	Amman	0		
		Al-Rainbow Branch	Amman			
		Al-thaheer Branch	Amman			
		Jo Park Branch	Amman			
		Jabal Al-Hussein Branch	Amman			
		Al-Aqaba Branch	Amman			
Societe General - Jordan	1	Taj Mall Branch	Amman	0		
Jordan Islamic Bank	2	Al Husson Branch	Irbid	0		
		Bawabet Al salt Branch	Balqa			
International Islamic Arab Bank	4	Al-Rusaifa Branch	Zarqa	0		
		Deer Alla Branch	Balqa			
		Abu Nsair Branch	Amman			
		Al Hurria Street branch	Amman			
Jordan Dubai Islamic Bank	1	Sahab Branch	Amman	0		
Al-Rajhi Bank	1	Radio and Television Branch	Amman	0		
Audi Bank	1	Dabouq Branch	Amman	0		
BLOM Bank	2	Abdali Branch	Amman	0		
		Aqaba Branch	Aqaba			
Total	34			4		

* Banks listed in the table are only those which opened new branches, whether inside or outside Jordan, during 2012.

B. the number of Branches inside and Outside Jordan

The number of branches of licensed banks operating all over Jordan reached 722 branches inside Jordan, whereas the number of branches outside Jordan reached 164 at the end of 2012.

Table (19)
Number of Branches Inside and Outside Jordan at the End of 2012

Bank	Number of Branches	
	In Jordan	Abroad
Arab Bank	77	102
Jordan Ahli Bank	51	6
Cairo Amman Bank	69	19
Bank of Jordan	67	14
The Housing Bank for Trade & Finance	110	13
Jordan Kuwait Bank	44	3
Arab Jordan Investment Bank	12	1
Jordan Commercial Bank	28	5
Investbank	9	0
Arab Banking (Corporation) Jordan	27	0
Bank Al-Etihad	30	1
Societe General - Jordan	16	0
Capital Bank	13	0
Jordan Islamic Bank	64	0
International Islamic Arab Bank	36	0
Jordan Dubai Islamic Bank	13	0
Al-Rajhi Bank	3	0
HSBC	4	0
Egyptian Arab Land Bank	9	0
Rafidain Bank	2	0
Citi Bank	2	0
Standard Chartered	6	0
Bank Audi	12	0
National Bank of Kuwait	4	0
BLOM Bank	11	0
National Bank of Abu Dhabi	3	0
Total	722	164

C. Geographical Distribution of Branches inside Jordan

The 722 local branches of banks are spread to all governorates. The capital Amman has the largest share of the branches with a percentage of 62% of the total number of branches. Irbid Governorate follows Amman with 10% of the total number; Zarqa governorate accounts for 9.1% of the total branches. The rest, 18.8%, are distributed to the remaining 9 governorates.

Table (20)
Distribution of Branches Among Governorates at the End of 2012

Bank	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafleeh	Mafraq
Arab Bank	51	4	7	5	2	1	1	2	1	1	1	1
Jordan Ahli Bank	32	4	4	4	1	1	1	1	1	0	1	1
Cairo Amman Bank	34	10	6	6	2	3	2	1	1	1	1	2
Bank of Jordan	42	10	6	1	1	1	1	1	1	2	0	1
The Housing Bank for Trade & Finance	58	14	13	9	1	4	1	4	1	2	2	1
Jordan Kuwait Bank	33	3	4	2	1	0	1	0	0	0	0	0
Arab Jordan Investment Bank	9	1	1	0	1	0	0	0	0	0	0	0
Jordan Commercial Bank	16	3	2	3	1	1	1	0	0	0	0	1
Investbank	6	1	1	0	1	0	0	0	0	0	0	0
Arab Banking (Corporation) Jordan	19	1	1	1	1	1	1	0	1	0	0	1
Bank Al-Etihad	22	3	2	0	2	0	1	0	0	0	0	0
Societe General - Jordan	11	1	1	0	1	1	1	0	0	0	0	0
Capital Bank	9	1	2	0	1	0	0	0	0	0	0	0
Jordan Islamic Bank	29	9	9	4	1	4	1	2	1	2	1	1
International Islamic Arab Bank	20	2	5	2	1	1	1	0	1	1	1	1
Jordan Dubai Islamic Bank	11	1	1	0	0	0	0	0	0	0	0	0
Al-Rajhi Bank	3	0	0	0	0	0	0	0	0	0	0	0
HSBC	4	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	2	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	4	1	0	0	1	0	0	0	0	0	0	0
Bank Audi	10	1	0	0	1	0	0	0	0	0	0	0
National Bank of Kuwait	4	0	0	0	0	0	0	0	0	0	0	0
BLOM Bank	9	1	0	0	1	0	0	0	0	0	0	0
National Bank of Abu Dhabi	3	0	0	0	0	0	0	0	0	0	0	0
Total	448	72	66	37	22	18	13	11	8	9	7	11

2. Development of the Number of Offices

A. Offices opened during 2012

For the sake of extending their services to the largest number of customers in the kingdom, banks tend to open offices in commercial centers, malls, universities and many other places. Fourteen offices were opened inside Jordan by five banks during 2012.

Table (21)
Offices Opened During 2012

Bank	In Jordan			Abroad		
	#	Office Name	City	#	Office Name	City
Cairo Amman Bank	8	Amman Customs Office	Amman	0		
		Free Zone Office	Zarqa			
		Al shobak Office	Ma'an			
		Wadi Musa Office	Ma'an			
		Ma'an Office	Ma'an			
		Deer Abu Sa'eed Office	Irbid			
		Alshoneh Al-Shamalia Office	Irbid			
		Alshoneh Al-Janwbia Office	Balqa			
The Housing Bank for Trade & Finance	1	Shwekh Mall Office	Aqaba	0		
Arab Jordan Investment Bank	1	Taj Mall Office	Amman	0		
Jordan Islamic Bank	3	Free Zone Office	Zarqa	0		
		Al shobak Office	Ma'an			
		Jerash Office	Jerash			
Egyptian Arab Land Bank	1	Khalda Office	Amman	0		
Total	14			0		

*Banks listed in the table are only those which opened new offices, whether inside or outside Jordan during 2012.

B. The number of offices inside and outside Jordan

The number of offices of licensed banks amounted to 79 offices in different parts of the kingdom, in addition to 8 offices outside Jordan by the end of 2012.



Table (22)
Number of Offices Inside and Outside Jordan at the End of 2012

Bank	Number of Offices	
	In Jordan	Abroad
Arab Bank	0	0
Jordan Ahli Bank	2	1
Cairo Amman Bank	15	2
Bank of Jordan	13	1
The Housing Bank for Trade & Finance	6	3
Jordan Kuwait Bank	9	0
Arab Jordan Investment Bank	10	1
Jordan Commercial Bank	2	0
Investbank	0	0
Arab Banking (Corporation) Jordan	0	0
Bank Al-Etihad	2	0
Societe General - Jordan	0	0
Capital Bank	0	0
Jordan Islamic Bank	15	0
International Islamic Arab Bank	0	0
Jordan Dubai Islamic Bank	0	0
Al-Rajhi Bank	0	0
HSBC	0	0
Egyptian Arab Land Bank	4	0
Rafidain Bank	0	0
Citi Bank	0	0
Standard Chartered	0	0
Bank Audi	1	0
National Bank of Kuwait	0	0
BLOM Bank	0	0
National Bank of Abu Dhabi	0	0
Total	79	8

C. Geographical distribution of offices inside Jordan

The 79 offices of Banks are spread in most governorates of Jordan; the capital, Amman, took possession of 38% of the total number of these offices, followed by Irbid Governorate with the percentage of 21.5%, and Zarqa and Aqaba governorate by the percentage of 10.1%. The rest is distributed to the rest of the governorates with the exception of Madaba and Ajloun governorates which did not have any bank office during 2012.

Table (23)
Distribution of Offices Among Governorates at the End of 2012

Bank	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafleh	Mafraq
Arab Bank	0	0	0	0	0	0	0	0	0	0	0	0
Jordan Ahli Bank	0	2	0	0	0	0	0	0	0	0	0	0
Cairo Amman Bank	3	3	1	1	3	0	0	4	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	2	2	0	0	1	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	6	2	1	0	1	0	0	0	0	0	0	0
Jordan Commercial Bank	0	1	1	0	0	0	0	0	0	0	0	0
Investbank	0	0	0	0	0	0	0	0	0	0	0	0
Arab Banking (Corporation) Jordan	0	0	0	0	0	0	0	0	0	0	0	0
Bank Al-Etihad	2	0	0	0	0	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	0	0	0	0	0	0	0	0
Jordan Islamic Bank	6	2	3	0	0	1	0	1	1	0	1	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
Al-Rajhi 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	0	0	0	0	0	0	0	0	0	0	0	0
Bank Audi	1	0	0	0	0	0	0	0	0	0	0	0
National Bank of Kuwait	0	0	0	0	0	0	0	0	0	0	0	0
BLOM Bank	0	0	0	0	0	0	0	0	0	0	0	0
National Bank of Abu Dhabi	0	0	0	0	0	0	0	0	0	0	0	0
Total	30	17	8	4	8	2	0	6	1	0	1	2

3. Development of the Number of ATMs

A. The number of ATMs and their distribution in governorates

In order to keep up with the developments in the financial services sector and to absorb the growing numbers of ATM users, banks always opt to increase the number of ATMs they have. By the end of 2012, the number of ATMs amounted to 1291, compared to 1219 ATMs at the end of 2011. These ATMs are spread in different numbers in all governorates. The capital Amman has the biggest share amounting to 66.6% of the total number of ATMs, followed by the Irbid governorate with the share of 9.7%, then the Zarqa governorate with the share of 6.7% of the total number of ATMs. The rest is distributed over the remaining governorates.

Table (24)
Distribution of ATMs Among Governorates at the End of 2012

Banks	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafleh	Mafrq	total	of which in the builds of banks branches
Arab Bank	108	7	9	6	3	1	3	2	1	1	1	1	143	92
Jordan Ahli Bank	57	6	4	5	4	1	1	1	1	0	1	1	82	54
Cairo Amman Bank	103	31	9	9	7	6	4	7	3	4	1	4	188	97
Bank of Jordan	74	11	8	5	2	1	2	1	1	2	0	3	110	75
The Housing Bank for Trade & Finance	111	26	17	7	6	9	3	6	1	2	3	3	194	125
Jordan Kuwait Bank	58	3	4	2	2	1	1	0	0	0	0	1	72	59
Arab Jordan Investment Bank	20	1	1	0	2	0	0	0	0	0	0	0	24	15
Jordan Commercial Bank	23	4	2	2	2	1	1	0	0	0	0	1	36	30
Investbank	11	1	2	0	2	0	0	0	0	0	0	0	16	-
Arab Banking (Corporation) Jordan	37	2	2	2	3	1	2	0	1	0	0	1	51	28
Bank Al-Etihad	30	3	2	0	2	0	2	0	0	0	0	0	39	34
Societe General - Jordan	12	1	1	0	1	1	1	0	0	0	0	0	17	16
Capital Bank	25	4	3	0	2	0	0	0	0	0	0	0	34	12
Jordan Islamic Bank	62	16	14	3	3	5	2	4	4	4	3	3	123	93
International Islamic Arab Bank	25	2	5	2	1	1	1	0	1	1	1	1	41	37
Jordan Dubai Islamic Bank	13	2	1	0	0	0	0	0	0	0	0	0	16	13
Al-Rajhi Bank	16	0	1	0	0	0	0	0	0	0	0	0	17	6
HSBC	23	0	0	0	0	0	0	0	0	0	0	0	23	11
Egyptian Arab Land Bank	8	1	2	0	2	0	0	0	0	0	0	1	14	14
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	6	1	0	0	1	0	0	0	0	0	0	0	8	6
Bank Audi	17	2	0	0	1	0	0	0	0	0	0	0	20	13
National Bank of Kuwait	8	0	0	0	0	0	0	0	0	0	0	0	8	-
BLOM Bank	9	1	0	0	1	0	0	0	0	0	0	0	11	11
National Bank of Abu Dhabi	4	0	0	0	0	0	0	0	0	0	0	0	4	-
Total	860	125	87	43	47	28	23	21	13	14	10	20	1291	841



B. Kinds of ATM used

Banks operating in Jordan use different kinds of ATMs. However, the most frequently used kind is the NCR machine. Diebold and Wincor machines are also used, among others.

C. Operating systems

ATMs owned by banks operating in Jordan work with different operating systems. Nevertheless, most ATMs inside Jordan are operated with the Windows, Aprta, and Bankworld systems.

D. Services Provided by the ATM

ATMs owned by banks provide a large spectrum of banking services round the clock. They enable customers to withdraw cash in Jordanian dinar, inquiring about the balance, in addition to other services that are available in most ATMs, the most important of which is having a brief account statement, changing the PIN Code, money transfers to accounts at the same bank, applying for a check book, and other services detailed in the table below.

**Table (25):
Services Provided by Banks' ATMs Until the End of 2011**

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	√		√	√		√	√		√		√	√		√	√		√
Bank Al-Etihad	√		√	√		√	√		√			√		√	√		√
Societe General - Jordan	√					√	√		√			√			√		
Capital Bank	√		√	√	√	√		√				√		√	√	√	√
Jordan Islamic Bank	√					√	√		√			√		√	√		√
International Islamic Arab Bank	√			√	√	√	√		√			√		√	√		√
Jordan Dubai Islamic Bank	√					√	√								√		√
Al-Rajhi Bank	√					√									√		√
HSBC	√		√	√	√	√	√		√		√	√			√		
Egyptian Arab Land Bank	√					√	√		√		√	√		√	√		√
Rafidain Bank**																	
Citi Bank**																	
Standard Chartered	√			√	√	√	√		√		√	√		√	√		√
Bank Audi	√					√	√		√						√		√
National Bank of Kuwait	√					√	√								√		
BLOM Bank	√					√									√ For debit card		√
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.

In addition to the afore-mentioned services, there are other services that banks provide through their ATMs as is shown in the table below.

**Table (26):
Other Services Provided Through ATMs**

Bank	Other services provided through ATMs
Arab Bank	Register for Hala Arabi the Phone Banking Service
	Instructions Deposit
	Donation within the program together (for non-profit institutions)
	Query for credit card information
	Query from credit card transactions
	Credit card payment (Instant Cash Deposit)
	Order an Account Statement to be mailed to your address
Bank of Jordan	Recharge the prepaid cards in advance
The Housing Bank for Trade & Finance	Applying for a credit card
Bank Al-Etihad	Express withdraw service
	Express loan service

*Banks listed in the table are only those which provide other services through ATMs.



Chapter Five

Performance of Banks Listed in Amman Stock Exchange during 2012



The number of banks listed in Amman stock exchange reached 15 banks by the end of 2012, the closing stock prices of which ranged between 0.92 JD and 8.25 JD. The number of bank shares traded in the stock exchange totaled 114.2 million shares, while the trading volume of these shares reached 303.6 million JD. The following table shows the most important trading indicators of the banks listed in Amman Stock Exchange during 2012.

Table (27)
Some Trading Indicators of Banks Listed at the Amman Stock Exchange During 2012

Banks	Symbol	Closing price At end 2011	High price during 2012	low price during 2012	Closing price At end 2012	Average Price	Value traded thousand JD	Shares traded (thousand)
Arab Bank	ARBK	7.85	8.39	6.61	7.25	7.52	149,405	19,863
The Housing Bank for Trade & Finance	THBK	8.00	8.49	7.95	8.25	8.18	6,633	811
Bank of Jordan	BOJX	2.05	2.33	1.96	2.30	2.11	21,820	10,326
Capital Bank	EXFB	1.36	1.35	1.05	1.13	1.20	4,091	3,410
Jordan Ahli Bank	AHLI	1.43	1.45	1.14	1.26	1.27	19,869	15,674
Jordan Islamic Bank	JOIB	2.75	3.41	2.39	2.81	2.92	28,938	9,896
Bank Al-Etihad	UBSI	1.44	1.73	1.28	1.37	1.60	30,566	19,125
Societe General - Jordan	SGBJ	0.95	0.97	0.83	0.85	0.87	1,200	1,374
Arab Banking (Corporation) Jordan	ABCO	0.98	1.22	0.97	1.00	1.06	2,856	2,700
Arab Jordan Investment Bank	AJIB	1.31	1.48	1.24	1.40	1.33	2,243	1,682
Jordan Kuwait Bank	JOKB	3.62	3.60	2.95	3.03	3.12	2,851	915
Cairo Amman Bank	CABK	2.77	2.93	2.38	2.75	2.67	6,840	2,560
Investbank	INVB	1.34	1.41	1.15	1.18	1.25	4,221	3,362
Jordan Dubai Islamic Bank	JDIB	0.87	1.16	0.85	0.92	0.98	20,629	21,144
Jordan Commercial Bank	JCBK	1.10	1.20	0.90	1.00	1.00	1,391	1,394

Source: Amman Stock Exchange

1. Shares Price Index

The price index (weighted by market value) of shares of banks listed in Amman Stock Exchange went down by about 245 points (3.25%), reaching 7297.4 points at the end of 2012, compared with a decline of 1306 points (14.8%) in 2011. This decline comes simultaneously with the decline in the price index of the stock exchange in general which regressed by 1.2% during 2012 and by 12.6% during 2011.



Table (28)

Development of the Share Price Index of Banks Listed on the Amman Stock Exchange (2006 – 2012)

year	The weighted shares prices index (points)	
	Banks	General
2005	10704.7	5518.1
2006	13886.7	7519.3
2007	11380.1	6243.1
2008	9368.0	5520.1
2009	8848.3	5318.0
2010	7542.3	4648.4
2011	7297.4	4593.9

Source: Amman Stock Exchange

Chart (8)

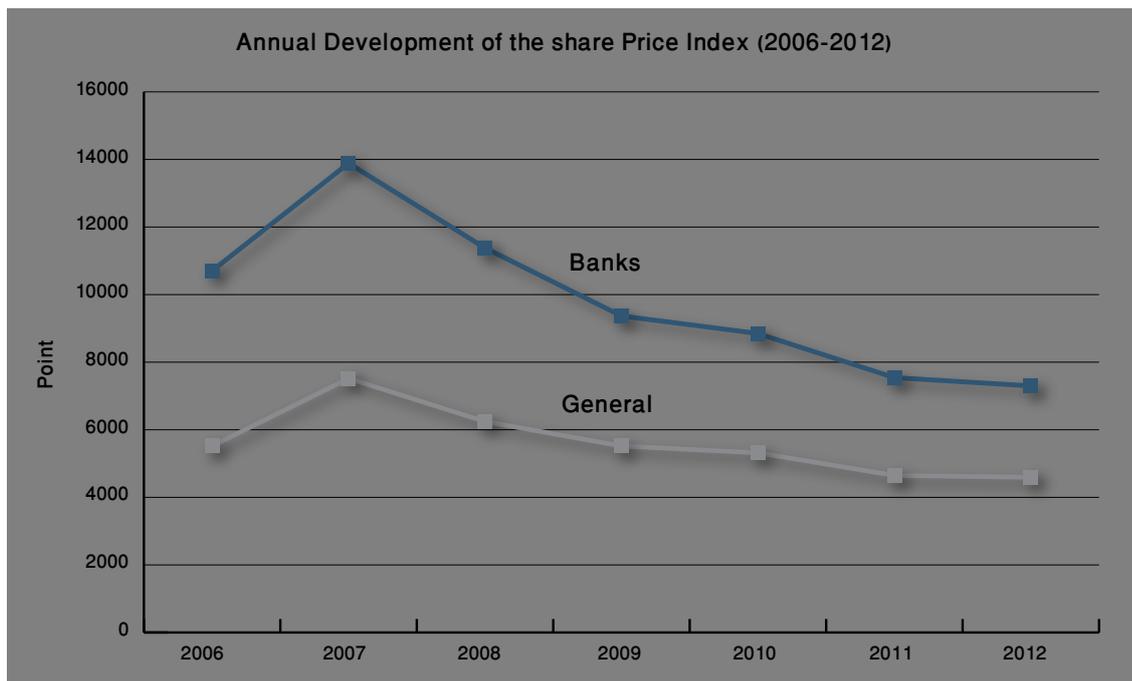




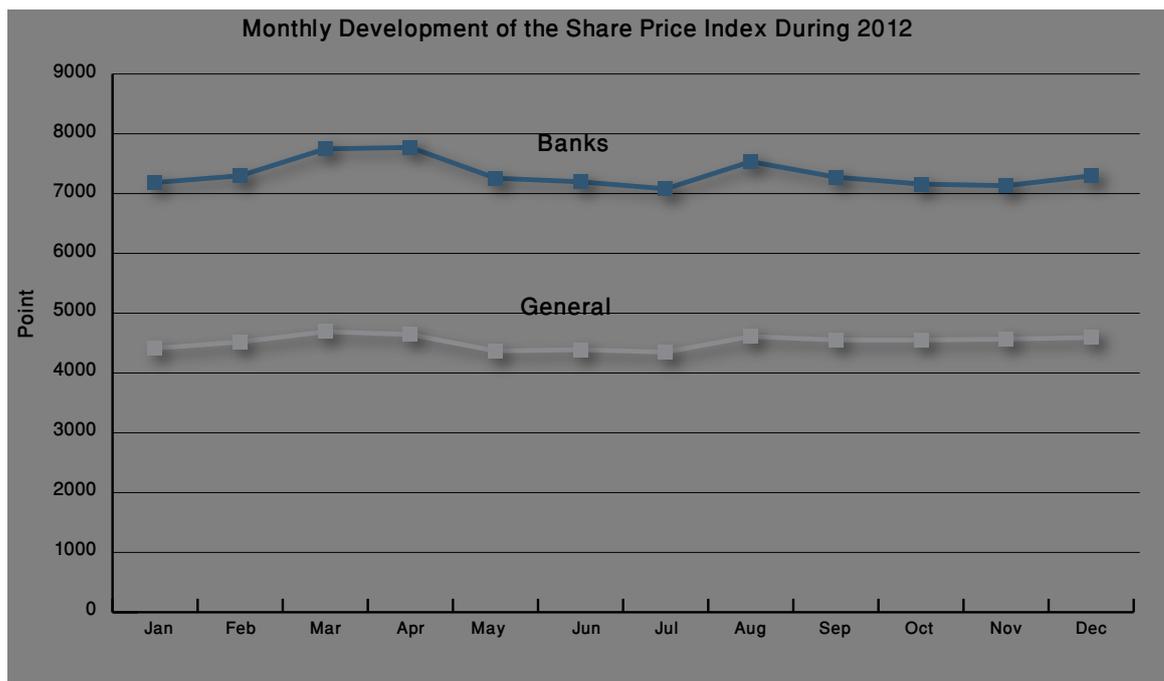
Table (29)

Monthly Development of the Share Price Index of Banks Listed on the Amman Stock Exchange During 2012

Month	The weighted shares prices index (points)	
	Banks	General
January	7184.6	4414.0
February	7298.4	4519.4
March	7747.0	4691.9
April	7771.4	4643.7
May	7257.5	4396.0
June	7196.7	4389.8
July	7079.7	4350.1
August	7534.0	4612.7
September	7274.7	4551.8
October	7158.4	4551.1
November	7131.9	4576.0
December	7297.4	4593.9

Source: Amman Stock Exchange

Chart (9)



2. Trading Volume

The trading volume of Amman Stock Exchange continued to decline during 2012, reflecting in this trend the fears that prevailed within the investors' ranks towards the general economic conditions in the kingdom. The substantial decline that the Amman bourse suffered from reflected a condition of incertitude on the side of investors that pushed them to reduce their trading in the companies' shares in the market. The previous factors led to a decline in the volume of trading in the market as a whole from 2.763 billion JD during 2011 to 1.932 billion JD during 2012. The trading volume in the shares of banks listed in the bourse dropped from 406 million JD during 2011 to 304 million JD in 2012.

Table (30)

Trading Volume of Banks' Shares Listed at the Amman Stock Exchange (2006 – 2012)

Year	Value Traded (JD million)		
	Banks	General	Banks/ General (%)
2006	2,867.8	14,209.9	20.2
2007	2,460.8	12,348.1	19.9
2008	2,983.9	20,318.1	14.7
2009	826.5	9,134.2	9.0
2010	514.8	6,088.6	8.5
2011	405.8	2,762.7	14.7
2012	303.6	1,931.9	15.7

Source: Amman Stock Exchange

Chart (10)

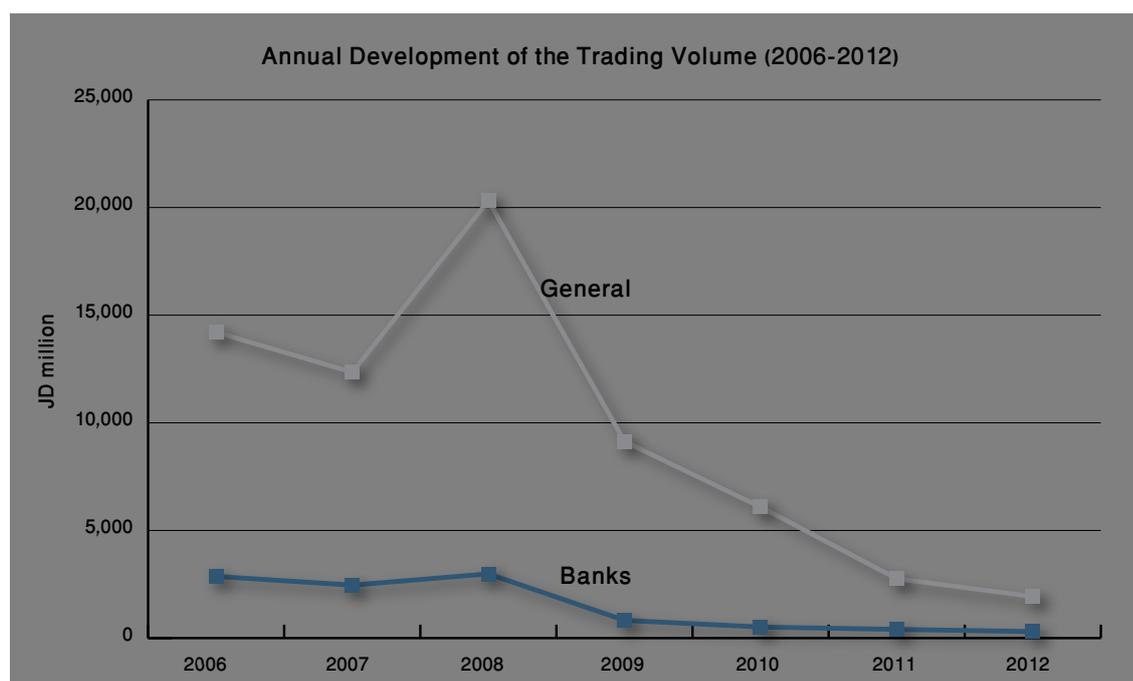




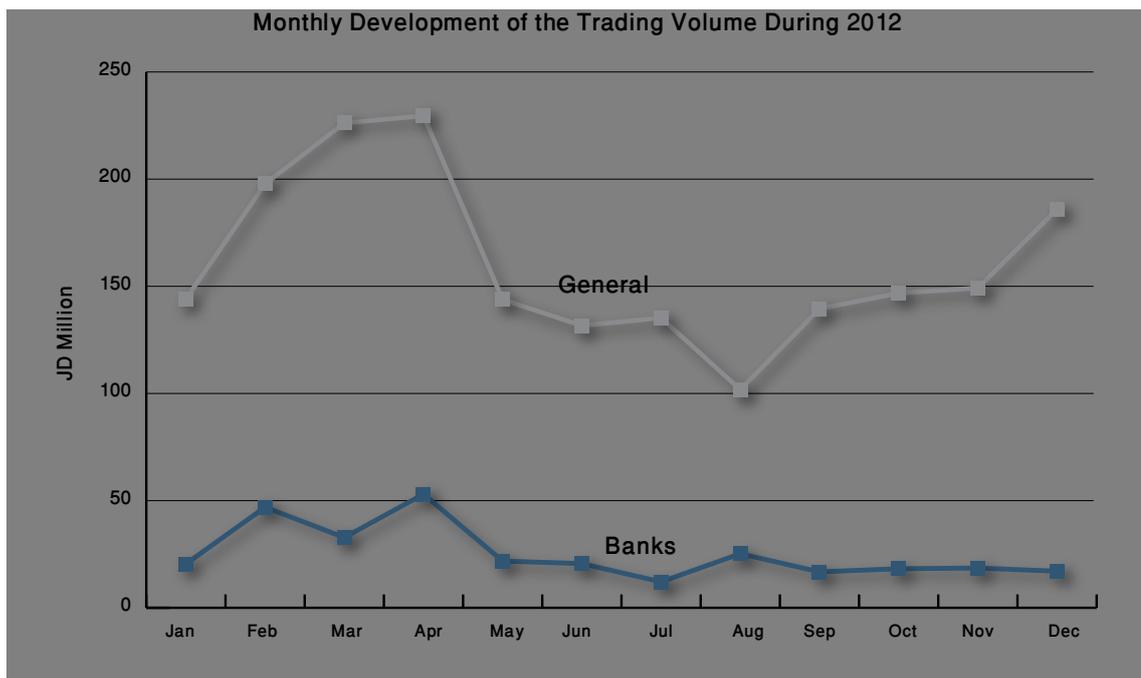
Table (31)

Monthly Trading Volume of Banks' Shares Listed at the Amman Stock Exchange During 2012

MONTH	Value Traded (JD million)		
	Banks	General	Banks/ General (%)
January	20.48	144.17	14.2
February	46.93	197.79	23.7
March	32.81	226.19	14.5
April	53.01	229.56	23.1
May	21.80	143.82	15.2
June	20.62	131.67	15.7
July	12.09	135.29	8.9
August	25.23	101.80	24.8
September	16.76	139.54	12.0
October	18.23	146.80	12.4
November	18.55	149.23	12.4
December	17.06	186.05	9.2
Total	303.6	1931.9	15.7

Source: Amman Stock Exchange

Chart (11)



3. Non-Jordanian Ownership of Jordanian Banks' Shares

The non-Jordanian ownership of Jordanian banks' shares had evidently been stable during the recent years, even during the international financial crisis and its aftermath. This is due to the good financial indicators of Jordan's banking system, and the financial strength and soundness that the system enjoys, which made it a destination for investors from outside Jordan. The average of non-Jordanian ownership of shares of banks listed on Amman bourse during the period from 2003-2012 comes close to 56.2%; this percentage reached 60% in 2012.

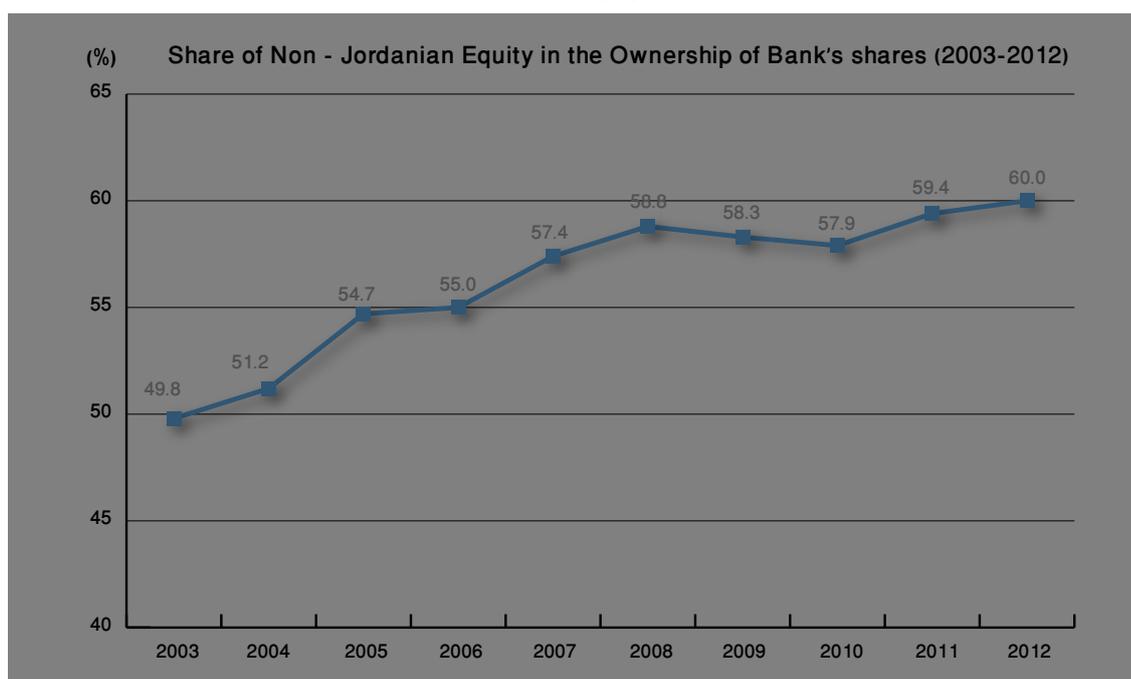
Table (32)

Non-Jordanian Ownership of Banks' Shares Listed at the Amman Stock Exchange (2003-2012)

Year	The Contribution of Non-Jordanians %
2003	49.80
2004	51.20
2005	54.70
2006	54.95
2007	57.35
2008	58.84
2009	58.25
2010	57.90
2011	59.40
2012	60.0

Source: Amman Stock Exchange

Chart (12)







Chapter Six

Clearing of Checks





This chapter reviews the most important changes undergone by check clearance in the kingdom. It also reviews the development of checks presented for clearance and returned checks during 2012.

1. Historical Overview of Check Clearing

The central bank of Jordan provides licensed banks with the service of check clearing pursuant to its law no. 23 for the year 1971 and its amendments in Article 37 Paragraph B.

The system of check clearing passed through many stages. The beginning was done manually until July 1997, when the system of automatic clearing began work until July 2007. After that date, a quantitative step was taken with the initiation of the electronic clearing, when checks were collected by banks at the same day as of Nov. 4, 2007. Electronic clearing is defined as the process of exchanging data, including checks' information, images and symbols, electronically via the CBJ's Electronic Clearing Center, as well as defining the net balances resulting from this process at a specific time.

Checks are collected between banks at the same day as follows:

- ◆ Checks deposited by clients from 8:00 AM until 12:00 noon are collected at the same working day; the client is allowed to withdraw the value of the check the following working day.
- ◆ Checks deposited after 12:00 noon are collected at the session of the next working day.

The service of checks clearance is done through electronic clearance under a legal cover to operate them, which is the Central Bank of Jordan's Law, Electronic Transactions Law, and the Principles and Rules of Work and the Electronic Clearance ad hoc Instructions.

The goal behind the electronic clearance was to move out of the automatic clearance system and into the electronic clearance of checks, to stop circulation of paper checks for the purposes of clearance at the stage of their deposit at banks, and collecting checks at the same day for all governorates of the kingdom, in addition to increasing confidence in checks as an instrument of payment and limiting as much as possible the volume of returned checks.

This system of electronic clearance had benefits on two levels: the level of banks and that of clients. For banks, the benefits include being aware of the bank's financial position before hand, the optimal employment of monies available at banks, getting exact information and statistics on checks as well as a detailed and swift archiving system, minimizing the risks of moving paper checks from and into banks, the possibility of getting images and data on checks via the electronic clearance speedily and easily. The system works 24/24; therefore, there is plenty of time to dispatch checks whatever their number is.

As for clients, the check's collection is done at the same date in which it is deposited; it can be known whether the check is accepted or rejected at the same day. The check's amount is credited to the beneficiary's account at the same day if deposition was done before noon, or the next working day if the deposition is done after 12:00 noon. To this we can add the increased confidence in dealing with checks.

2. Development in the of Checks' Clearance during 2012

Checks presented for clearance witnessed ebbs and flows during 2012, as they registered change averages as regards quantity: the highest growth average in 2006 which is 14 percent; the highest regress in 2010 which registered minus 8.6 percent, while the change averages as for quality recorded that highest growth average in 2005 by 33.3 percent, and the highest retreat average in 2009 by 13.3 percent.

By calculating the annual change average for the period of 2003-2012, it is clear that checks presented for clearance increased by 2.9 percent in regard with quantity and 12.8 percent in regard with quality.

The number of checks presented for clearing grew from 10908.8 thousand checks during 2011 to 11141.8 thousand checks during 2012. However, the value of checks presented for clearing dropped from 37448.7 million JD during 2011 to 39808 million JD during 2012.

Table (33)

Circulated and Returned Cheques Through the Electronic Clearing (2011 – 2012)

Description	2011	2012	Percentage Change %
Circulated Cheques			
Number (thousand)	10908.8	11141.8	2.14
Value(JD million)	37448.7	39808.0	6.30
Returned Cheques			
Number (thousand)	603.8	589.1	-2.43
Value(JD million)	1566.8	1557.5	-0.59
The ratio to the number of Circulated Cheques (%)	5.53	5.29	-
The ratio to the value of Circulated Cheques (%)	4.18	3.91	-
Returned Cheques for insufficient balance			
Number (thousand)	367.7	360.6	-1.93
Value(JD million)	939.0	915.1	-2.55
The ratio to the number of Circulated Cheques (%)	60.90	61.21	-
The ratio to the value of Circulated Cheques (%)	59.93	58.75	-
Returned Cheques for another reasons			
Number (thousand)	236.1	228.4	-3.26
Value(JD million)	627.8	642.6	2.36
The ratio to the number of Circulated Cheques (%)	39.10	38.77	-
The ratio to the value of Circulated Cheques (%)	40.07	41.26	-

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

The number of returned checks also fell during 2012 compared to the year before in terms of both the number and value by 2.43% and 0.59% respectively. The number of returned checks to the total number of checks presented for clearing during 2012 stood at 5.29%, which include 61.2% returned for the reason of insufficient funds, and 38.8% returned for other reasons. The value of returned checks to the total value of checks presented for clearing stood at 3.91% during 2012, which include 58.7% returned for the reason of insufficient funds, and 41.3% returned for other reasons.



Chapter Seven

The Structure of Interest Rates



This chapter depicts the developments in the weighted average of interest rates on all types of deposits and credit facilities, in addition to the development in the interest rate margin. It will also deal with the development of interest rates on the monetary policy tools, and the development of interbank lending rates (JODIBOR).

1. The Development of Interest Rates on Deposits

Interest rates on all types of deposits experienced the following changes during 2012:

- ◆ Demand Deposits: The weighted average of interest rates on demand deposits went down at the end of 2012 by one basis point compared to its level at the end of 2011 to reach 0.42%.
- ◆ Saving deposits: The weighted average of interest rates on saving deposits increased by 6 basis points at the end of 2012 compared to the level it registered at the end of 2011 to reach 0.76%.
- ◆ Time deposits: The weighted average of interest rates on time deposits increased at the end of 2012 by 73 basis points compared to its level at the end of 2011 to reach 4.19%.

Table (34)

Weighted Average of Interest Rates on All Types of Deposits (2003-2012)

Year	Demand %	Saving %	Time %
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
2011	0.43	0.70	3.46
2012	0.42	0.76	4.19

Source: Central Bank of Jordan/ Monthly Statistical Bulletin



Chart (13)

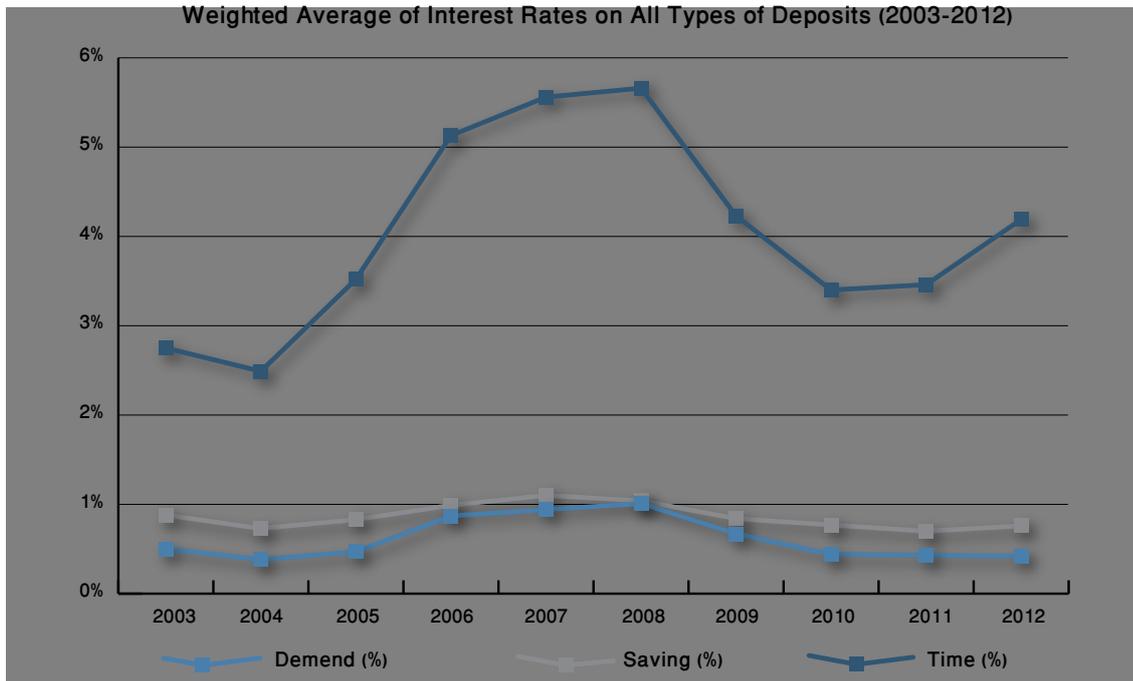


Table (35)

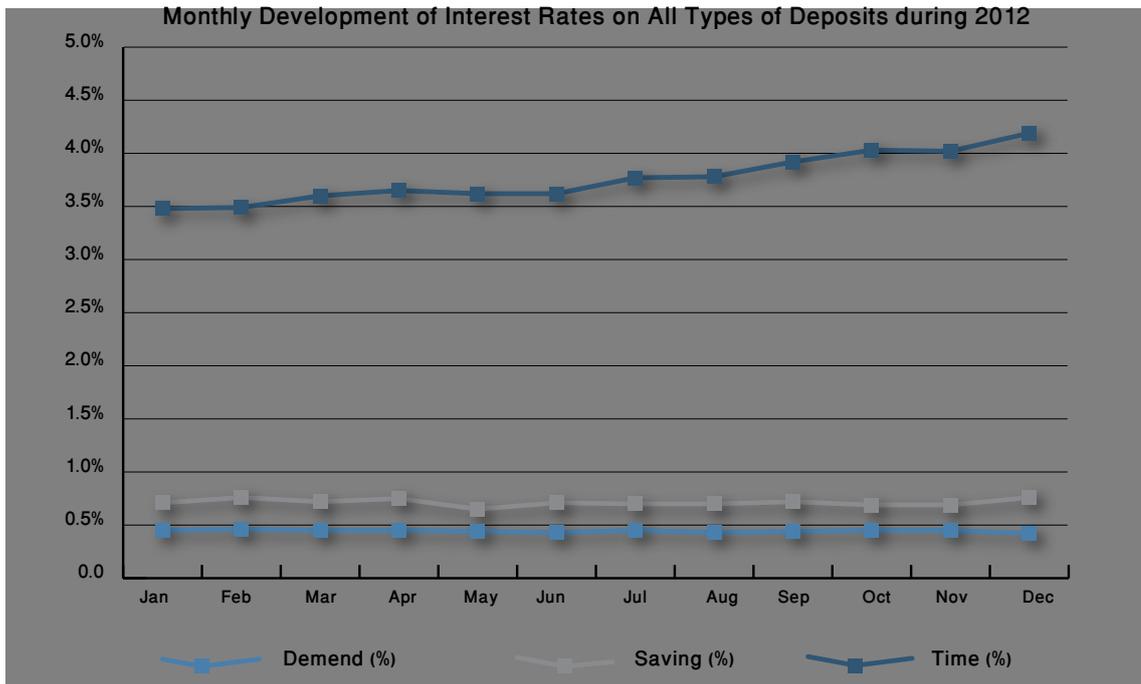
Monthly Weighted Average of Interest Rates on All Types of Deposits in 2012

MONTH	Demand %	Saving %	Time %
January	0.45	0.71	3.48
February	0.46	0.76	3.49
March	0.45	0.72	3.60
April	0.45	0.75	3.65
May	0.44	0.65	3.62
June	0.43	0.71	3.69
July	0.45	0.70	3.77
August	0.43	0.70	3.78
September	0.44	0.72	3.92
October	0.45	0.69	4.03
November	0.45	0.69	4.02
December	0.42	0.76	4.19
Average	0.44	0.71	3.77
MAX	0.46	0.76	4.19
MIN	0.42	0.65	3.48

Source: Central Bank of Jordan/ Monthly Statistical Bulletin



Chart (14)



2. Development of Interest Rates on Credit Facilities

Interest rates on the different types of facilities witnessed the following changes during 2012:

- ◆ **Overdrafts:** The weighted average of interest rates on overdrafts increased at the end of 2012 by 48 basis points from its level at the end of 2011 to become 9.28%
- ◆ **Loans and Advances:** The weighted average of interest rates on loans and advances increased at the end of 2012 by 28 basis points from its level at the end of 2011 to become 8.95%.
- ◆ **Discounted Bills and Bonds:** The weighted average of interest rates on discounted bills and bonds rose at the end of 2012 by 25 basis points from its level at the end of 2011 to become 9.59%
- ◆ **Prime Lending Rate:** The prime lending rate rose at the end of 2011 by 46 basis points from the level it registered at the end of 2011 to reach 8.68%



Table (36)

Weighted Average of Interest Rates on All Types of Credit Facilities (2003-2012)

year	Overdrafts (%)	Loans and Advances (%)	Discounted Bills & Bonds (%)	Prime Lending Rate (%)
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
2011	8.80	8.67	9.34	8.22
2012	9.28	8.95	9.59	8.68

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (15)

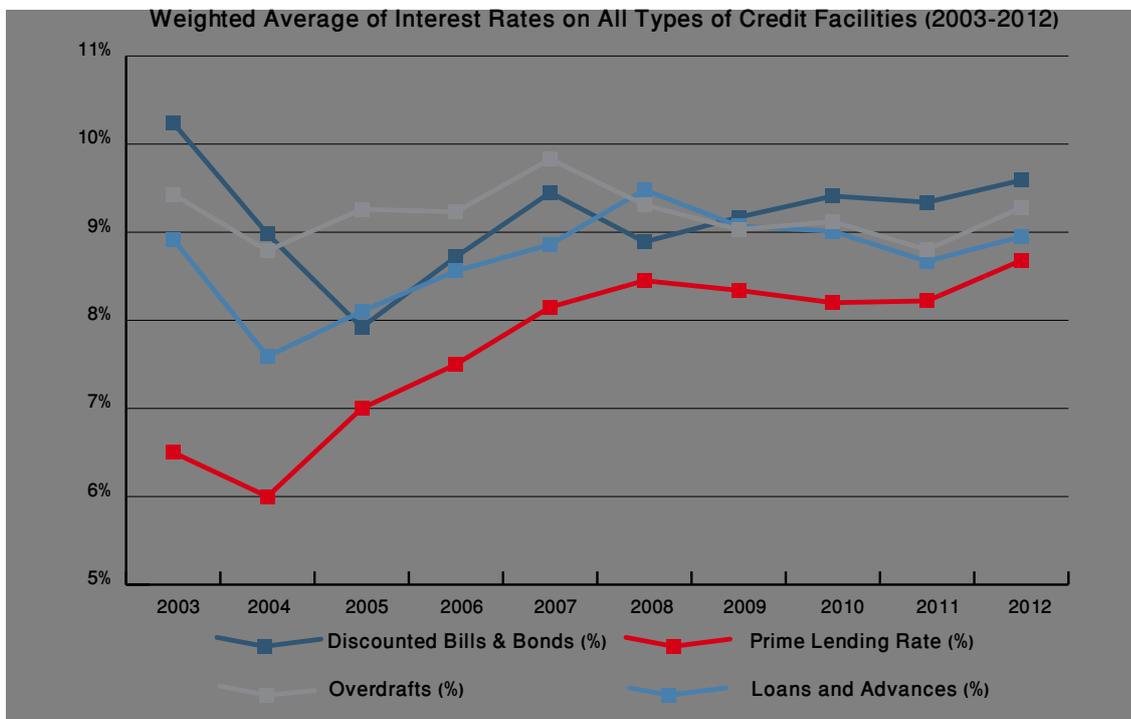




Table (37)

Weighted Average of Interest Rates on All Types of Credit Facilities in 2012

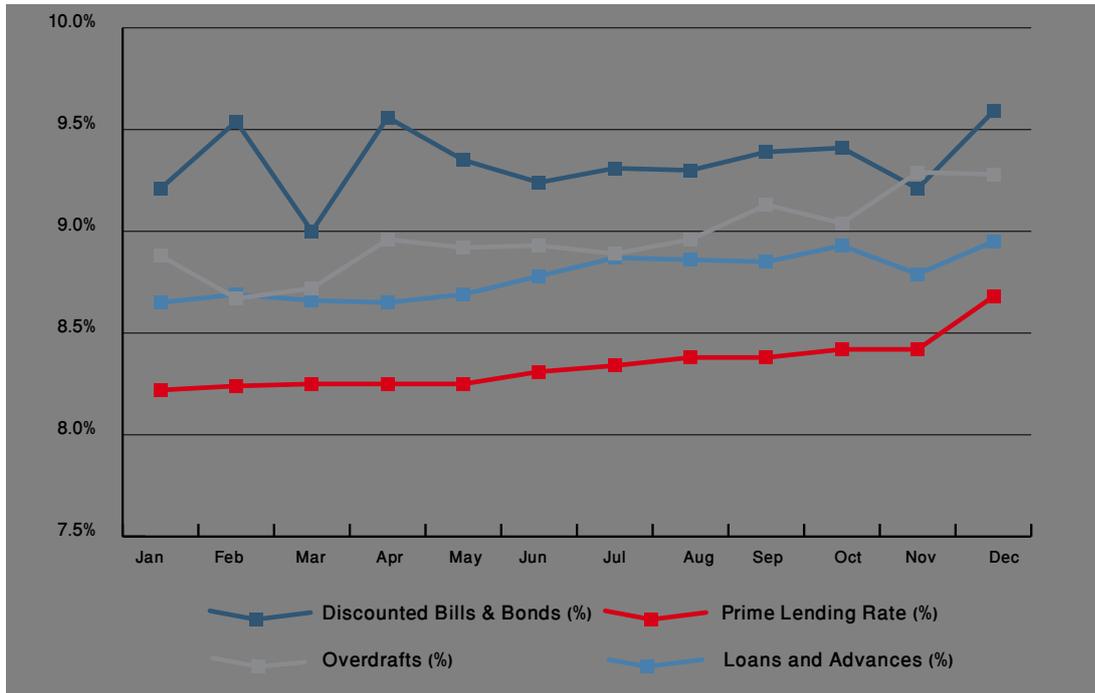
MONTH	Overdrafts (%)	Loans and Advances (%)	Discounted Bills & Bonds (%)	Prime Lending Rate (%)
January	8.88	8.65	9.21	8.22
February	8.67	8.69	9.54	8.24
March	8.72	8.66	9.00	8.25
April	8.96	8.65	9.56	8.25
May	8.92	8.69	9.35	8.25
June	8.93	8.78	9.24	8.31
July	8.89	8.87	9.31	8.34
August	8.96	8.86	9.30	8.38
September	9.13	8.85	9.39	8.38
October	9.04	8.93	9.41	8.42
November	9.29	8.79	9.21	8.42
December	9.28	8.95	9.59	8.68
Average	8.97	8.78	9.34	8.35
MAX	9.29	8.95	9.59	8.68
MIN	8.67	8.65	9.00	8.22

Source: Central Bank of Jordan/ Monthly Statistical Bulletin



Chart (16)

Monthly Development of Interest Rates on All Types of Credit Facilities During 2012



3. Interest Rate Margin

Interest rate margin is usually calculated as the difference between the weighted average of interest rates on loans and advances and the weighted average of interest rates on time deposits as they are the biggest and most important types of facilities and deposits.

The interest rate margin suffered during 2012 a set-back of 45 basis points to reach 4.76% in comparison with a margin of 5.21% in 2011. This setback happened as a result of the increase in the interest rates on time deposits by 73 base points, and the increase in the interest rates on loans and advances by 28 basis points.

Chart (17)

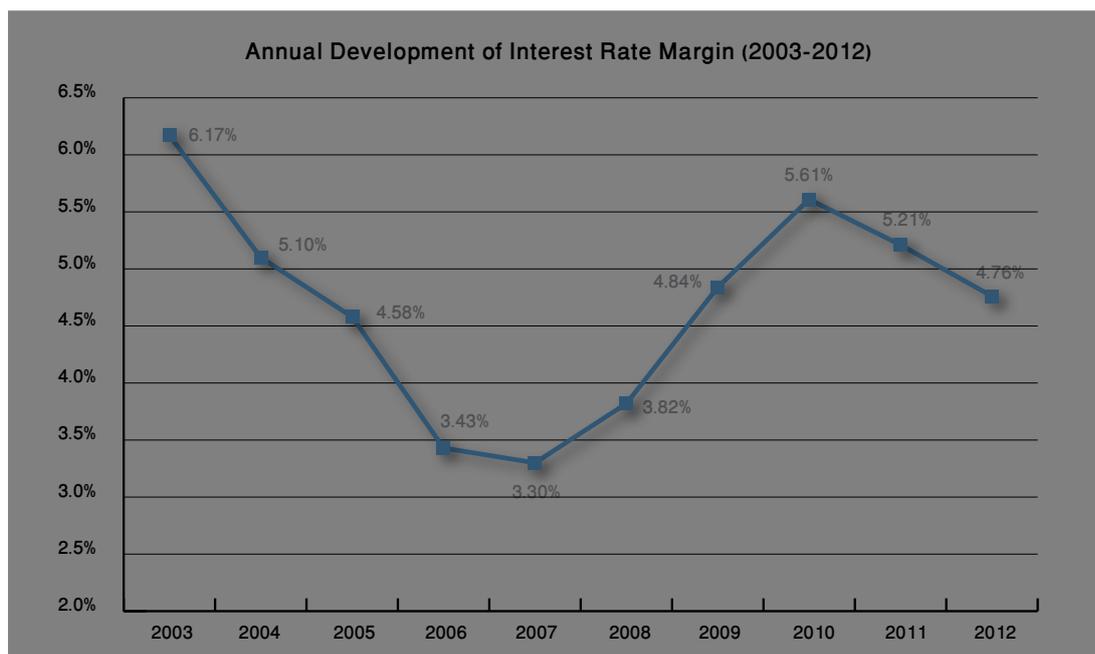
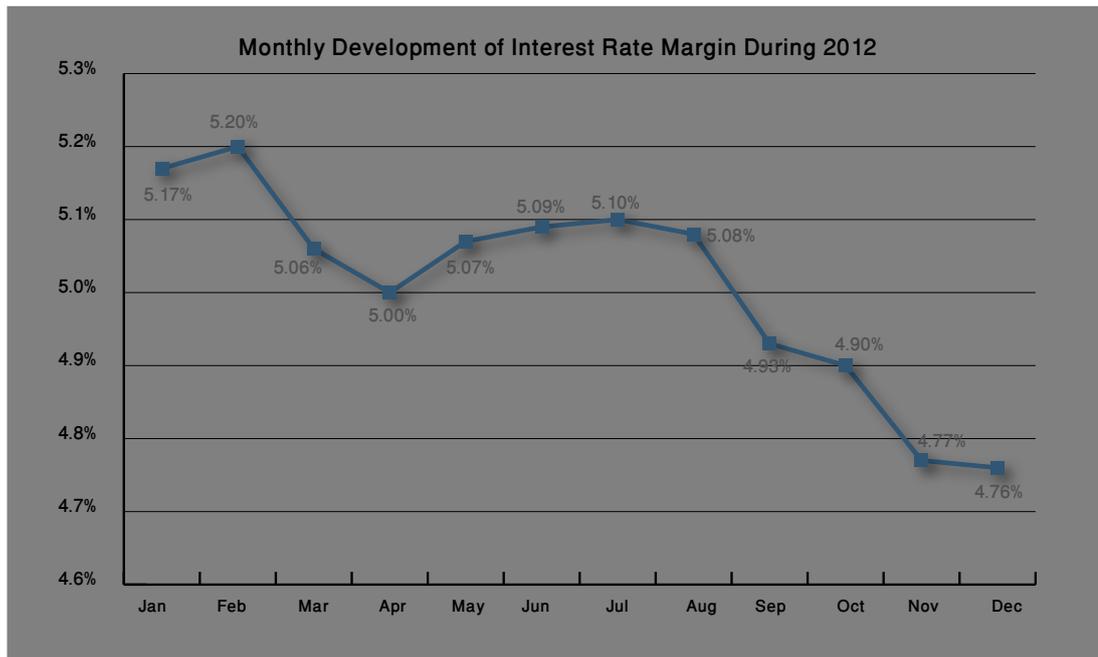


Chart (18)



4. Development of Interest Rates on Monetary Policy Tools

In its strives to increase the attractiveness and competitiveness of the revenue of financial instruments denominated in Jordanian Dinar, and to contain inflation pressures stemming from global hikes in oil and basic goods, the Central Bank of Jordan raised interest rates on monetary policy tools three times in 2012 to become as follows:

- ◆ Rediscount Rate: It was raised by 50 basis points to reach 5.0%, compared with 4.5% at the end of 2011.
- ◆ Interest rate on Overnight Repurchase Agreements: It was raised by 50 basis points to become 4.75% instead of 4.25% at the end of 2011.
- ◆ Interest rate on Overnight Window Deposit: It was raised by 175 basis points to become 4.0% instead of 2.25% at the end of 2011.

Table (38)

Interest Rates on Monetary Policy Tools (2003 - 2012)

Year	Rediscount /Rate %	Repurchase Agreements %	Certificates of Deposit		Certificates of Deposit
			(3) Months %	(3) Months %	
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
2011	4.500	4.250	-	-	2.250
2012	5.00	4.750	-	-	4.00

Source: Central Bank of Jordan/ Monthly Statistical Bulletin



Table (39)
Interest Rates on Monetary Policy Tools in 2012

MONTH	Rediscount /Rate %	Repurchase Agreements %	Deposit Window (One Night) %
January	4.50	4.25	2.25
February	5.00	4.75	2.75
March	5.00	4.75	2.75
April	5.00	4.75	2.75
May	5.00	4.75	3.25
June	5.00	4.75	3.25
July	5.00	4.75	3.25
August	5.00	4.75	3.25
September	5.00	4.75	3.25
October	5.00	4.75	3.25
November	5.00	4.75	3.25
December	5.00	4.75	4.00

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

5. Interbank Lending Interest Rates (JODIBOR)

Interbank lending rates (JODIBOR) during 2012 points out to the following:

- An increase in the average overnight lending interest rates in 2012 compared to 2011 by 99 basis points, reaching 3.658%.
- An increase in the average lending interest rates for one week in 2012 compared with 2011 by 105 basis points to become 4.126%.
- An increase in the average lending interest rates for one month in 2012 compared with 2011 by 106 basis points to become 4.498%.
- An increase in the average lending interest rates for three months during 2012 compared with its average in 2011 by 97 basis points to reach 4.812%.
- An increase in the average lending interest rates for six months during 2012 compared with its average in 2011 by 99 points to reach 5.229%.
- An increase in the average lending interest rates for one year during 2012 compared with its average in 2011 by 89 basis points to reach 5.762%.

Table (40)**Average Inter-Bank Lending Interest Rates (JODIBOR – Declared Rates) (2006 – 2012)**

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
2011	2.668	3.073	3.435	3.840	4.235	4.871
2012	3.658	4.126	4.498	4.812	5.229	5.762

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

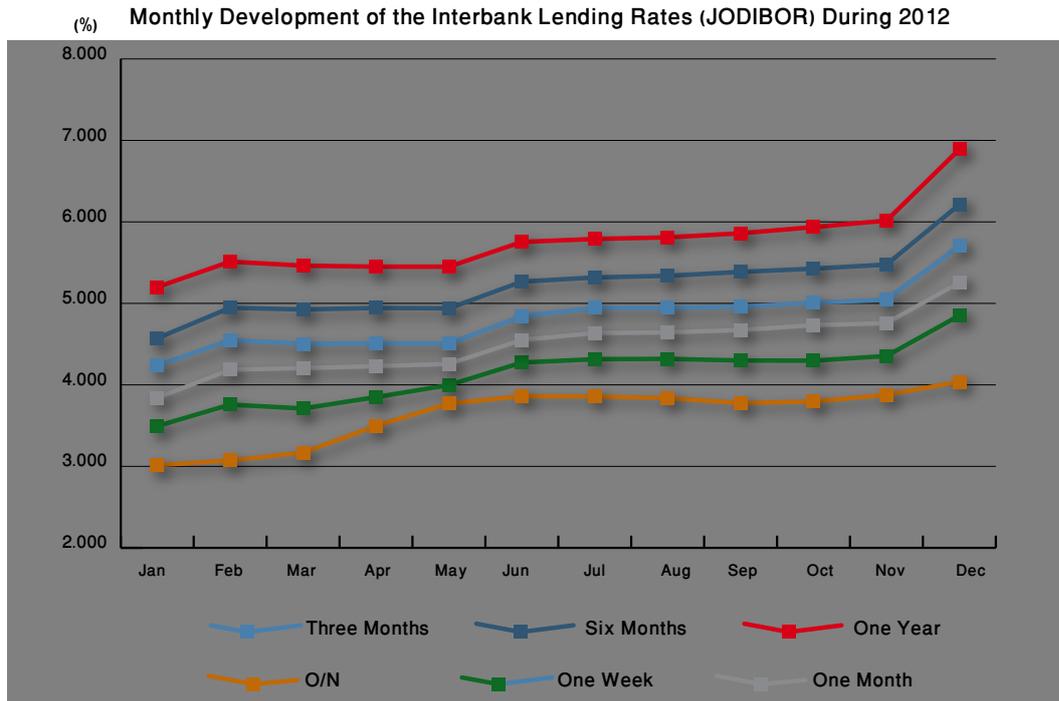
The table below shows the monthly developments on interbank average lending interest rates during 2012. It reveals that all maturities registered their lowest rates in the first month of the year, and then they gradually began to increase until the lending interest rates registered their highest rates in the last month of the year.

Table (41)**Average Inter-Bank Lending Interest Rates (JODIBOR – Declared Rates) in 2012**

MONTH	O/N	ONE WEEK	ONE MONTH	THREE MONTHS	SIX MONTHS	ONE YEAR
January	3.014	3.494	3.841	4.238	4.572	5.200
February	3.072	3.758	4.186	4.548	4.946	5.512
March	3.168	3.710	4.206	4.503	4.925	5.463
April	3.497	3.850	4.229	4.510	4.944	5.459
May	3.770	3.997	4.257	4.506	4.939	5.450
June	3.861	4.274	4.552	4.842	5.267	5.754
July	3.857	4.315	4.636	4.944	5.318	5.794
August	3.838	4.319	4.644	4.944	5.338	5.810
September	3.776	4.299	4.673	4.959	5.386	5.863
October	3.795	4.297	4.733	5.007	5.426	5.936
November	3.878	4.354	4.757	5.045	5.476	6.015
December	4.376	4.851	5.257	5.704	6.212	6.891
Average	3.658	4.126	4.498	4.812	5.229	5.762
MAX	4.376	4.851	5.257	5.704	6.212	6.891
MIN	3.014	3.494	3.841	4.238	4.572	5.200

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

Chart (19)



As for the volume of overnight interbank activity during 2012, it fluctuated in terms of the number of executed transactions as well as the total credit amount, in addition to the fluctuation in the pricing margin (the difference between the actual prices announced by the Central Bank less the declared price of the association – JODIBOR) which registered the lowest margin in November (0.011%), and the highest margin in February (0.104%).

Table (42)

Volume of Overnight Inter-Bank Activity During 2012

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	265	1,405.70	3.014%	2.951%	-0.063%
February	294	1,856.50	3.073%	2.969%	-0.104%
March	472	2,824.00	3.168%	3.155%	-0.013%
April	341	1,738.70	3.497%	3.442%	-0.055%
May	588	3,469.45	3.770%	3.730%	-0.040%
June	302	1,605.00	3.861%	3.795%	-0.066%
July	377	2,031.05	3.857%	3.823%	-0.034%
August	257	1,354.90	3.838%	3.776%	-0.062%
September	277	1,439.70	3.776%	3.680%	-0.096%
October	346	2,068.15	3.795%	3.753%	-0.042%
November	544	2,991.80	3.878%	3.867%	-0.011%
December	219	1,396.70	4.376%	4.292%	-0.084%

* 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 (20)

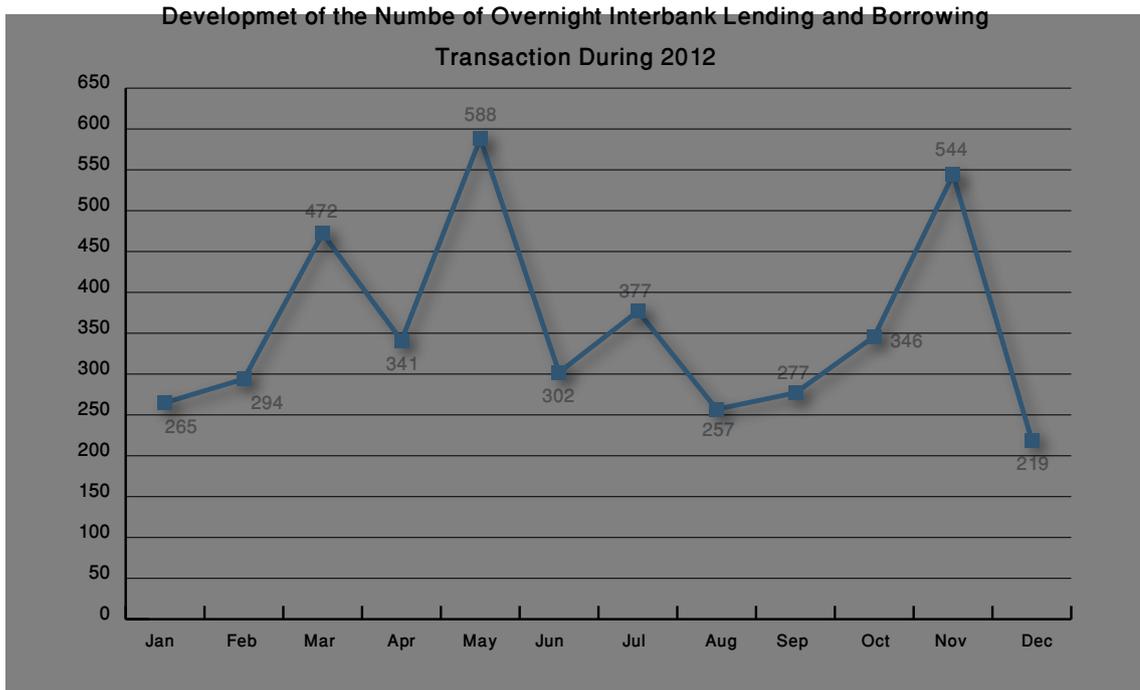


Chart (21)

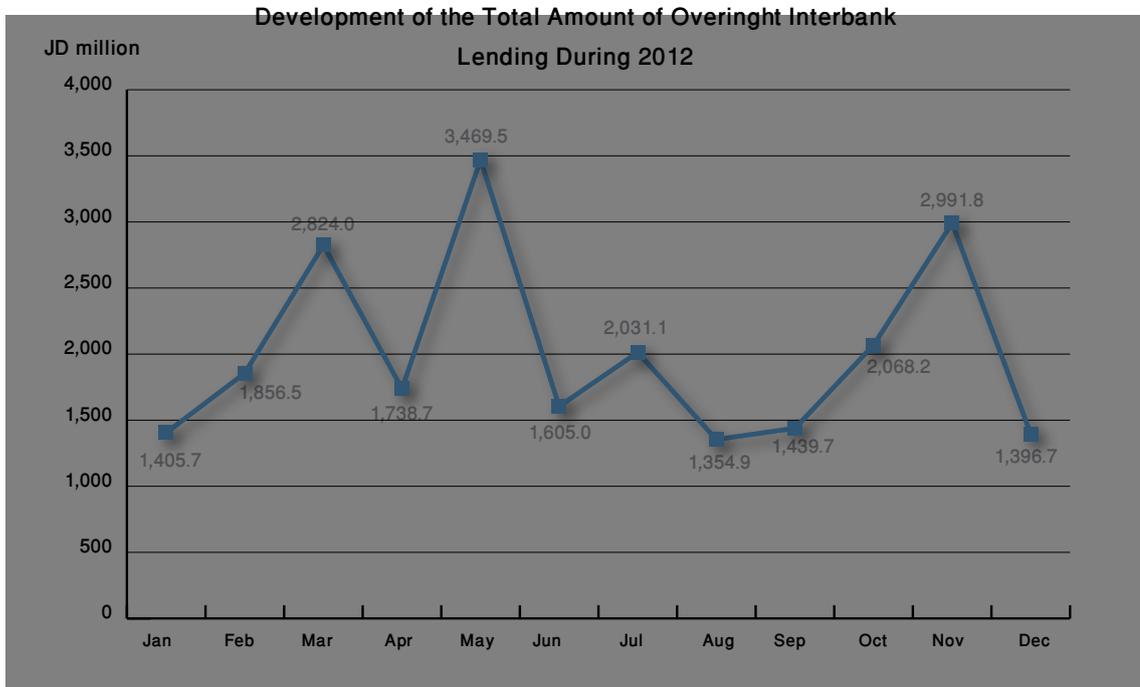
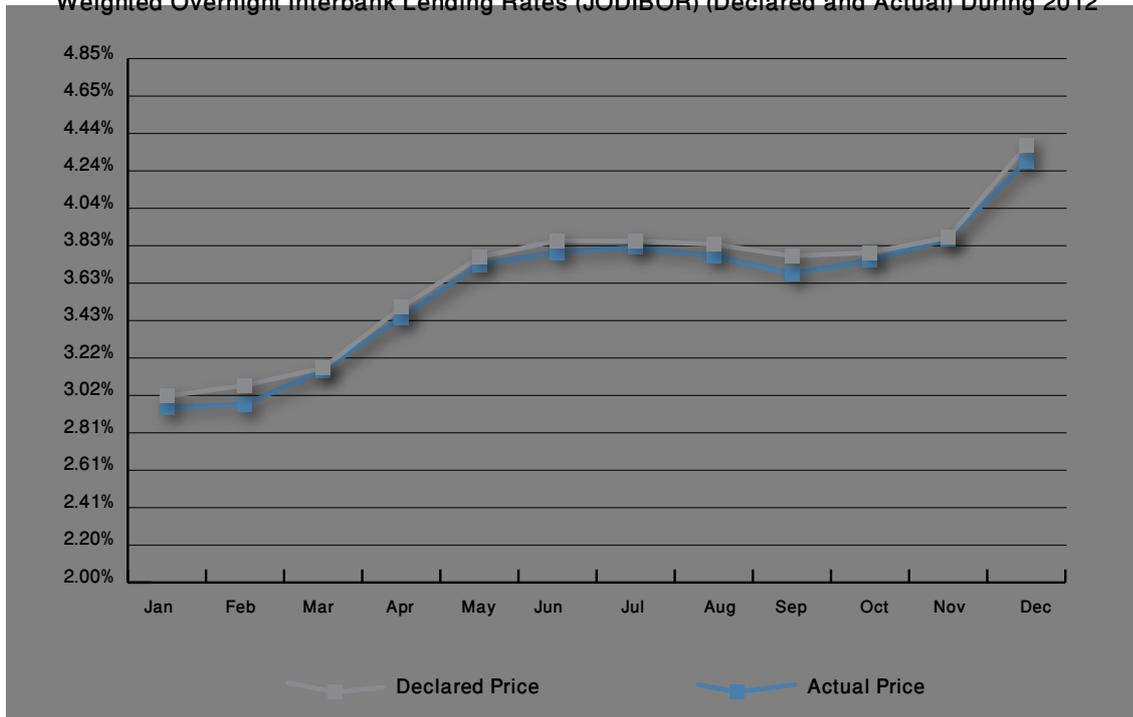




Chart (22)

Weighted Overnight Interbank Lending Rates (JODIBOR) (Declared and Actual) During 2012





Chapter Eight

The Comparative Performance of Banks Operating in Jordan During 2012





This chapter contains a full summary of the overall developments experienced by banks operating in Jordan during 2012. The first part of the chapter handles the developments of the main items in the balance sheet in terms of total assets, credit facilities and deposits at the banks operating in Jordan, in addition to the shareholders' equity and capital. The second part contains the most important items of the income statement of banks operating in Jordan, which are the pretax profit and the net after-tax profit. The third part deals with the most important profitability measurements of banks operating in Jordan that link the balance sheet and the income statement, which are the average return on assets (ROA) and the average return on shareholders' equity (ROE) during 2012. The fourth part shows the indicators of banks' branching in Jordan, including the number of branches and that of ATMs. The fifth and final part reflects the development and distribution of the volume of human resources in the banks operating in Jordan at the end of 2012.

It is noteworthy here that the banks are ranked in a descending manner (from the highest bank to the lowest bank) according to each of the previous criteria, in addition to calculating the relative importance for each bank in relation to the total operating banks. We also took into consideration the division of 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.

First: Banks' Ranking According to Some Balance Sheet Items:

A. Banks' Ranking According to the Total Assets as at the end of 2012

The total assets of licensed banks operating in Jordan at the end of 2012 amounted to almost 37.3 billion JD, distributed as follows: 27.7 billion JD for Jordanian commercial banks (74.2% of the total assets of banks operating in Jordan); 5.2 billion JD for the Islamic banks (13.9% of total assets) and 4.4 billion JD for foreign banks (11.9% of total assets).

Table (43)

Total Assets of Banks Operating in Jordan at the End of 2012

Jordanian Commercial Banks	Bank	Ranking 2012	Assets (JD million)	Ratio to Total Assets %
	Arab Bank	1	7,858.00	21.05%
	The Housing Bank For Trade & Finance	2	5,857.00	15.69%
	Jordan Kuwait Bank	3	1,992.90	5.34%
	Jordan Ahli Bank	4	1,979.00	5.30%
	Bank Al-Etihad	5	1,727.00	4.63%
	Bank of Jordan	6	1,600.10	4.29%
	Cairo Amman Bank	7	1,583.00	4.24%
	Capital Bank	8	1,460.00	3.91%
	Arab Jordan Investment Bank	9	877.70	2.35%
	Arab Banking (Corporation) Jordan	10	813.00	2.18%
	Jordan Commercial Bank	11	775.01	2.08%
	Investbank	12	694.00	1.86%
	Societe General Bank _ Jordan	13	480.14	1.29%
Total			27,696.85	74.18%
Islamic Banks	Bank	Ranking 2012	Assets (JD million)	Ratio to Total Assets %
	Jordan Islamic Bank*	1	3,275.60	8.77%
	International Islamic Arab Bank	2	1,174.18	3.14%
	Jordan Dubai Islamic Bank	3	475.22	1.27%
	Al-Rajhi Bank	4	274.97	0.74%
Total			5,199.97	13.93%
Foreign Banks	Bank	Ranking 2012	Assets (JD million)	Ratio to Total Assets %
	HSBC	1	1,035.46	2.77%
	Bank Audi	2	822.94	2.20%
	BLOM Bank	3	709.01	1.90%
	Standard Chartered Bank	4	488.60	1.31%
	Egyptian Arab Land Bank	5	457.43	1.23%
	National Bank of Kuwait	6	311.70	0.83%
	Citi Bank	7	278.17	0.75%
	National Bank of Abu Dhabi	8	188.61	0.51%
Rafidain Bank	9	148.00	0.40%	
Total			4,439.92	11.89%

* Including the total balances and the balances of accounts managed for third parties off balance "restricted investments and the Muqaradah and proxy investment bonds"

Source: Banks' financial data

B. Banks' Ranking According to the Total Credit Facilities as at the end of 2012

The balance of credit facilities granted by the banks operating in Jordan amounted to 17.4 billion JD, of which 12.21 billion JD were granted by Jordanian commercial banks (70.2% of the total credit facilities); 3.64 billion JD by Islamic banks (20.9% of total credit facilities) and 1.55 billion JD by foreign banks (8.9% of total credit facilities).

Table (44)

Credit Facilities Extended By Banks Operating in Jordan at the End of 2012

Bank	Ranking 2012	Credit Facilities (JD million)	Ratio to total Credit Facilities %
Jordanian Commercial Banks			
Arab Bank	1	2,687.00	15.45%
The Housing Bank For Trade & Finance	2	2,171.00	12.48%
Jordan Kuwait Bank	3	1,292.10	7.43%
Jordan Ahli Bank	4	1,088.00	6.25%
Cairo Amman Bank	5	852.00	4.90%
Bank of Jordan	6	822.40	4.73%
Bank Al-Etihad	6	822.40	4.73%
Capital Bank	8	618.00	3.55%
Jordan Commercial Bank	9	453.71	2.61%
Arab Banking (Corporation) Jordan	10	443.00	2.55%
Investbank	11	412.00	2.37%
Arab Jordan Investment Bank	12	337.80	1.94%
Societe General Bank _ Jordan	13	211.12	1.21%
Total		12,210.53	70.19%
Islamic Banks			
Jordan Islamic Bank *	1	2,461.20	14.15%
International Islamic Arab Bank	2	564.05	3.24%
Jordan Dubai Islamic Bank	3	392.43	2.26%
Al-Rajhi Bank	4	221.90	1.28%
Total		3,639.58	20.92%
Foreign Banks			
Bank Audi	1	329.93	1.90%
HSBC	2	312.14	1.79%
BLOM Bank	3	310.42	1.78%
Egyptian Arab Land Bank	4	220.45	1.27%
Standard Chartered Bank	5	205.80	1.18%
National Bank of Abu Dhabi	6	73.18	0.42%
National Bank of Kuwait	7	63.30	0.36%
Citi Bank	8	30.39	0.17%
Rafidain Bank	9	0.15	0.00%
Total		1,545.74	8.89%

Source: Banks' financial data

* Including the balances of funding and self investment, liabilities and joint investment and investment deposits at Islamic banks, and what is invested from the balances of accounts managed for third parties "restricted investments and Muqaradah and proxy investment bonds."

C. Banks' Ranking according to the Total Deposit as at the end of 2012

The total deposit at the banks operating in Jordan reached approximately 26.8 billion JD by the end of 2012. These deposit are divided as follows: 19.1 billion JD at Jordanian commercial banks (73.4% of total deposit), 4.1 billion JD at Islamic banks (15.25% of total deposit), and 3.04 billion JD for foreign commercial banks (11.3% of total deposit).

Table (45)
Total Deposits at Banks Operating in Jordan at the End of 2012

Bank	Ranking	Deposits	Ratio to Total
	2012	(JD million)	Deposits %
Jordanian Commercial Banks	1	6,906.00	25.72%
	2	3,944.00	14.69%
	3	1,310.20	4.88%
	4	1,208.00	4.50%
	5	1,174.80	4.37%
	6	999.00	3.72%
	7	946.80	3.53%
	8	870.00	3.24%
	9	579.00	2.16%
	10	578.08	2.15%
	11	459.00	1.71%
	12	411.50	1.53%
	13	327.44	1.22%
Total		19,713.81	73.41%
Islamic Banks	1	2,952.00	10.99%
	2	605.27	2.25%
	3	306.91	1.14%
	4	230.33	0.86%
	Total		4,094.51
Foreign Banks	1	762.62	2.84%
	2	669.20	2.49%
	3	463.39	1.73%
	4	312.20	1.16%
	5	292.33	1.09%
	6	195.26	0.73%
	7	149.60	0.56%
	8	117.96	0.44%
	9	82.00	0.31%
Total		3,044.55	11.34%

Source: Banks' financial data

* Including the trust accounts, unrestricted investment accounts, cash margins, restricted investment accounts, and Al-Muqarada bonds.

** Note that the balance of total savings items representing the balance of all investment accounts (savings and time), with the exception of current accounts.

D. Banks' Ranking According to Equity Rights as at the end of 2012

Equity rights in the banks operating in Jordan totaled 4.9 billion JD at the end of 2012. These are distributed as follows: 3.79 billion JD in Jordanian commercial banks (77.3% of total equity rights), 499 million JD in Islamic banks (10.2% of total equity rights), and 612 million JD in foreign commercial banks (12.5% of total equity rights).

Table (46)
Shareholders' Equity of Banks Operating in Jordan at the End of 2012

Jordanian Commercial Banks	Bank	Ranking 2012	Equity Rights (JD million)	Ratio to total Equity Rights %
	The Housing Bank For Trade & Finance	1	879.000	17.94%
Arab Bank	2	790.000	16.13%	
Jordan Kuwait Bank	3	355.400	7.25%	
Bank of Jordan	4	267.580	5.46%	
Jordan Ahli Bank	5	259.000	5.29%	
Bank Al-Etihad	6	229.600	4.69%	
Cairo Amman Bank	7	216.000	4.41%	
Capital Bank	8	202.000	4.12%	
Arab Jordan Investment Bank	9	132.500	2.70%	
Investbank	10	131.000	2.67%	
Arab Banking (Corporation) Jordan	11	122.000	2.49%	
Societe General Bank _ Jordan	12	104.877	2.14%	
Jordan Commercial Bank	13	98.576	2.01%	
Total			3,787.533	77.32%
Islamic Banks	Bank	Ranking 2012	Equity Rights (JD million)	Ratio to total Equity Rights %
	Jordan Islamic Bank	1	228.500	4.66%
Jordan Dubai Islamic Bank	2	127.059	2.59%	
International Islamic Arab Bank	3	100.906	2.06%	
Al-Rajhi Bank	4	42.885	0.88%	
Total			499.350	10.19%
Foreign Banks	Bank	Ranking 2012	Equity Rights (JD million)	Ratio to total Equity Rights %
	HSBC	1	114.710	2.34%
Standard Chartered Bank	2	82.300	1.68%	
Bank Audi	3	79.206	1.62%	
National Bank of Kuwait	4	74.500	1.52%	
BLOM Bank	5	70.491	1.44%	
Citi Bank	6	62.752	1.28%	
Egyptian Arab Land Bank	7	60.655	1.24%	
National Bank of Abu Dhabi	8	55.223	1.13%	
Rafidain Bank	9	12.000	0.24%	
Total			611.838	12.49%

Source: Banks' financial data

E. Banks' Ranking According to Capital as at the end of 2012

The total capital of banks operating in Jordan amounted to 2.87 billion JD, distributed as follows: 2.03 billion JD at Jordanian commercial banks (70.9% of total capital), 375 million JD at Islamic banks (13.1% of total capital), and 461 million JD at foreign banks (16.1% of total capital).

Table (47)
Capital of Banks Operating in Jordan at the End of 2012

Bank	Ranking 2012	Capital (JD million)	Ratio to Total Capital %	
Jordanian Commercial Banks	Arab Bank	1	534.00	18.60%
	The Housing Bank For Trade & Finance	2	252.00	8.78%
	Bank of Jordan	3	155.10	5.40%
	Jordan Ahli Bank	4	150.00	5.22%
	Capital Bank	4	150.00	5.22%
	Cairo Amman Bank	6	100.00	3.48%
	Jordan Kuwait Bank	6	100.00	3.48%
	Arab Jordan Investment Bank	6	100.00	3.48%
	Investbank	6	100.00	3.48%
	Arab Banking (Corporation) Jordan	6	100.00	3.48%
	Bank Al-Etihad	6	100.00	3.48%
	Societe General Bank _ Jordan	6	100.00	3.48%
	Jordan Commercial Bank	13	93.34	3.25%
Total		2,034.44	70.87%	
Islamic Banks	Jordan Islamic Bank	1	125.00	4.35%
	International Islamic Arab Bank	2	100.00	3.48%
	Jordan Dubai Islamic Bank	2	100.00	3.48%
	Al-Rajhi Bank	4	50.00	1.74%
	Total		375.00	13.06%
Foreign Banks	Standard Chartered Bank	1	61.40	2.14%
	HSBC	2	50.00	1.74%
	Egyptian Arab Land Bank	2	50.00	1.74%
	Rafidain Bank	2	50.00	1.74%
	Citi Bank	2	50.00	1.74%
	Bank Audi	2	50.00	1.74%
	National Bank of Kuwait	2	50.00	1.74%
	BLOM Bank	2	50.00	1.74%
	National Bank of Abu Dhabi	2	50.00	1.74%
	Total		461.40	16.07%

Source: Banks' financial data

Second: Banks' Ranking According to some Items of Income Statement

A. Banks' Ranking According to Pre-Tax Profit in 2012

The total pre-tax profit of banks operating in Jordan amounted in 2012 to 590.9 million JD, of which 456 million JD went to Jordanian commercial banks (77.2% of total profit); 68 million JD for Islamic banks (11.5% of total profit) and 66.8 million JD for foreign banks (11.3% of total profit).

Table (48)

Pre-Tax Profit of Banks Operating in Jordan at the End of 2012

Bank	Ranking 2012	Net pretax profit (JD million)	Ratio to Total Net pretax profit %	
			Bank	Ranking 2012
Jordanian Commercial Banks				
	The Housing Bank For Trade & Finance	1	105.000	17.77%
	Arab Bank	2	93.000	15.74%
	Jordan Kuwait Bank	3	50.700	8.58%
	Bank of Jordan	4	48.090	8.14%
	Cairo Amman Bank	5	40.000	6.77%
	Jordan Ahli Bank	6	29.000	4.91%
	Bank Al-Etihad	7	20.400	3.45%
	Capital Bank	8	18.000	3.05%
	Arab Jordan Investment Bank	9	16.200	2.74%
	Arab Banking (Corporation) Jordan	10	16.000	2.71%
	Investbank	11	11.771	1.99%
	Societe General Bank _ Jordan	12	6.538	1.11%
Jordan Commercial Bank	13	1.341	0.23%	
Total		456.040	77.18%	
Islamic Banks				
	Jordan Islamic Bank	1	51.200	8.66%
	International Islamic Arab Bank	2	16.418	2.78%
	Jordan Dubai Islamic Bank	3	0.762	0.13%
	Al-Rajhi Bank	4	-0.342	-0.06%
Total		68.039	11.51%	
Foreign Banks				
	Bank Audi	1	15.312	2.59%
	Standard Chartered Bank	2	14.500	2.45%
	BLOM Bank	3	13.163	2.23%
	Citi Bank	4	7.409	1.25%
	HSBC	5	6.270	1.06%
	National Bank of Abu Dhabi	6	4.682	0.79%
	National Bank of Kuwait	7	3.900	0.66%
	Rafidain Bank	8	2.600	0.44%
Egyptian Arab Land Bank	9	-1.023	-0.17%	
Total		66.814	11.31%	

Source: Banks' financial data

B. Banks' Ranking According to the After-Tax Net Profit in 2012

The total after tax net profit of banks operating in Jordan amounted to 416.2 million JD, of which 321 million JD went to Jordanian commercial banks (77.1% of the total net profit), 49.8 million JD went to Islamic banks (12% of the total net profit) and 45.5 million JD for foreign banks (10.9% of the total net profit).

Table (49)

Net After-Tax Profit of Banks Operating in Jordan at the End of 2012

Bank	Ranking 2012	Net After Tax Profit (JD million)	Ratio to Total Net After Tax Profit %
Jordanian Commercial Banks			
The Housing Bank For Trade & Finance	1	74.000	17.78%
Arab Bank	2	63.000	15.14%
Bank of Jordan	3	34.510	8.29%
Jordan Kuwait Bank	3	34.500	8.29%
Cairo Amman Bank	5	29.000	6.97%
Jordan Ahli Bank	6	20.000	4.80%
Bank Al-Etihad	7	14.800	3.56%
Capital Bank	8	13.000	3.12%
Arab Jordan Investment Bank	9	11.300	2.71%
Arab Banking (Corporation) Jordan	10	11.000	2.64%
Investbank	11	9.816	2.36%
Societe General Bank _ Jordan	12	4.727	1.14%
Jordan Commercial Bank	13	1.341	0.32%
Total		320.994	77.12%
Islamic Banks			
Jordan Islamic Bank	1	36.500	8.77%
International Islamic Arab Bank	2	11.494	2.76%
Jordan Dubai Islamic Bank	3	2.135	0.51%
Al-Rajhi Bank	4	-0.342	-0.08%
Total		49.787	11.96%
Foreign Banks			
Bank Audi	1	10.669	2.56%
BLOM Bank	2	9.528	2.29%
Standard Chartered Bank	3	7.600	1.83%
Citi Bank	4	5.057	1.21%
HSBC	5	4.714	1.13%
National Bank of Abu Dhabi	6	3.109	0.75%
National Bank of Kuwait	7	2.600	0.62%
Rafidain Bank	8	1.800	0.43%
Egyptian Arab Land Bank	9	0.392	0.09%
Total		45.468	10.92%

Source: Banks' financial data

Third: Banks' Ranking According to most Important Profitability Indicators

A. Banks' Ranking According to the Average Return on Assets in 2012

The average return on the assets of all banks operating in Jordan stood at 1.14% in 2012. The average for Jordanian commercial banks was 1.25%, 0.69% for Islamic banks and 1.18% for foreign commercial banks.

Table (50)

Average Return on Assets for the Banks Operating in Jordan in 2012

Jordanian Commercial Banks	Bank	Ranking 2012	Average Return on Assets %
	Bank of Jordan	1	2.160%
	Cairo Amman Bank	2	1.800%
	Jordan Kuwait Bank	3	1.750%
	Arab Banking (Corporation) Jordan	4	1.430%
	Investbank	5	1.424%
	Arab Jordan Investment Bank	6	1.400%
	The Housing Bank For Trade & Finance	7	1.300%
	Societe General Bank _ Jordan	8	1.123%
	Jordan Ahli Bank	9	1.000%
	Capital Bank	10	0.940%
	Bank Al-Etihad	11	0.930%
	Arab Bank	12	0.770%
Jordan Commercial Bank	13	0.176%	
Average		1.246%	
Islamic Banks	Bank	Ranking 2012	Average Return on Assets %
	Jordan Islamic Bank	1	1.230%
	International Islamic Arab Bank	2	1.000%
	Jordan Dubai Islamic Bank	3	0.520%
	Al-Rajhi Bank	4	-0.010%
Average		0.685%	
Foreign Banks	Bank	Ranking 2012	Average Return on Assets %
	Citi Bank	1	1.730%
	National Bank of Abu Dhabi	2	1.710%
	Standard Chartered Bank	3	1.600%
	BLOM Bank	4	1.500%
	Bank Audi	5	1.360%
	Rafidain Bank	6	1.300%
	National Bank of Kuwait	7	0.850%
	HSBC	8	0.460%
	Egyptian Arab Land Bank	9	0.090%
Average		1.178%	

Source: Banks' financial data

B. Average Return on Equity in Banks Operating in Jordan in 2012

The average return on equity rights in all banks operating in Jordan stood at 8.24% at the end of 2012. The average reached 8.33% for Jordanian commercial banks, 7.43% for Islamic banks and 8.47% for foreign commercial banks.

Table (51)

Average Return on Shareholders' Equity for the Banks Operating in Jordan in 2012

Jordanian Commercial Banks	Bank	Ranking 2012	Average Return on Equity Rights %
	Cairo Amman Bank	1	13.800%
	Bank of Jordan	2	13.380%
	Jordan Kuwait Bank	3	10.070%
	Arab Banking (Corporation) Jordan	4	9.650%
	Arab Jordan Investment Bank	5	8.700%
	The Housing Bank For Trade & Finance	6	8.500%
	Jordan Ahli Bank	7	8.100%
	Arab Bank	8	8.000%
	Investbank	9	7.570%
	Capital Bank	10	6.700%
	Bank Al-Etihad	11	6.590%
	Societe General Bank _ Jordan	12	5.742%
Jordan Commercial Bank	13	1.440%	
Average		8.326%	
Islamic Banks	Bank	Ranking 2012	Average Return on Equity Rights %
	Jordan Islamic Bank	1	16.740%
	International Islamic Arab Bank	2	12.000%
	Jordan Dubai Islamic Bank	3	1.760%
Al-Rajhi Bank	4	-0.790%	
Average		7.428%	
Foreign Banks	Bank	Ranking 2012	Average Return on Equity Rights %
	Rafidain Bank	1	16.190%
	Bank Audi	2	14.440%
	BLOM Bank	3	14.000%
	Standard Chartered Bank	4	9.100%
	Citi Bank	5	8.330%
	National Bank of Abu Dhabi	6	5.790%
	HSBC	7	4.040%
	National Bank of Kuwait	8	3.680%
Egyptian Arab Land Bank	9	0.650%	
Average		8.469%	

Source: Banks' financial data

Fourth: Banks' Ranking According to Bank Branching

A. Banks' Ranking According to the number of Branches inside Jordan as at the end of 2012

The total number of bank branches inside Jordan totaled 722 branches at the end of 2012. These are distributed as follows: 553 branches of Jordanian commercial banks (76.6% of total number of branches), 116 branches of Islamic banks (constituting 16.1% of total branches) and 53 branches of foreign commercial banks (7.3% of total branches).

Table (52)

The Number of Branches of Banks Operating in Jordan at the End of 2012

Jordania Commercial Banks	Bank	Ranking 2012	Number of Branches In Jordan	Ratio to Total Number of Branches %
	The Housing Bank For Trade & Finance	1	110	15.24%
Arab Bank	2	77	10.66%	
Cairo Amman Bank	3	69	9.56%	
Bank of Jordan	4	67	9.28%	
Jordan Ahli Bank	5	51	7.06%	
Jordan Kuwait Bank	6	44	6.09%	
Bank Al-Etihad	7	30	4.16%	
Jordan Commercial Bank	8	28	3.88%	
Arab Banking (Corporation) Jordan	9	27	3.74%	
Societe General Bank _ Jordan	10	16	2.22%	
Capital Bank	11	13	1.80%	
Arab Jordan Investment Bank	12	12	1.66%	
Investbank	13	9	1.25%	
Total			553	76.59%
Islamic Banks	Bank	Ranking 2012	Number of Branches In Jordan	Ratio to Total Number of Branches %
	Jordan Islamic Bank	1	64	8.86%
International Islamic Arab Bank	2	36	4.99%	
Jordan Dubai Islamic Bank	3	13	1.80%	
Al-Rajhi Bank	4	3	0.42%	
Total			116	16.07%
Foreign Banks	Bank	Ranking 2012	Number of Branches In Jordan	Ratio to Total Number of Branches %
	Bank Audi	1	12	1.66%
BLOM Bank	2	11	1.52%	
Egyptian Arab Land Bank	3	9	1.25%	
Standard Chartered Bank	4	6	0.83%	
HSBC	5	4	0.55%	
National Bank of Kuwait	5	4	0.55%	
National Bank of Abu Dhabi	7	3	0.42%	
Rafidain Bank	8	2	0.28%	
Citi Bank	8	2	0.28%	
Total			53	7.34%

Source: Banks' financial data

B. Banks' Ranking According to the Number of ATMs inside Jordan as at the end of 2012

The total number of ATMs at banks inside Jordan reached 1291 machine as at the end of 2012. These are distributed as follows: 1006 machines belonging to Jordanian commercial banks (constituting 77.9% of the total number of ATMs), 197 machines belonging to Islamic banks (15.3% of total ATMs), and 88 ATMs belonging to foreign commercial banks (6.8% of the total number of ATMs).

Table (53)

The Number of ATMs of Banks Operating in Jordan at the End of 2012

	Bank	Ranking 2012	Number of ATMs	Ratio to Total Number of ATMs %
	Jordanian Commercial Banks	The Housing Bank For Trade & Finance	1	194
Cairo Amman Bank		2	188	14.56%
Arab Bank		3	143	11.08%
Bank of Jordan		4	110	8.52%
Jordan Ahli Bank		5	82	6.35%
Jordan Kuwait Bank		6	72	5.58%
Arab Banking (Corporation) Jordan		7	51	3.95%
Bank Al-Etihad		8	39	3.02%
Jordan Commercial Bank		9	36	2.79%
Capital Bank		10	34	2.63%
Arab Jordan Investment Bank		11	24	1.86%
Societe General Bank _ Jordan		12	17	1.32%
Investbank		13	16	1.24%
Total			1006	77.92%
Islamic Banks	Bank	Ranking 2012	Number of ATMs	Ratio to Total Number of ATMs %
	Jordan Islamic Bank	1	123	9.53%
	International Islamic Arab Bank	2	41	3.18%
	Al-Rajhi Bank	3	17	1.32%
	Jordan Dubai Islamic Bank	4	16	1.24%
Total			197	15.26%
Foreign Banks	Bank	Ranking 2012	Number of ATMs	Ratio to Total Number of ATMs %
	HSBC	1	23	1.78%
	Bank Audi	2	20	1.55%
	Egyptian Arab Land Bank	3	14	1.08%
	BLOM Bank	4	11	0.85%
	Standard Chartered Bank	5	8	0.62%
	National Bank of Kuwait	5	8	0.62%
	National Bank of Abu Dhabi	7	4	0.31%
	Rafidain Bank	8	0	0.00%
Citi Bank	8	0	0.00%	
Total			88	6.82%

Source: Banks' financial data

Fifth: Human Resources of Banks Operating in Jordan

A. Banks' Ranking According to the Number of Employees as at the end of 2012

The total number of employees in all banks operating in Jordan amounted to 17866 male and female employees, of whom 13128 people work in Jordanian commercial banks (73.5% of the total number of employees), 3107 employees work in Islamic banks (17.4% of the total number of employees), and 1631 employees work in foreign commercial banks (9.1% of the total number of employees).

Table (54)

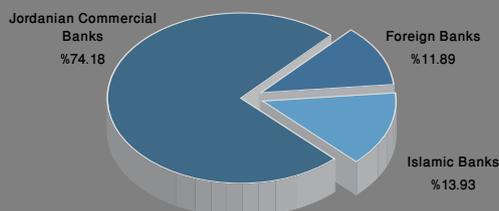
Number of Employees at Banks Operating in Jordan at the End of 2012

Jordanian Commercial Banks	Bank	Ranking 2012	Number Of Employees	Ratio to Total Employees %
	Arab Bank	1	2754	15.41%
	The Housing Bank For Trade & Finance	2	2124	11.89%
	Cairo Amman Bank	3	1524	8.53%
	Bank of Jordan	4	1409	7.89%
	Jordan Ahli Bank	5	1311	7.34%
	Jordan Kuwait Bank	6	899	5.03%
	Bank Al-Etihad	7	659	3.69%
	Jordan Commercial Bank	8	572	3.20%
	Arab Banking (Corporation) Jordan	9	489	2.74%
	Capital Bank	10	411	2.30%
	Arab Jordan Investment Bank	11	392	2.19%
	Investbank	12	356	1.99%
	Societe General Bank _ Jordan	13	228	1.28%
Total			13128	73.48%
Islamic Banks	Bank	Ranking 2012	Number Of Employees	Ratio to Total Employees %
	Jordan Islamic Bank	1	2000	11.19%
	International Islamic Arab Bank	2	712	3.99%
	Jordan Dubai Islamic Bank	3	310	1.74%
	Al-Rajhi Bank	4	85	0.48%
Total			3107	17.39%
Foreign Banks	Bank	Ranking 2012	Number Of Employees	Ratio to Total Employees %
	BLOM Bank	1	358	2.00%
	Egyptian Arab Land Bank	2	301	1.68%
	HSBC	3	259	1.45%
	Standard Chartered Bank	4	244	1.37%
	Bank Audi	5	221	1.24%
	National Bank of Kuwait	6	113	0.63%
	Citi Bank	7	55	0.31%
	National Bank of Abu Dhabi	8	51	0.29%
Rafidain Bank	9	29	0.16%	
Total			1631	9.13%

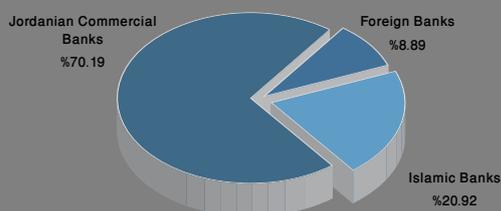
Source: Banks' financial data

Sixth: Summary of the Most Important Financial Indicators of Banks Operating in Jordan

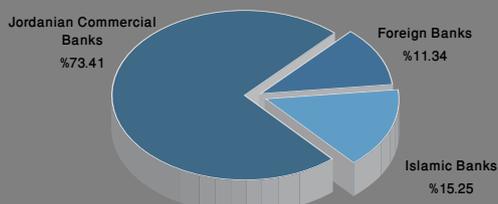
Distribution of Total Assets of Banks Operating in Jordan at the End of 2012



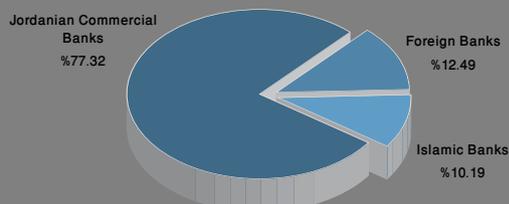
Distribution of Total Credit Facilities Extended at the End of 2012



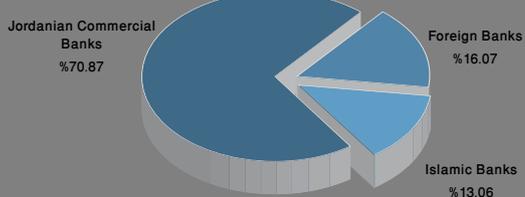
Distribution of Total Deposits at Banks Operating in Jordan at the End of 2012



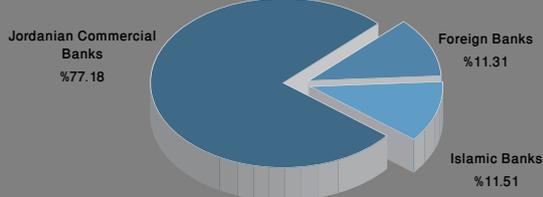
Distribution of Shareholders' Equity of Banks Operating in Jordan at the End of 2012



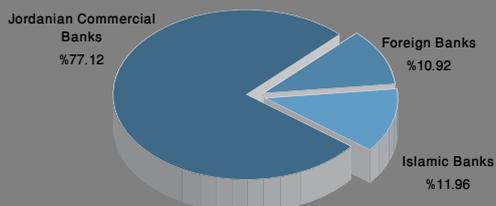
Distribution of Capital of Banks Operating in Jordan at the End of 2012



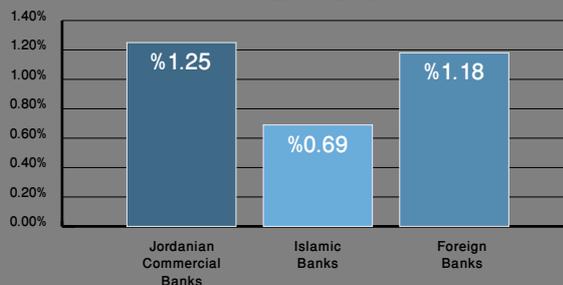
Distribution of Pre-Tax Profit of Banks Operating in Jordan at the End of 2012

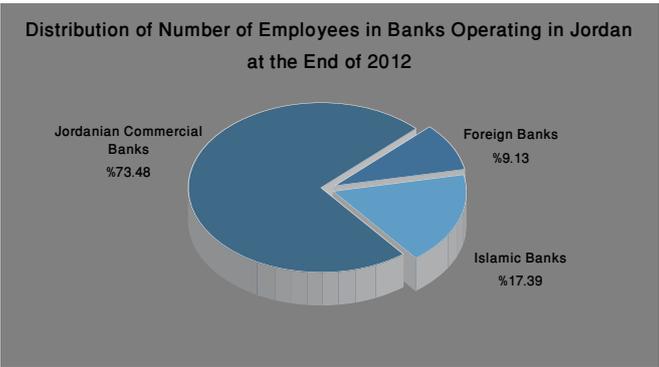
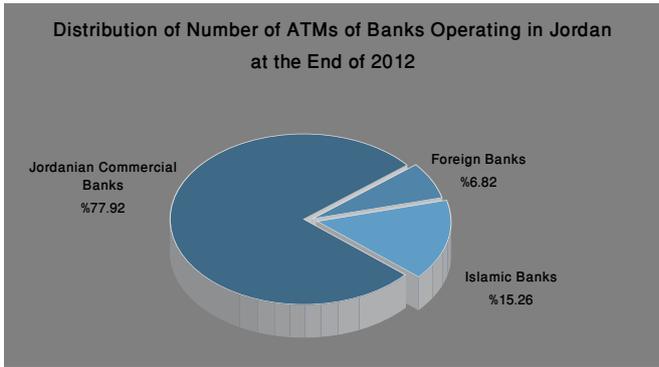
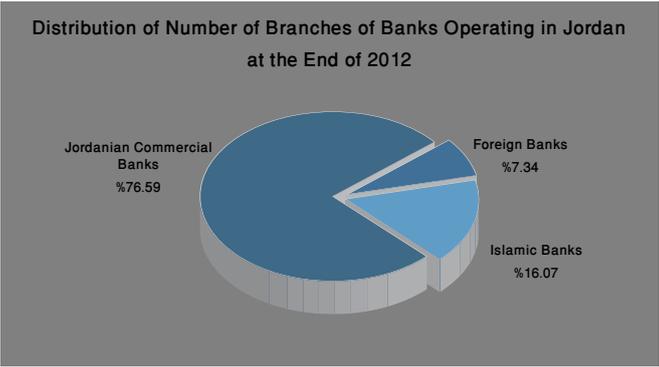
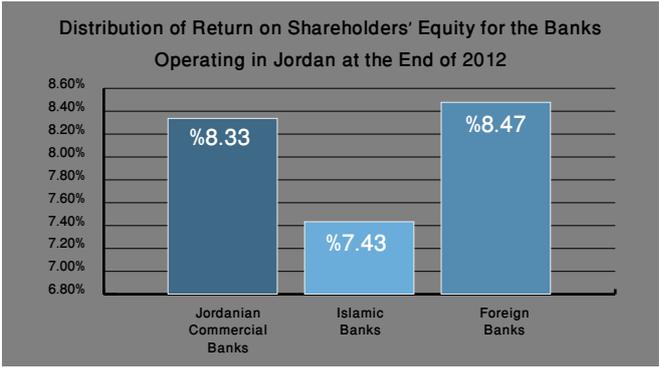


Distribution of After Tax Profit of Banks Operating in Jordan at the End of 2012



Distribution of Return on Assets for Banks Operating in Jordan at the End of 2012







Chapter Nine

New Banking Services



In their earnest strife to improve and upgrade their services and keep up with the state of the art in banking services, banks in Jordan introduced a number of new banking services into the categories of services they provide. The following table demonstrates the most important new banking services introduced by banks in Jordan during 2012.

Table (55)
New banking services introduced by banks in 2012

Bank	Service	Short Description	Service Provider
Arab Bank	Paying Omniah bills	Clients can pay bills to Omniah Co through e-banking services.	Internally
Jordan Ahli Bank	Ahli Mobile	Service provided by the bank to its clients through smart phones.	Ubanquity
	Household Appliances	Personal loans to individuals at a zero interest rate as the dealer will pay the interest on behalf of the client.	Internally
	Ahli Debit Card	New direct debit cards are issued, supplied with a smart SIM card to increase safety and improve the level of usage.	Master Card
	Money Gram Campaign: erase & win	Money Gram campaign for quick transfers that allows sending and receiving transfers all over the world	Money Gram
Cairo Amman Bank	Automatic settlement of electricity bills	Allows bank customers who have the visa electron to automatically settle electricity bills via Ahli Bank ATMs	Internally
	Changing the visa electron password via ATMs	Allows visa electron holders to change their passwords automatically through Ahli Bank's ATMs.	Internally
	Small loan against a savings account product	Aims at meeting clients targeted for savings through granting them a micro loan to fund small enterprises at a special interest rate in case they want to deduct part of funding and deposit it in a savings account.	Internally
Bank of Jordan	Free hosting of Platinum card Jordan Bank holders in airport lounges around the world.	Unlimited free hosting in 61 airport lounges around the world for holders of Platinum card Jordan Bank, without any additional charges, whatever is the airline the customer is travelling with.	External provider

Complate/ Table (55): New banking services introduced by banks in 2012

Bank	Service	Short Description	Service Provider
The Housing Bank for Trade & Finance	Installments program of personal and home purchases	Provides adequate funding for clients with salaries transferred to the bank to purchase personal and home needs through a big number of companies member of the program at zero interest rate and without guarantor.	Internally
	Car loans program	Provides adequate funding for clients to buy cars for personal and family use at the following benefits: <ul style="list-style-type: none"> • Funding purchase of new or 2nd-hand cars of whatever kind. • Settlement term up to 10 years. • 100% funding until JOD 100.000 • Comprehensive insurance, license & ownership transfer costs. • Free life insurance. • Credit card without issuance charges for the whole loan term. • Free assistance on the road. • Electronic payment card to control fuel expenses. • Funding is granted via all branches; it is not centralized. • Loans at flat interest rate and competitive price. • Funding of group borrowing. • Granting advance approvals before choosing the car. 	Internally
	AMEX	Bank sells, markets American Express AMEX to clients via branches so clients can get golden & platinum cards in JD or USD, use them locally & internationally freely and safely, & benefit of privileges such as entering VIP airport lounges, benefiting of awards program, protection against travel risks, etc.	American Express Company
	Business loan	Diminishing interest loan that provides various & wide choices of funding purposes for businesses, companies, small enterprises, individual businessmen in different sectors to meet their needs & expectations. It is settled in up to 5 years at equal monthly installments, including interest, and a grace period of up to 1 year without guarantees or guarantor. Clients are given additional advantages as follows: <ul style="list-style-type: none"> • Free life insurance • Project insurance against fire, theft for free. • Credit card without issuance charges for the loan's term. • Funding of up to JOD 70.000. • Grace period of up to 12 months. 	Internally

Complete/ Table (55): New banking services introduced by banks in 2012

Bank	Service	Short Description	Service Provider
Jordan Kuwait Bank	Launching of the new website www.jkb.com	The JKB launched its website www.jkb.com with new face and content. JKB was keen that the website has the best international standards as to the easy browsing, coverage of all JKB information, developments, and additional information of interest to all website visitors of bank clients & the public. Website also includes samples to submit loan, credit card applications, giving suggestions and complaints, and inquiries in general.	
	JKB page on Facebook	The bank launched its page on Face book to keep contact with the bank's clients and public, as it posts developments in new activities and products, as well as answering inquiries.	
Arab Jordan Investment Bank	Transferring all visa electron cards into smart chips that are safer to clients.	All credit cards were thus transferred, so that the visa electron usage will be transferred to chips after the bank changed credit cards to chips.	
	Work started on Automated Clearing House (ACH)	This is a national project between Jordanian banks and the CBJ, by virtue of which retail payments between banks will be developed.	
	Work started with payments through cell phone	Upon completion, bank's clients will have the chance to pay and transfer through their cell phones both within the same bank and to other banks.	
	Activating the SMS services for all bank services offered by AJIB to the banks.	This enables clients to know movements on his/her accounts anytime and anywhere.	
	Starting to develop new software for compliance department.	In implementation of CBJ's requirements and in compliance with the new Basel standards, these applications will adopt high standards to run and develop the department's work.	
	Electronic link with Customs Department to facilitate and speed up bank guarantees' following up.	Through this link, all bank guarantees issued for Jordan Customs Department as beneficiary will be developed, settled and followed up.	
	Two new visa cards are issued to clients	The cards enjoy wide international acceptance and they provide distinguished services to their holders.	
Jordan Commercial Bank	Tijari Loan	A new personal loans program with better benefits.	

Complate/ Table (55): New banking services introduced by banks in 2012

Bank	Service	Short Description	Service Provider
Investbank	Mortgage 5	This residential loan was designed especially for those who want to benefit more of their savings, so the client can make use of the reduced interest rate on this loan by linking the client's bank accounts to the residential loan; this means a great savings in interest rate paid on the loan. Interest is calculated on the basis of the loan's balance less than other bank accounts' balances. Thus, the settlement term will be shorter because the interest is saved, in addition to the flexibility in accounts as there is no minimum limit is set for the balance or limits to cash withdrawals.	
	Non-resident Jordanian Deposits	Savings accounts for expatriate Jordanians to motivate them to save in their country against distinguished services, having preferential interest rates on savings and deposits accounts. The bank settles the income tax on deposits instead of the client. There is an easy access to these accounts any time through safe bank transactions via internet around the clock.	
	E1 Saver	Electronic savings account; an original product that gives high interest rates on savings account via internet, which is run only through the internet. There is no minimum limit requirement for balance, or monthly fees. Account is accessible any time. Available only in dinar, and to encourage regular savings, no ATC or check book is given with this account, the ATC is for deposits only.	
	Tip your kid	Savings accounts for children introduced to encourage parents to save money for their children in a flexible way, in addition to an interest rate to be paid quarterly. When the client uses a visa card in purchases, the deducted purchase amount will be rounded to the nearest 5 or 10 JDs. The client authorizes the bank to transfer the difference from the current account to the children's chosen accounts along with providing education insurance in case of the client's death that amounts to 1000 JDs maximum for every academic year until the age of 18.	
	I Bank	Bank services through the internet that are safe and easy and enable client to browse his/her account and make many bank transactions through the internet without having to visit or call the bank. Services include: <ul style="list-style-type: none"> • Account statement • Inquiry about your loans • Money transfer • Check book application • Credit card application • And many others. 	
	Bank services through SMS	This service enables the client to know of any financial movement on his/her account. Services activated on SMS are: <ul style="list-style-type: none"> • ATM withdrawals • ATM deposits • Check deposits • Check cashing • Cash deposits • Cash withdrawals • Incoming transfers • Outgoing transfers • Bills settlement • ATM transfer • Visa Electron purchases • Other services. 	
	Call Center	Answers clients' inquiries on individual accounts, loans and credit cards. Supports and helps clients in respect of services offered by the bank, especially stopping cards because of being stolen, lost, and forfeited. Receives inquiries from 8 a.m. to midnight.	Call center

Complate/ Table (55): New banking services introduced by banks in 2012

Bank	Service	Short Description	Service Provider
Arab Banking (Corporation) Jordan	Visa Platinum card product	Revolving credit card for the cream of society. It enjoys the following benefits: <ul style="list-style-type: none"> • Getting a wide range of offers by Visa Premium Privileges program. • Program of extending warranties on purchases effected through visa platinum. • Free subscription for one year in road assistance service. • Free insurance on travel accidents when buying tickets through platinum. • Automatic subscription in deduction programs of big companies and corporations. 	Internal and external
	Savings accounts product	Saving account that enables the client to enter into quarterly lottery on Kia Rio cars, the minimum monthly balance required for eligibility is 200 JD. The chances increase with more savings.	Internally
Bank Al-Etihad	SMS service	Through SMS service, the client can be in touch with his/her account, knowing its movements. It helps to notify the client when movement happens.	Access 2 Arabia (A2A)
	Direct settlement with Batelco	Direct settlement of clients' bills from their bank accounts.	Ittihad Bank & Batelco
	Direct settlement with Omniah	Direct settlement of clients' bills from their bank accounts.	Ittihad Bank & Omniah
Societe General - Jordan	Professionals' loan	Loans for professionals to expand their businesses, reduce their needs for working capital or to renovate their equipment.	Internally
	Signing an agreement to marketing personal loans and car loans	Marketing for personal loans (Sogeloans) and car loans (Sogecar)	Delta Insurance Co in partnership with CST
Capital Bank	Ideal savings account	A kind of deposits account that enables clients to benefit of services such as a distinguished interest rate, interest periodic due date every month.	Internally
	Flexible business account	A current account that allows businessmen to get an excellent interest rate on their deposits, along with the liberty to withdraw and deposit on commercial transactions related to their business.	Internally
	SMS Banking	The service of notifying clients of movements in their accounts	A2A

Complate/ Table (55): New banking services introduced by banks in 2012

Bank	Service	Short Description	Service Provider
Jordan Islamic Bank	Electronic settlement service	This enables all bank clients who are subscribers in the I-Banking to settle the Orange bills (landline, Cell phone, and internet) and Omniah bills (cell phones and internet).	Access 2 Arabia A2A
	Financial transfer service	This enables all bank clients who are subscribers in the I-Banking to effect financial transfers between their accounts and other accounts inside the bank.	Access 2 Arabia A2A
	Launching the 1 st stage of the call center- managing system of clients' complaints on cards and services department	A system that allows the clerk of client service Dep. to receive any inquiry or complaint and handle it promptly.	Business Consult
	System to run clients' visits	<ul style="list-style-type: none"> • Implemented in 39 branches. • Implementation and activation of branches' monitoring system through the beneficiaries' department. • Activation of digital signage system • Activation of recognizing VIP clients system using ATC. • Activation of exchange rate ads screens in branches through the screens of queue systems. 	STS
Islamic International Arab Bank	Kafalah program	A program in line with Sharia rules that provides the necessary guarantees to cover SMEs' funding in cooperation with JEDCO	Joint project with JEDCO
	Financing personal needs	Financing solutions in line with Sharia rules to finance treatment, education and travel	Internally
	Slaughter animal installments	This product was introduced on Eid Al Adha, where the bank offered easy installments to buy slaughter animals and at the same cash price.	Internally
	Pay in installments at the cash price	This product offers a financing solution to clients willing to pay their purchases in installments at cash price through a network of retail companies.	Internally
	Settling public services bills	This service allows settlement of bills of public services (water, electricity, telephone) through the bank's branches.	Internally
Jordan Dubai Islamic Bank	Yosor program	Designed to provide present and expected clients desiring to transfer their obligations with commercial banks into obligations that are in accordance with the Sharia rules with a means to do so. This program is characterized with covering obligations at commercial banks falling in the criteria of personal financing products, car financing and credit cards.	Internally
	Lands' financing	Financing of residential lands and farms with the system of leasing ending in ownership in addition to the morabahah system, in an easy, comfortable way that complies with Sharia rules, and at easy terms and conditions.	Internally
	VIP services	A center specialized in providing distinguished banking services to VIP clients, mixing solid Islamic values with modern technology and innovation in banking transactions.	Internally
	JDIB SMS	This service permits sending an SMS to clients to notify them of movements in their accounts such as: crediting salary, returned check that was deposited, cash withdrawal, deposit maturity, etc.	External provider: the Arab Internet Services Co.
	JDIB Phone	This service allows subscribers to access their accounts via telephone (audio call) in a safe and prompt way that provides many services such as: inquiring about account balance, statement request, transfers between client's accounts, exchange rates, etc.	External provider: the Arab Internet Services Co.

Complate/ Table (55): New banking services introduced by banks in 2012

Bank	Service	Short Description	Service Provider
Egyptian Arab Land Bank	SMEs product	Providing direct or indirect credit facilities (revolving loan ceilings, financing DCs and LGs) with amounts up to 50.000 JDs for one client, without having to provide real estate guarantees within specific standards and documented instruments. Getting these depends on points' evaluation system.	Internally
	Life insurance/ personal loans	Life insurance service on borrowers was activated at the original value of loan. Compensation in the case of borrower's death is done by settling the debt balance, and the remaining amount goes to the heirs of the deceased.	Middle East Insurance Company
	Mobile Bank	Providing the same services as provided through internet bank, via applications on smart phones (IPhone and Android).	The Arab Internet Services Company
	"We're with you" product	Two months' salary advance for a year without commission or guarantor for entities and clients or guarantors whose salaries are transferred to the bank.	Individuals' loans department
	Aqari mobile	This service allows clients to stay in touch with their accounts and banking movements around the clock.	Banking cards department
	Visa Electron	An ATC provided with Chip & Pin technology that has high security qualities and works with a tiny chip and personal ID number.	Banking cards department
Standard Chartered	Phone banking services	Our clients, holders of accounts and credit cards can now receive SMS when using the credit card or when there is a movement on their accounts.	SAP ASIA



Chapter Ten

Human Resources in Banks Operating in Jordan



This chapter reviews some selected indicators of human resources in the banks operating in Jordan, including the development of the number of employees according to gender (males and females); the distribution of employees of banks according to the educational qualifications; and the distribution of employees according to age groups, in addition to the distribution of employees according to the marital status; to the geographical area; and, finally, according to the number of employees enrolled in training courses and according to the bank. Resignations and appointments are also included.

1. Number of Employees

The number of employees in banks operating in Jordan increased in 2012 by 3% compared with 2011, thus reaching the number of 17866 employees of both genders.

Table (56)
Distribution of Bank Employees by Gender (2004 – 2012)

Year	Males	Relative Distribution %	Females	Relative Distribution %	Total	Change percentage (%)
2004	8715	70.1	3714	29.9	12429	4.3
2005	9135	69.3	4047	30.7	13182	6.1
2006	9701	68.5	4464	31.5	14165	7.5
2007	10160	67.44	4905	32.56	15065	6.4
2008	10611	66.83	5267	33.17	15878	5.4
2009	10406	65.90	5384	34.10	15790	-0.6
2010	10938	65.84	5675	34.16	16613	5.2
2011	11434	65.91	5913	34.09	17347	4.4
2012	11765	65.85	6101	34.15	17866	3.0

Source: Banks' data

As for the distribution of bank employees according to gender, the percentage of males dropped from 70.1% in 2004 to 65.9% at the end of 2012. As such, the percentage of females went up from 29.9% in 2004 to 34.1% at the end of 2012. These statistics indicate a continued rise in the percentage of participation by both genders in the Jordanian banking sector positioning it with the highest gendered sector among Jordanian economic sectors.

2. Distribution of Bank Employees according to Academic Qualifications

The educational level for banks' employees continued to improve as those holding doctorate, masters, bachelor and higher diploma degrees accounted for 70.3% of the total number of employees at the end of 2012 compared to 52.5% in the year 2004. The number of diploma holders declined reaching 14.5% at the end of 2012. In addition, The percentage of workers who hold Tawjihi certificates or less drop to 15.2% at the end of 2012.

Table (57)**Distribution of Bank Employees by Education Level (2004 – 2012)**

year	Doctorate		Master		Bachelor and higher diploma		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
2011	38	0.2	1103	6.3	10781	62.2	2607	15.0	1119	6.5	1699	9.8	17347
2012	36	0.2	1146	6.4	11372	63.7	2595	14.5	1059	5.9	1658	9.3	17866

Source: Banks' data

3. Distribution of Bank Employees by Age Groups

The percentage of employees aged less than 25 years decreased from 14% in 2011 to 13.6% in 2012, whereas the percentage of employees aged between 25 years and 39 years increased from 59.3% in 2011 to 59.8% in 2012. The percentage of those aged between 40 and 59 years of age remained unchanged at 26.1%, and the percentage of those above 60 years of age and still employed at 0.5%.

Table (58)**Distribution of Bank Employees By Age Group (2004 -2012)**

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
2011	2431	14.0	10295	59.3	4534	26.1	87	0.5	17347
2012	2426	13.6	10687	59.8	4668	26.1	85	0.5	17866

Source: Banks' data

4. Marital Status of Employees

The percentage of single employees to the total number of workers in banks went down to 38% in 2012 compared with 38.7% in 2011, while the percentage of married employees went up to 62% of the total employees, compared to 61.3% in 2011.

Table (59)
Distribution of Bank Employees By Marital Status (2004 -2012)

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
2011	6708	38.7	10639	61.3	17347
2012	6788	38.0	11078	62.0	17866

Source: Banks' data

5. Geographical Distribution of Bank Employees by Governorate

The number of employees in banks in the governorate of the capital totaled 14821 male and female workers, or 82.96% percent of the total number of bank employees. The Irbid governorate accounted for 4.84% of the total number of bank workers followed by the Zarqa governorate which accounted for 3.92%. The Balqaa Governorate contributed with 1.84% of bank employees; the Aqaba Governorate with 1.38%; the Karak Governorate with 1.34%, while the remaining six governorates contribution to bank workers did not exceed 1% for each.



Table (60)

Geographical Distribution of Bank Employees by Governorate at the End of 2012

Governorate	Number Of Employees	Geographical distribution of employees (%)
Amman	14821	82.96%
Irbid	864	4.84%
Zarqa	701	3.92%
Balqa'	328	1.84%
Aqaba	246	1.38%
Al Karak	240	1.34%
Madaba	133	0.74%
Maan	122	0.68%
Jerash	108	0.60%
Ajloun	101	0.57%
Tafleh	70	0.39%
Mafrq	132	0.74%
Total	17866	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 (61)

Distribution of Bank Employees by Governorate and Bank at the End of 2012

Banks	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafleh	Mafraq
Arab Bank	2550	34	65	28	25	10	9	10	5	5	5	8
Jordan Ahli Bank	1100	53	29	37	21	17	13	12	10	0	10	9
Cairo Amman Bank	1137	98	61	56	30	39	17	23	15	14	8	26
Bank of Jordan	1171	92	51	21	14	7	10	7	10	15	0	11
The Housing Bank for Trade & Finance	1637	162	110	41	26	42	13	31	12	19	15	16
Jordan Kuwait Bank	792	30	28	18	12	5	9	0	0	0	0	5
Arab Jordan Investment Bank	354	14	15	0	9	0	0	0	0	0	0	0
Jordan Commercial Bank	458	32	19	23	12	10	9	0	0	0	0	9
Investbank	332	9	8	0	7	0	0	0	0	0	0	0
Arab Banking (Corporation) Jordan	441	7	6	5	8	7	6	0	4	0	0	5
Bank Al-Etihad	597	21	17	7	10	0	7	0	0	0	0	0
Societe General - Jordan	204	5	6	0	5	4	4	0	0	0	0	0
Capital Bank	381	7	14	0	9	0	0	0	0	0	0	0
Jordan Islamic Bank	1168	241	202	72	24	91	28	39	42	40	26	27
International Islamic Arab Bank	589	20	37	13	10	8	7	0	8	8	6	6
Jordan Dubai Islamic Bank	289	4	10	5	0	0	0	0	2	0	0	0
Al-Rajhi Bank	85	0	0	0	0	0	0	0	0	0	0	0
HSBC	259	0	0	0	0	0	0	0	0	0	0	0
Egyptian Arab Land Bank	255	9	16	0	11	0	0	0	0	0	0	10
Rafidain Bank	29	0	0	0	0	0	0	0	0	0	0	0
Citi Bank	55	0	0	0	0	0	0	0	0	0	0	0
Standard Chartered	233	6	0	0	5	0	0	0	0	0	0	0
Bank Audi	207	8	6	0	0	0	0	0	0	0	0	0
National Bank of Kuwait	113	0	0	0	0	0	0	0	0	0	0	0
BLOM Bank	339	11	0	0	8	0	0	0	0	0	0	0
National Bank of Abu Dhabi	46	1	1	2	0	0	1	0	0	0	0	0
Total	14821	864	701	328	246	240	133	122	108	101	70	132

Source: Banks' data

6. Training Courses

In order to improve the skills of bank employees and develop their capacities and efficiency, banks operating in Jordan organized in their training centers a number of training courses for the employees in which 38540 male and female employees took part in 2012. The number of participants in training courses held in local training centers reached 5589 male and female employees, while the numbers of employees participating in training courses held abroad amounted to 338 male and female employees.

Table (62)
Number of Employees who attended training courses in 2012

Bank	training centers of the banks		local training centers		training courses abroad	
	Males	Females	Males	Females	Males	Females
Arab Bank	4304	3521	345	151	16	6
Jordan Ahli Bank	2599	2208	181	77	63	31
Cairo Amman Bank	990	576	857	414	11	4
Bank of Jordan	4530	3315	30	140	6	1
The Housing Bank for Trade & Finance	2820	1494	350	100	30	6
Jordan Kuwait Bank	1372	489	111	33	8	1
Arab Jordan Investment Bank	30	22	76	48	2	0
Jordan Commercial Bank	887	715	175	91	12	1
Investbank	117	76	37	24	4	1
Arab Banking (Corporation) Jordan	569	329	158	83	6	5
Bank Al-Etihad	190	120	173	83	10	3
Societe General - Jordan	390	185	97	38	6	2
Capital Bank	200	172	65	35	8	2
Jordan Islamic Bank	2350	107	550	16	39	0
International Islamic Arab Bank	1705	666	115	39	13	1
Jordan Dubai Islamic Bank	371	139	173	64	2	0
Al-Rajhi Bank	42	20	50	11	0	0
HSBC	0	0	0	0	0	0
Egyptian Arab Land Bank	349	174	111	46	3	1
Rafidain Bank	0	0	3	0	0	0
Citi Bank	0	0	30	25	4	3
Standard Chartered	48	51	19	7	6	6
Bank Audi	0	0	110	91	3	2
National Bank of Kuwait	0	0	12	16	1	0
BLOM Bank	117	81	65	22	6	0
National Bank of Abu Dhabi	46	54	21	21	2	2
Total	24026	14514	3914	1675	261	78

* 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 2426 male and female employees during 2012, compared to 2774 in 2011. The number of those who quit for all kinds of reasons reached 1975 male and female employees in 2012 compared to 1909 workers during 2011.

The 2012 staff turnover (total resignations / total employees x 100%) increased slightly to 11.1% at the end of 2012 compared to 11% in 2011.

Table (63)
Appointments and Resignations (2004 – 2012)

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
2011	1909	2774	11.00
2012	1975	2426	11.05

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

Source: Banks' data



Chapter Eleven

ABJ's Activities in 2012





The Association of Banks in Jordan (ABJ) continued its mandate to follow up the different issues brought to its attention, by member banks in particular. Specialized technical committees held an in-depth discussion of these issues and submitted banks' comments on them to relevant authorities, who had a highly serious reaction to this feedback; a number of remarks and suggestions brought by the ABJ on behalf of its member banks had been taken into consideration.

In the field of training, the ABJ held a number of sessions, seminars, workshops, training courses and lectures during 2012 on issues of concern to the banking system in Jordan.

As regards studies, the ABJ published a number of publications, reports and studies that concern the Jordanian banking system. The following is some of the ABJ's most outstanding activities during 2012.

A. Public Policy Issues

◆ The Draft "Instructions to Deal in a Transparent and Equitable Way with Clients"

The ABJ, in coordination with the Central Bank of Jordan organized on Sunday, Aug. 26th, 2012, a meeting of member banks, also attended by a representative of the CBJ, to discuss CBJ's draft instructions of dealing in a transparent and equitable way with clients.

Member banks were requested, after due discussion of draft instructions, to provide the ABJ with their final feedback on the instructions. The ABJ then collected these remarks and summarized them in a detailed matrix with the items of draft instructions and the banks' remarks and/or suggestions thereon. Those remarks were then sent to the CBJ which took the feedback into consideration when the final endorsement of those instructions was done.

B. Meetings of ABJ's Committees

◆ Banks create a founding committee for the Credit Information Bureau

Jordanian banks formed a founding committee for a credit information bureau chaired by the General Director of Bank Al-Etihad Nadia Al Saeed, with the membership of the Director General of Cairo Amman Bank Kamal al Bakri, the representative of ICT sector Khaled Al Hudhud, the representative of micro-finance sector Muna Sukhtian, the Director General of Jordan Capital bank Haitham Qamhieh, and the director of International Finance Corporation (IFC) Dr. Ahmad Ateeqa.

The ABJ chairman Marwan Awadh told the committee that the role that the ABJ is entrusted with is merely that of coordination; it is neither executive nor administrative or legal.

He reviewed the most important steps taken by the ABJ to help create credit information bureau, including conducting a comparative study between Jordan and other countries, and organizing a series of meetings with relevant authorities and the CBJ.

Awadh hailed the great role assumed by the IFC to help create the credit information bureau.

He pointed out to the issuance of the credit information law and its bylaws, which constitute a clear-cut and comprehensive legislative framework that permits the establishment of such a company, stressing that banks are open to everyone and that there is no monopoly of banks over the future company since the said law allows any party to request a license to create a credit information bureau.

The chairman underlined that proposed shares in the bureau are only tentative and provisional and can be modified, saying that the ABJ's role in creating the bureau will stop after the agreement on forming the founding committee is concluded.

He drew attention to the fact that the ABJ had previously run a request for proposal of interest for internationally acclaimed companies in the field of credit information, in response to which it received nine requests of interest that are left for the founding committee to review as soon as it is formed.



The head of the Executive Technical committee Nadia Saeed highlighted the importance of having a credit information bureau and its pivotal role in providing the services of credit information and limiting risks on credit.

Al Saeed stressed the importance of having a low and competitive cost for credit information so that it will not be eventually reflected on clients, adding that services expected to be offered by the bureau are not limited to information but they can be developed to include credit points' service.

She pointed out that the first step to create a credit information bureau is to agree in principle on underwriting in the company so that it can be licensed by the Ministry of Industry and Trade and to establish the founding committee, then the committee would complete the establishment procedures, including reviewing bids offered by international companies. A tender document would then be drafted to include the terms of reference, the scope of services, past experiences and quotations model that would bring the lowest prices possible.

She told attendees that what is required of them is to confirm their desire to have shares in the bureau, and to vote on the formation of the founding committee which will open bids and identify the next steps, including appointing a legal advisor.

Awadh asked attendees to confirm their willingness to take part in the said bureau; Jordan Loan Guarantee Corporation confirmed its participation, while telecommunications and electricity companies asked for more time to confirm participation. Awadh suggested that the founding committee of the bureau consist of the same members of the executive technical committee, taking legal considerations into account. He stressed that suggested names are only provisional and changeable after all parties confirm their participation.

On her part, Al Saeed explained that what is required in the meantime is to get a confirmation of all parties that want to participate in the company, and to approve of the mandate to be given to the founding committee to perform the following tasks:

- a. Appointing a legal advisor and a lawyer to start procedures of the company's registration and to pursue the requisite legal actions;
- b. Appointing IFC as a technical advisor and expert for the next stages of registering the company;
- c. Reviewing letters of interest sent by strategic partners and making a choice between them;
- d. Preparing terms of the tender to be sent to relevant companies in light of item c/2 in cooperation with the IFC;
- e. Entering into negotiations with bidders to name the strategic partner who won the bid, in cooperation with the IFC;
- f. Concluding the draft final agreement of partnership and operation and submitting it to shareholders for their approval; and
- g. Registering the company at its final form and terms and conditions according to the operation and partnership agreement mentioned in item f, and getting the necessary approvals.

She pointed out that she will provide all relevant parties with the form of participation confirmation and delegation of powers after consulting with Kamal Al Bakri.

◆ A committee formed to draw a strategic plan for the ABJ

The ABJ's board of directors formed a committee from among its members to draw a new strategic plan for the association, after a thorough discussion of what was achieved of the ABJ's executive plan for the period of 2010-2012.

The committee formed was under the chairmanship of the ABJ's chairman of board of directors Bassem Khalil Al Salem with the membership of the Bank of Jordan's Chairman of board of directors/ General Director Shaker Fakhouri, the director general of Jordan Commercial Bank Mahdi Allawi, the director general of the Housing Bank for Trade and Finance Omar Malhas and the ABJ's director general Dr. Adli Qandah.

The committee held its first meeting on Apr. 9th, 2012.



◆ Al-Salem chairs meetings of the brainstorming team to discuss training, development and studies at the ABJ

The chairman of ABJ's board of directors Bassem Khalil Al Salem chaired on May 14th, 2012 a meeting of the brainstorming team that focused on issues of development, training and studies as well as defending the interests of member banks.

The team asserted that the Institute of Banking Studies (IBS) should develop its programs; it proposed arranging a meeting with the IBS' director to discuss current and future training programs and to provide them with the training needs of member banks so that the institute can design the proper programs.

As regards defending member banks' interests, Al Salem stressed that reviewing relevant banking legislations is possible and even welcome by the central bank which pledged to study any remarks given by banks.

Al Salem underlined that any amendments that can be done should be adapted to the requirements of the current stage as well as to be reflected on the macro-economic performance of the kingdom. He also suggested that banks should be a partner in the Banks' Magazine in terms of publishing their own studies in the magazine.

The brainstorming team proposed conducting a comprehensive evaluation of banks operating in Jordan, to pinpoint their strengths and weaknesses and identify challenges and opportunities facing the banking sector. The team also suggested conducting studies on the micro level to cover banks' needs of some issues to be proposed by the committee formed for this purpose.

Participants agreed that each member of the working team should carry out an initial evaluation stemming from the actual situation and aspirations of its bank, to be discussed in the coming meeting. They stressed a profound agreement exist among banks in this regard.

Representative of the Arab Banking Corporation (ABC) Noor Jarrar was requested to draft a description of the training needs of banks taking part in the meeting as a sample that corresponds to the needs of other banks.

The team had already held a meeting on Sunday, May 6th, 2012, headed by Al Salem and attended by the ABJ's director general Dr. Adli Qandah and directors of studies and planning in member banks, to discuss that most important pillars of the ABJ's strategic plan for the coming period that aims at advancing the banking sector and increasing its competitiveness with the regional banking sector.

The meeting decided to create a small-sized working group of banks to discuss the main subjects on the table, keeping the door open for any more participants from member banks to join.

◆ ABJ holds a meeting for directors of training and human resources at banks and the IBS

The ABJ held on Sep.10th, 2012 a meeting for directors of training and human resources departments at member banks and the Institute of Banking Studies to inform the IBS of the training needs of banks. The meeting was attended by ABJ's Vice-Chairman Nadia Al Saeed, the ABJ's director general Dr. Adli Qandah and the IBS director general Riyadh Al Hindawi.

Dr. Qandah underlined the fact that the relationship between the IBS and ABJ is that of cooperation, striving to understand the strategic perspective of banks to upgrade and develop the IBS' services in what suits the banking sector's needs.

He said that the meeting aims at understanding the remarks of the IBS as the new administration of the Institute is about to draft a new strategic plan to develop its activities.

Attendees stressed the need to create a permanent banking committee that holds periodic meetings with the IBS' administration to keep it perpetually informed of the banks' training needs and the most required training programs. They also suggested a liaison officer in each bank to facilitate cooperation and coordination with the IBS.

Attendees stressed that training needs should be identified according to specialization, administrative post, and



administrative category. They also stressed the necessity of adopting training programs for all job levels so that it would be easier to nominate the employee for the training program or to evaluate him/her.

They also pointed out to the urgency of having specialized evaluation mechanisms to evaluate the extent to which employees benefited from training programs, especially those related to specialized banking and technical issues, as they are highly in demand and most lecturers in these issues are highly proficient in the Jordanian banking system.

Attendees expressed disappointment of the training programs in the soft skills, describing them as underdeveloped and not up to date. They stressed that banks prefer to take part in competitive training centers because they can see the advanced quality and method of training compared with what the IBS offers.

ABJ and IBS representatives at the meeting requested expansion in the specialized academic banking programs, especially the diploma degrees and Islamic banking programs, as well as granting these certificates the necessary accreditation so that those programs are improved and updated. They advised in this regard to benefit from the reputable experience of the Bahrain Institute of Banking Studies.

Attendees also called for concluding cooperation agreements with international centers so that new and substantial issues can be laid down and highly efficient international trainers can be procured to train bank employees on the most important banking issues.

They stressed cooperation between banks and the IBS to hold an international training program, just like what the Bank of Jordan, the IBS and the Euro Money did before, the matter that will distribute the burden of costs between banks.

They recommended evaluation to be conducted twice during training: at the first day of training and at the last day. In this way, they emphasized, concerned people can improve or redress any negative points noticed about the training program and general opinions on the negative and positive points of the program can be obtained.

They also recommended having training rooms that are equipped with the best training programs and have a relaxed training setting, since the available rooms are outdated and need tremendous maintenance and renovations.

Attendees also recommended the IBS to cooperate with banks as regards choosing the training hours convenient for each bank and suitable for the nature of its work.

On his part, Dr. Hindawi expressed interest in all these remarks, saying the IBS would study the possibility of including them in the coming strategic plan. "The IBS intends to organize a meeting for banks in Nov. 2012 to inform them of its plan for the coming years," he pointed out.

C. Seminars, Lectures and Training Courses

1) Workshops:

The ABJ organized a number of workshops that can be wrapped up as follows:

◆ ABJ organizes a workshop on the FATCA

The ABJ organized on March 4th, 2012 a workshop on the Foreign Account Tax Compliance Act (FATCA), in cooperation with Deloitte and Touche. The workshop focused on the requirements that banks and financial institutions willing to implement this act should fulfill before the act comes into force by the beginning of 2014.

The workshop was attended by representatives of banks, the CBJ and Deloitte and Touche Jordan.

ABJ's Chairman of Board of Directors Marwan Awadh said the Foreign Account Tax Compliance Act, issued in 2010, requires non-American financial institutions to provide the Internal Revenue Service (IRS) with detailed information on American citizens that have banking accounts outside the USA.

He went on to say that the US Treasury Department and the IRS issued on Feb.8th, 2012 proposed draft regulations that provide a clearer road map for non-American financial institutions to implement this act.



The purpose of this law is to identify the American taxpayers who have financial assets and accounts outside the USA, and to ensure they settle taxes due on these foreign assets and accounts.

Awadh said the draft regulations gave clearer step-by-step process to financial institutions regarding the requirements of implementing the law. General remarks and feedback on FATCA were taken into account and the Treasury Department expressed its intention to facilitate the proposed requirements to implement this law by foreign financial institutions. He pointed out that international financial institutions welcomed the efforts of the US Treasury to facilitate the implementation requirements, urging relevant institutions to reconsider its current approach to implement the law.

“It will not be an easy job for financial institutions as this requires changes in systems and operational processes of non-American financial institutions and its relationship with clients,” Awadh said.

Awadh urged local banks not to delay the implementation of FATCA requirements and to take strategic decisions and choices in order to have a fully-considered implementation of the law’s requirements. He told participants that many financial institutions across the globe are currently reviewing the possible effects of proposed regulations to estimate the possible costs and resources required to enable them to comply by these regulations, including a detailed revision at the level of business units to verify tax burdens of American clients, and the current ability of procedures and systems to make the necessary identification and documentation of American citizens.

Awadh drew attention to the fact that to abide by this law means that the current processes of opening accounts and the processing systems of transactions and procedures of “know your client” used by foreign banks will be affected. “Compliance officials need to evaluate the possible effects of these regulations and draw a plan to manage and redress any possible risks relating to noncompliance with the terms of this law,” he went on to say.

Representatives of Deloitte and Touche Middle East Ali Kathemi and Omar Hmeid gave a detailed presentation of developments in the implementation of the FATCA, its requirements and the road map to comply by it. They stressed big financial institutions in the world are interested in implementing the law, taking as example the Deutsche Bank which requested its corresponding banks to define their position regarding the law so that it can decide to stop dealing with any bank or financial institutions that do not implement the law.

It is worth noting that the law requires foreign financial institutions to notify the IRS of any transfers or selling processes or income relating to any American citizen that works or resides outside the United States, and to deduct 30% there from as taxes for the US government.

Deloitte representatives answered questions of banks on the legal and technical details of the said law.

◆ ABJ, IFC Hold Seminar on SMEs’ Funding

The ABJ, in cooperation with the International Finance Corporation (IFC), organized a training seminar on funding small and medium sized enterprises (SMEs) in the period of 10-12 Dec. 2012.

ABJ’s general director Dr. Adli Kandah said the issue of SMEs’ funding gained increasing attention in the past few years by governments, banks and international corporations because of the SMEs’ essential contribution to economic development.

In Jordan, micro, small and medium size enterprises (MSMEs) account for 98% of the enterprises. They employ 65% of the labour force approximately and contribute about 40-50% of the GDP, Dr. Kandah said.

Despite that, Dr. Kandah added, SMEs have low access to finance and account for 10 percent only of the bank lending in Jordan.

However, he stressed there are local and international initiatives to address these issues and facilitate the access to the different financing options in banks that represent 95 percent of total funding transactions.

Dr. Kandah thanked the IFC and its representative Dr. Ahmad Attiga for the fruitful cooperation with the ABJ and the banking sector in general, as the workshop’s agenda focuses on instruments of advancing SMEs’ funding in Jordan.

On his part, IFC Country Manager in Jordan Dr. Ahmad Attiga said cooperation between the IFC and ABJ



helps to shed light on the national strategy to support SMEs in Jordan, pointing out to the IFC's achievements in creating a suitable environment for SMEs to work and thrive and get the necessary funding.

“The IFC helped Jordanian government in developing a legislative environment that supports micro finance in different aspects,” Attiga said. The first legislations that passed the necessary procedure are the leasing law and the credit information law, the latter is extremely important for banks and enterprises, especially SMEs, he added.

He told participants that a credit information bureau is about to be established in Jordan where investors will be procured to establish the first such company in the kingdom in the first quarter of the coming year, pointing out that there is a draft law to use moveable property as a guarantee for debts, which will be one of the most important instruments that facilitates access to funding.

Thirty bankers, representing SMEs finance, accounts, operations, risks and credit departments, took part in the three-day workshop. Experts and lecturers in the workshop: Saleem Qamar, Andrew McCartney and Kleetos Giorgio developed a thorough understanding of SME banking operations and international best practices with key focus areas on; business models for SME Banking, identifying Market Opportunities, Customer Management, Products and Services, Sales, Credit Risk Management, and IT and MIS.

◆ Non-performing credit facilities' workshop

On Monday May 7th, 2012

◆ Challenges of e-payment and ways of development

27/8/2012

2) Training Courses:

The ABJ organized a number of training courses and programs during 2012 on the following issues:

◆ ABJ holds a training course on risks of bank credits

The ABJ organized a training course on the “legal and financial risks faced by bank credits, its guarantees and ways of dealing with them,” during the period of 21-23 May 2012.

The course was lectured by advocate Salem Khaza'leh and attended by employees of credit and facilities, banking contracts, corporate credits, management of credit risks, internal audit and revision and legal departments.

The course aimed at informing participants of the practical, procedural and legal aspects of granting safe bank credits, enhancing their knowledge of legal, practical and procedural rules of drafting, documenting and amending banking contracts related to credits, and the legal eligibility of bank clients to sign, amend or cancel banking contracts.

The course also aimed at boosting employees' efficiency in banking operations, managing banking contracts, credit risks and credit management in terms of dealing with legal and financial risks related to banking credit and ways of facing and dealing with them.

Furthermore, participants were triggered to discover and identify points that should be abided by upon granting or renewing bank credits, protecting bank guarantees and building a base of terms of reference that the bank should abide by in dealing with credit risks and problems, and providing workers in corporate credits with the necessary knowledge and experience to evaluate the bank's position towards companies if an error happens in documenting the bank's rights or if administrative or financial blunder occurs, and drafting plans to deal with these possibilities.

The course covered issues of financial and legal risks faced by banking credits, guarantees and ways of dealing with them in terms of risks related to the method of contracting, legal boosters upon granting banking credit, risks related to the method of studying and analyzing credit applications, risks related to fraud, forgery and misleading



that some clients might refer to, and ways of discovering and addressing them, the method of analyzing financial statements, comparing them and ways of identifying and dealing with their significance, documents and required boosters for contracting, ways of dealing with them, studying them along with risks related thereto.

The course also covered risks confronted by banks as regards banking guarantees, whether real estates, moveable properties, deposits, monies at third party, or assignments and ways of dealing with them; methods of follow up and monitoring of clients after granting credits; safe ways of demand and collection; procedural, practical and legal aspects that the bank should abide by in preparing and documenting processes of granting credits and signing, renewing, implementing or revoking bank contracts.

◆ ABJ, IFC hold training on governance in banks

The Association of Banks in Jordan, in cooperation with the International Finance Corporation (IFC) held a training seminar on governance and risk management in banks that targeted members of boards of directors and higher managements in banks operating in Jordan.

The seminar, which was held during the period of 25-26 June 2012, focused on good banking governance, risk management and compliance, accounts revision, financial institutions' governance and enhancing monitoring environment.

Director of financial services and risk management at Ernest and Young Middle East and North Africa Dr. Sandeep Srivastava said the seminar aims at developing a working model in good governance between banks and focusing on the substantial issues in governance practices at the Middle Eastern level.

"Market was divided into different levels, with a focus on SMEs, Islamic funding corporations and family businesses," he said, adding that there is also a focus on continuing to build the institutional capacities, a tribune for bankers to raise the level of discussion in the issues of good governance in banks and the practical solutions in this regard.

He expressed confidence that the training program would improve the capacities of banks' governance teams by way of discussing practical solutions that can be applied in Jordanian banks and getting acquainted with the experiences of financial institutions in dealing with the issues of risks and governance and the lessons learned in this respect.

"The program gives a deep insight on the consecutive governance practices in all levels of operation," he told Banks' Magazine.

"The issue of corporate governance is not new," he said. However, he added, "it was not totally grasped until the global financial crisis broke out and it was clear that managements committed mistakes in limiting the implementation of good governance to the higher administrative levels. The training program, he explained, focuses on how to deal with difficulties that face the implementation of good governance principles and their application in the daily transactions of banks.

The training program included the principles of the Basel committee on enhancing the standards of good governance in banking and financial institutions. It also included the efficiency of monitoring and management in banks by focusing on the auditing committees, risk procedures and compliance requirements, along with ensuring that the internal auditing procedures are efficient and sufficient, as well as indentifying goals of the committees of auditing, internal borrowing, conflict of interests and the practices of good governance.

Participants discussed the concept of corporate governance; benefits that institutions reap out of implementing the OECD principles of governance; the organizational perspective of governance in banks and comparing it to the requirements of Basel II and the best practices in this field.

They also discussed the applications of corporate governance in the Middle East and North Africa region as well as the models of governance in private, governmental and Islamic banks.

The program stressed the need to install efficient and professional systems of governance in which the role of the board of directors is clarified, especially as regards risk management and drawing a framework to risk



management. It also highlighted the significance of the organizational and administrative environment of the internal monitoring, the external auditing and the banking auditing committees.

◆ **Lecture on King Abdullah II Prize of Excellence for the private sector**

on Feb 1st, 2012.

◆ **Training program on CBJ's instructions and orders on credit facilities**

During the period of 6-8 Feb, 2012, lectured by HE Salem Khaza'leh.

◆ **Training program on the legal liability of banks and bank employees on processes of money laundering, funding terrorism and suspected cases in light of the Jordanian law on combating money laundering and terrorism funding no 46 for the year 2007 and its amendments, and the CBJ's instructions,**

During the period of 12-14 March 2012. HE Salem Khaza'leh directed the program.

◆ **Applied and legal aspects of documentary credits in light of UCP600**

During the period of 18-20 June 2012. Lectured by HE Salem Khaza'leh.

◆ **Training program on the practical application of liquidity risk management and the self assessment process of capital adequacy (ICAAP) according to Basel III requirements**

During the period of 14-16 Oct. 2012. It was held in cooperation with Isnad Company.

◆ **Training program on Islamic Sukuk**

11-16 Nov. 2012, in cooperation with Dar Al Khibrah.

3) Forums:

The ABJ organized the following forums during 2012:

◆ **ABJ, Dar Al Khibrah organize a seminar on amendments of Islamic Funding Sukuk Law**

The ABJ, in cooperation with Dar Al Khibrah for Banking Consultations, held on July 1st, 2012 a seminar to discuss the draft Islamic Funding Sukuk Law.

The seminar was attended by lawyers, experts in the field of Islamic sukuk industry, Sharia advisors, and representatives of financial and monitoring institutions such as Jordan Securities Commissions, the CBJ and the Companies' Control Department, and the higher management of a number of conventional and Islamic banks.

Participants discussed the different aspects of the Islamic Sukuk Law, including its significance in enhancing the Islamic securities market and boosting the role played by Islamic financial instruments, and the incentives that it comprises of, such as the tax exemptions on transactions and profits.

Participants' feedback focused on the multiple references in the law, the expansion in creating institutions as a result of the establishment of many committees and commissions that are granted the jurisdiction of taking decision as to issue sukuk without paying attention to the successful experience of Islamic banks working in the kingdom in this regard.

Therefore, participants recommended the endorsement of a law that caters for the convenient legislative environment and the legal framework of the Islamic sukuk. They also suggested amendment of the fifth article of the draft law to become the enforced verdict, as is the case of what is provided for in the valid banks' law and the



comparative laws of sukuk.

Furthermore, they recommended reconsidering the legal nature of the sukuk, therefore amending the draft law's articles so that the issuance is entrusted in one party, which is either the commission or the Jordan Securities Commission.

Participants drew attention to the fact that the draft law was confined to the funding sukuk; it did not mention funding and investment although there are many investment formulas in the draft law such as the Musharakah and Mudarabah, which are all based on musharakah, the securities in which its holders are owners of a specified property in common.

Participants made it clear that the draft law contains numerous terms that are not defined, and that there is an evident conflict between the central Sharia commission and the companies control department.

◆ ABJ organizes Third Forum on Corporate Social Responsibility

The ABJ organized on 22 Oct. 2012 the Third Forum on Corporate Social Responsibility under the patronage of CBJ governor Dr. Ziyad Fareez.

Participants discussed local banks' efforts in the field of corporate responsibility. Jordan Islamic Bank, Housing Bank, Arab Bank and standard Chartered Bank presented their experiences with the corporate responsibility issues such as the Jordanian Hashemite Fund for Human Development, Al Hussein Fund for Excellence, JEDCO and Our Lady of Peace Organization.

Fareez said raising the concept of social corporate responsibility to the level of communal partnership is gaining increasing attention.

He noted that interest in this concept is not just for humanitarian or societal considerations but because it is a major component that enables banks to build a sustainable economic model that guarantees feasible economic proceeds at the long term.

"Social responsibility is a duty, not charity," Dr. Fareez said, calling all national institutions, banks in particular, to enhance its position as a vital partner of relevant authorities to build the country and adopt initiatives in all aspects of social work.

Social corporate responsibility is a development issues and one of the most outstanding indicators of sustainable development that is built on integration and interaction between roles played by national institutions whether government bodies which provide the right environment and structures, civil society or the private sector that is active in achieving economic growth and development.

Social responsibility of banking institutions starts from the efficient management of available resources, the efficient funding of economy and the fair treatment of clients which contributes to raising economic growth rates and improving the income level of individuals through supporting financing programs, especially those targeting SMEs to serve individuals and productive families.

He praised Jordanian banks' efforts to take part in many social and humanitarian initiatives, saying that people's expectations of banks are great, so they should multiply their efforts to help society in overcoming current conditions and facing challenges to achieve stability and sustainable economic growth.

Meanwhile, he called banks to exert more efforts in the field of social responsibility, and the central bank would help them in this regard.

On his part, ABJ chairman Bassem Khalil Al Salem said the social responsibility forum is an annual initiative of the association of banks to highlight and enhance the roles of social responsibility of banks working in Jordan.

"It is like a hold back to review the achievements and future trends of banks in the field of social responsibility and to discuss ways of upgrading and activating this role to bring benefit to the society as a whole," he said.

He indicated that the concept of social responsibility is based on achieving the interests of all, whether consumers, employees or managers, in addition to maintain the environment in which institutions work. "Social



responsibility requires corporations to have roles that are greater than charity; it requires active participation in the different national programs whether in the health, education, culture or sports fields, as well as a commitment to protecting environment and working according to the principles of transparency and accountability.

Al Salem expressed disappointment that the corporate social responsibility role is still below expectations; the private sector is the strategic depth of the national economy and the main pillar of it. In light of the increasing burdens of the government and the increasing levels of debts and deficit in public budget, he added, it is urgent that the private sector becomes a partner of the public sector in supporting the social and developmental goals.

However, banks in Jordan adopted the social corporate responsibility as an institutional approach and approved of culture. He pointed out that banks working in Jordan were pioneers in shouldering their responsibilities towards society and assuming a pioneering and creative role in facing social challenges, and in providing support to the different segments of society. Thus, they are in the fore ranks in terms of social contributions compared to other sectors.

Banks in Jordan enjoy the highest degrees of transparency according to international standards and international best practices, he said. This underlines banks' commitment to all stakeholders: shareholders, depositors, borrowers, employees, treasury and local society.

Banks are the backbone of Jordanian economy; they are the strongest and most vigorous sectors as they contribute to providing the main channels of the fiscal policy and consequently they work to improve the efficiency of the macro-economic policies, he said.

Al Salem went on to say that banks assume their responsibilities towards the total and sustainable economic development by attracting savings and promoting saving and investments, and working to distribute economic resources in an efficient and active way. Banks, he pointed out, provide the necessary funding for public and private sectors enterprises, take interest in funding Micro, medium and small size enterprises (MMSEs), as well as funding of green, environment-friendly projects.

The total value of sums spent by banks on social responsibility initiatives amounted to JOD 37 million in 2011, which represents 9-10 percent of the banks' annual net profits. The initiatives covered the sectors of education, development, poverty, child and woman, family and people of special needs, sports, health, culture, arts, environment, tourism, and religious domains. They also included giving support to cultural, social and economic institutions.

ABJ director general Dr. Adli Kandah said the association organizes annually this forum to shed light on the role played by banks in the field of corporate social responsibility, the benefits that the civil society organizations reap out of these activities and the ways of developing these activities as best as they could be.

CEO of Topaz International, Dr. Ghassan Abdallah, reviewed the mechanism and methodology of the integrated society and the social responsibility manual of banks.

He called participants to consider specialized projects that can become the nub for sustainable development, and to focus on the needs of society. In this regard, he stressed the need of the society to have a say in the kind of projects that are implemented so that they can interact with and achieve their goals in fighting poverty and need.

◆ ABJ, UAB, WUAB hold a forum on “Executive Measures to Implement FATCA, Developments in International Standards of Curbing Money laundering adopted by FATCA, and Recommendations on Financial Sanctions and Tax Evasion”

The ABJ, in cooperation with the Union of Arab Banks (UAB) and World Union of Arab Bankers (WUAB), held in the period of 13-15 Dec. 2102 a forum on “Executive Measures to Implement FATCA, Developments in International Standards of Curbing Money laundering adopted by FATCA, and Recommendations on Financial Sanctions and Tax Evasion.”

100 banking experts from 12 countries participated in the forum that was organized in the Dead Sea area.

Vice-governor of the central bank Dr. Maher El Sheikh said that Jordan and its central bank pays great attention



to ensure its banking system is free from illegal transactions, money laundering and tax evasion.

“This is because of our solid belief that any temporary benefits resulting from illegal transactions will be far less than risks resulting from these transactions and affecting the corporation or the sector itself,” he said.

The American government issued a draft law for tax compliance to curb tax evasion by American citizens who have accounts outside the USA. “Although the law targets Americans, yet it will increase the cost of compliance or fines in case of non-compliance by financial institutions working outside the USA,” Dr. Sheikh said.

There is a big debate on this law at the local, regional and international levels as its implementation has many repercussions and difficulties, the most important of which, he added, is the legal challenge of the confidential nature of bank accounts. Revealing information of clients’ accounts, as the American new law requires, also adds new financial burdens on banks and needs working procedures to identify clients.

He expected a greater interest in this subject as a result of regional and international developments, especially with the need for more revenues and the issues of curbing money laundering and funding of terrorism.

“Effects of political changes and financial crises in the Arab world cannot be overlooked regarding the banking system,” he said. “These might lead to risks of money laundering and funding terrorism that threat to destabilize countries,” he added.

Greater exerted efforts of all relevant parties are needed to fight the developed ways of money laundering especially through banks and to create a safe financial and economic environment through a monitoring system and the efficient implementation of international recommendations and standards that are able to protect the financial system.

Sheikh referred to steps taken by the kingdom to fight money laundering and funding terrorism, such as endorsing relevant international and regional conventions in this regard, and creating a specialized unit of anti-money laundering and funding terrorism to be a link with institutions prone to exploitation for money laundering processes.

On his part, the UBA secretary general Wissam Fattouh reviewed the first steps of enacting the FATCA in 2010 to encourage tax compliance of Americans living outside the United States.

This act, he pointed out, entitles the American Internal Revenues Service (IRS) to curb tax non-compliance by Americans living outside the USA by using non- American financial institutions which will identify accounts of American citizens and collect taxes on them for the IRS.

The law will include American citizens, those who have a green card and those who actually reside in the USA, in addition to foreign entities in which U.S. taxpayers hold a substantial ownership interest.

FATCA binds banks and financial institutions such as credit funds, exchange bureaus and investment funds to inform the IRS of their American clients who have account balances of more than \$50 thousand for individuals and \$250.000 for companies, as well as giving information on Americans’ contributions that exceed 10 percent of the company’s capital.

Fattouh said foreign banks and financial institutions are obliged to sign special agreements in which they annually provide information on the accounts of American citizens.

“UBA and WUAB urged Arab financial institutions to review the American act as soon as possible because its implementation requires legislative and organizational amendments, especially the “know your client” instructions, so that they can cope with the law’s requirements,” he said.

“Implementing the law requires signing a direct agreement between the bank and the IRS,” he said. “If banks do not comply,” he said, “the IRS would deduct 30 percent off from transfers done to those non-complying banks through American banks.”

Fattouh concluded that financial institutions should cope with the law to avoid sanctions and the bad stigma that might inflict the banking sector.

The ABJ director general Dr. Adli Kandah said the United States is determined to implement FATCA; this is



evident from the implementation of countries such as France, Germany, Spain, the UK, Italy, Switzerland and Japan of the compliance models.

However, he pointed out that some countries, such as Canada, vehemently oppose the law. Yet the USA is implementing the law without having drastic modifications on it.

Although the implementation of the law is voluntary, he said, it is evident that the financial institutions that ignore FATCA will end up isolated out in the cold.

Kandah proposed three models to implement FATCA to facilitate the identification of the American accounts and providing information thereon to the IRS.

He pointed out that the ABJ responded promptly to the requirements of FATCA; it organized along with Deloitte and Touche two workshops to review the tax compliance law and the requirements that banks and financial institutions willing to implement the law should perform before the act comes into force at the beginning of 2014.

Kandah said that banks agreed that each bank or financial institution would follow up this subject on its own, taking the advice of specialized advisors and signing direct agreements with the IRS.

D) Other activities and news:

◆ Awadh takes part in the financial and economic committee meetings to discuss public budget

ABJ chairman of board of directors Marwan Awadh took part in the meetings held by the Lower House of Parliament's Financial and Economic Committee to discuss the public budget of the fiscal year 2012, the budget of the governmental units for 2012, and the Audit Bureau's reports for the years 2009 and 2010.

The chairman's participation was requested by the prime minister as part of a series of meetings the committee held with ministries, public institutions, independent governmental units and civil society organizations that represent the private sector, including the association of Banks.

◆ CBJ governor meets banks' chairmen and general managers

The Central Bank of Jordan's (CBJ) governor Dr. Ziyad Fareez met the chairmen of board of directors and the general managers of banks on Feb. 1st, 2012, to keep them informed of the CBJ's intentions regarding the fiscal and banking policies in the next stage.

Fareez reviewed the economic situation, focusing on challenges facing Jordanian economy in light of the negative repercussions of the ongoing developments at the regional and international arenas.

He pointed out that the CBJ intends to continue its policy of boosting the kingdom's fiscal stability, whose main components are controlling inflation rates and the stable exchange rate of the Jordanian dinar through maintaining an interest rates structure that is in harmony with the economic and international economic developments, and a comfortable level of foreign reserves, and finally to seek the adaptation of these goals with the goals of economic growth.

He assured attendees that the CBJ will uphold the policy of enhancing the strength of the Jordanian banking sector and increasing its competitiveness by having efficient systems of risk management, good governance and having sufficient level of capital and liquidity to face any unexpected risk.

He said that banks are aware of the goals intended by CBJ's measures, especially the monitoring measures, which aim at safeguarding a strong banking system that is able to play its pivotal role in the economic activity.

As regards achieving the goals of fiscal and banking stability, the governor said despite the uncertainties stemming from the world economic crisis and the regional political developments, the inflation rate went back to 4.4 percent in 2011, compared to 5 percent in 2010.

Subsidy policy helped in reigning inflation in 2011, he said. The CBJ has a comfortable level of foreign



reserves that reached \$10.5 billion approximately that can cover six months imports.

The banking system continued to finance the different economic activities in the kingdom; private sector credits grew by about 10 percent in 2011, which is in line with the volume of economic activity in Jordan, in addition to the reduced interest rates on credits that contributed to the low margin between the interest rates on credits and deposits. The overall indicators of the banking system, said Fareez, reflect a high level of strength.

As regards the direction of the fiscal and banking policy, Fareez stressed that the CBJ will continue to adopt the necessary policies to face the current challenges in a way that guarantees achieving fiscal and banking stability. He underlined the fact that surpassing these challenges requires harmony between the macro-economic policies and the cooperation and support of banks to enhance confidence in Jordanian economy. "Achieving fiscal and financial stability is the main pillar of the sustainable economic growth that is certain to boost domestic savings and investments and attract foreign investments," he stressed.

Providing funding for private sector investments to trigger economic activity is the responsibility of both the CBJ and banks; they are on top of the fiscal and banking policies, the governor said.

He also urged banks to take benefit of facilities and credit lines targeting SMEs in Jordan as they are very important in stimulating economic activity, and the CBJ will, in turn, boost the role played by the Jordan Loan Guarantee Corporation in encouraging banks to grant credits.

On their side, the chairmen and general managers expressed their awareness of the role that banks should play in this stage, and their readiness to stimulate savings and encourage investment through the financing instruments available to them according to the best practices in banks.

They also stressed that success in this strive relies on the extent to which the public economic policies are clear, not only the fiscal policy but also the policies of reducing deficit and trade and investment policies to reinforce the role of the private sector in development.

At the end of the meeting, the governor expressed appreciation of the banks' role in achieving social and economic development; urging banks to enhance their role in the corporate social responsibility and to continue holding such meetings to serve national economic interests.

◆ ABJ Board of Directors Meet GAFCO Consultative Committee

The board of directors of the Association of Banks in Jordan met on Feb. 5th, 2012 the consultative committee of the General Association for Foodstuffs Merchants (GAFCO) to discuss the issue of checks returned for insufficient funds.

This issue affects badly foodstuffs merchants as the legal procedures to settle the returned checks lawsuits might take five years.

The board of directors told the committee that this issue is expected to be eased once the credit information bureau is created, blaming the problem in part on merchants themselves who should know better their clients and choose them through a systematic and proper way just as banks do.

The board said that banks follow a very strict procedure in giving check books to clients; their dealings with a bank should not be less than three months or even six months so that the bank can have sufficient time to know the client. Banks are also obliged not to give check books to clients on the black list reserved for clients who have returned checks.

◆ Meeting of General Assembly

The general assembly of the Association of Banks in Jordan elected on March 6th, 2012 its new board of directors for the period of three years.

The elected board of directors consists of the Arab Bank, the Housing Bank for Trade and Finance, Jordan Kuwait Bank, Commercial Bank, Cairo Amman Bank, Capital Bank, Kuwait National Bank, in addition to the



central bank as an observer.

The chairman of board of directors of Capital Bank Bassem Khalil Al Salem was elected as ABJ's chairman of board of directors, and the general manager of Al Ittihad Bank Nadia Al Saeed as vice-chairman.

The general assembly also endorsed the ABJ's final accounts, the annual report and the estimated balance of 2012.

The ex-chairman of the ABJ's board of directors Marwam Awadh, who chaired the meeting, reviewed ABJ achievements of the past three years, the conferences that the ABJ organized whose peak was the forum on corporate social responsibility, and starting the procedures of establishing a credit information bureau which will be launched in the near future after the constituent committee was established for this sake.

Awadh stressed that the achievements of the ex-board of directors is a new addition to the work of the boards of directors and it establishes a new basis for the ABJ's future boards of directors.

◆ PM meets representatives of commercial sectors, unions and professional associations

Prime Minister Awn Khasawneh met on March 24th, 2012 at the Amman Chamber of Commerce the board of directors of Amman Chamber of Commerce (ACC), and representatives of the commercial sector, unions and service and commercial societies.

Ministers of finance, labour, energy and mineral resources and ministry of industry and trade were also present along with the chairman of ABJ's board of directors and a number of the board's members.

The meeting focused on the problems that the sector faces, as the prime minister stressed the government's keenness on institutionalizing relations with the private sector in all possible ways by periodic meetings, direct dialogues and legislations.

He told participants that the government sent a bill on public-private sector partnership to the lower house of parliament for endorsement and that it held meetings with a number of economic sectors as well as Arab and foreign investors.

Khasawneh took notes of the demands of commercial sectors and the challenges they face, in response to which he said the concerns of economic sectors are almost the same; they revolve around legislations and energy.

He went on to say that the government will shortly discuss draft laws on investment and consumer protection in consultation with the private sector.

He also told participants that the government is currently in the process of reviewing electricity rates, taking into consideration the special nature of some productive and service sectors.

In addition to that, he said, the government will seriously reconsider in consultation with all stakeholders the tenants' law for the benefit of the two sides of the law: the tenants and the owners, as it represents a public interest. "We promise to reconsider this law, despite our recognition of the importance of stable laws and legislations, since this law was previously endorsed by the House of Representatives," he added.

Participants called for justice and equity for all, especially as the prime minister is an international judge renowned for integrity and justice.

◆ CBJ Governor's Annual Meeting with Bankers

The Association of Banks in Jordan (ABJ) organized on June 18th, 2012 the annual meeting of the central bank's governor with bankers, which included a discussion of the economic developments and challenges faced by Jordanian economy.

CBJ's Governor Dr. Ziyad Fareez reviewed challenges faced by the kingdom because of the repercussions of the international financial and economic crisis, including the decline in demand on Jordanian exports, in investment flows into the kingdom, as well as the decline in expatriates' transfers and tourism income.



Fareez pointed out to the consequences of the “Arab spring” which formed additional challenges, created uncertainty and contributed to deepen the decline in investments.

Other challenges facing the kingdom, Fareez said, include the delay in foreign aid, the halt of Egyptian gas and the oil price hikes. These elements aggravated negative effects on the public budget, debts and the balance of payments.

“Growth rates in Jordan slowed down visibly in the past two years; unemployment rates remained higher than those in the Middle East,” Fareez went on to say.

“The reason behind increased faltering SMEs in particular is due to the slowdown in economic activity and the increase in costs, the matter that led to an increase in the level of non-performing debts in banks,” he explained.

Fareez told attendees that there are three main challenges to maintain economic and financial stability: containing the increasing deficit of the public budget, maintaining fiscal stability and safeguarding the stability and safety of the banking system.

As regards the challenge in the public finances, Fareez pointed out that the main elements that caused the recoil in this sector is the expansion in government expenditures, the decrease in domestic revenues and the retreat from the policy of liberalizing oil prices, accompanied by the halt in Egyptian gas and the increase in oil prices.

Redressing this challenge, he went on to say, requires addressing the above-mentioned elements, so that expenditures are reduced and oil prices are liberalized and government subsidies are directed to the needy, as well as improving revenues by increasing the efficiency of tax collection, curbing tax non-compliance and reconsidering the income tax law, taking into consideration the need not to negatively affect economic growth and investment.

Pegging the Jordanian dinar to the U.S. Dollar is the best policy that suits Jordanian economy to safeguard fiscal stability, he said.

As for the balance of payments’ pressures, Fareez said the CBJ had been able to face pressures of the last two years with a high level of foreign reserves, and it still has a safe and comfortable level of reserves that enables Jordan to face current pressures, as the CBJ’s foreign reserves can cover the kingdom’s imports for five months.

In this regard, Fareez confirmed that public finances pressures are to a great extent due to the halt of Egyptian gas pipelines accompanied by the hike of oil prices. “These pressures are temporary and the kingdom’s energy bill is expected to decrease, also especially as there are prospects of a decrease in oil prices at the short and medium term levels,” he said.

Despite the regression in domestic demand, outside demand regained momentum as is evidenced by the growth in tourism revenues and Jordan expatriates’ transfers, Fareez added, saying that prospects are that regional developments will lead to a boom in tourism and Jordan having a preferential advantage in foreign investments and labour. “Resumption of aid from the Gulf countries to support investment projects in the kingdom will boost foreign reserves and reflect positively on the balance of payments and economic growth,” he said confidently.

In what concerns maintaining the soundness and stability of the banking system, CBJ governor said the central bank’s monitoring policies and the wise policies of licensed banks led to safeguard a sound and strong banking system that has a good level of profitability and adequacy that can provide the necessary funding for Jordanian economy.

“Despite the increase in non-performing debts, the latest data show a stable percentage and the banking system as capable of handling it” by creating a sufficient level of provisions that does not affect banks’ profitability, which lately improved, he explained.

The CBJ is currently conducting a revision of the policies and instructions of good corporate governance and drafting proper standards in this regard for boards of directors and banks’ managements, in addition to drawing comprehensive criteria for the fair treatment of clients according to international best practices, Fareez.

The governor expressed discontent as regards fiscal developments. “The growth rate of private sector’s facilities and the growth of the monetary mass are less than their growth rates the year before,” Fareez explained, adding that credits targeting productive sectors had humble growth rates.



“The current stage requires increased efforts by the banks and the CBJ to trigger the credit market and encourage investments,” he added.

On its part, the governor said, the CBJ developed a number of new instruments that helps to affect the liquidity level in the financial market, the interbank lending and to enable banks to optimize their usage of liquidity. Examples of these new instruments are repurchase agreements for one week, the CBJ buying or selling of government financial instruments according to the requirements of economic activity, taking into consideration the objectives of the CBJ’s fiscal policy.

Fareez also reviewed the most important procedures adopted by the CBJ to provide financing for sectors that are the most affected by economic conditions and that play an important role in economic growth, including the renewal of initiatives targeting the industrial sector’s facilities and reducing interest rates on its activities, providing incentives to provide the necessary financing of SMEs, redirecting the work of the Jordanian Loan Guarantee Corporation to guarantee SMEs’ loans, and the support given to the establishment of the credit information bureau.

CBJ governor urged the Association of Banks to submit any initiatives or proposals to the central bank or the government that aim at backing the different sectors and boosting growth to guide economic policies to increase investments and job opportunities.

He also called on the ABJ to expand its role in social responsibility to include economic institutions in addition to banks, especially at this stage, saying that the central bank will always back this desired role of the ABJ.

On his side, the chairman of ABJ’s board of directors Bassem Khalil Al Salem said the association is keen to make this reunion of bankers with the CBJ’s governor as a chance to discuss developments in Jordanian economy and its financial, fiscal and economic policies.

Al Salem praised the governor’s incessant backing of banks’ role in development, highlighting the role played by the CBJ in maintaining the strength and stability of this sector, as well as the wise fiscal policies of the CBJ which meet the requirements of this stage in quality and quantity and cope with changes in the domestic and international economic and financial conditions.

Al Salem also thanked ex- chairman of the ABJ for the role he played in cementing relationships with official departments and institutions concerned with economy and society. These efforts, he said, had big influence in meeting the needs of the banking system and coping with developments.

Al Salem also reviewed the intricate and difficult conditions which Jordanian economy suffers from, pledging that the private sector is ready along with the state’s institutions to shoulder its responsibility in triggering economy back to its active state with all possible means.

The chairman summarized the causes of this economic crisis as: the setback in the volume of demand; the weak investments in the kingdom; and, finally, the weak state of laws and legislations that govern some promising sectors.

Al Salem stressed the vital role banks can play in pushing economy forward by investing in the accumulative experiences in this sector, particularly in identifying the promising sectors and hurdles they face.

“The banking sector is always ready to work side by side with all government bodies to reach solutions to stimulate growth and create a lucrative investment environment for domestic as well as foreign investors,” he said.

As regards the relationship between banks and the central bank, Al Salem pointed out that it has always been an example of the fruitful and constructive cooperation that seeks the higher national interests and helps to develop the legislative environment and the infrastructure of the banking system as well as boosting its competitiveness at the regional level.

◆ HRH Princess Basma visits ABJ

HRH Princess Basma bint Talal, the president of the higher committee for charity paid on July 3rd, 2012 a visit to the association where she was briefed by Chairman Bassem Khaleel Al Salem on the corporate social responsibility that banks assume and their role in serving the society, especially through the annual contribution



to the “Charity Campaign” headed by HRH.

Al Salem expressed appreciation of efforts exerted by HRH Princess Basma in enhancing the values of social solidarity, saying that all economic institutions should work together to achieve these goals and that the activities of corporate social responsibility should be institutional and guided by the campaign that Princess Basma organizes annually.

Al Salem told HRH that the ABJ organizes an annual forum that sheds light on the importance of social responsibility for banks and highlights the role of national institutions in enhancing the values of solidarity. The forum’s message, he said, is that social responsibility is not just giving cash and in kind assistance, it is also providing job opportunities and achieving sustainable economic development, and, at the same time, preserving environment.

Prince Basma, on her part, thanked banks for the role it plays in society. She drew attention to the campaign’s role in helping the needy as a gesture of solidarity and goodwill that monotheistic religion call for and the society adopts as institutions and wealthy and charitable people, especially in the holy month of Ramadan.

“What the campaign is doing,” she said, “embodies the solidarity and cooperation between our countrymen.” She called everybody to take part in this humanitarian and charitable effort that the campaign is doing as a duty towards the needy in all parts of Jordan.

◆ ABJ’s Director General takes part in KINZ conference

ABJ’s Director General Dr. Adli Kandah took part in the third exhibition and conference of management of banknotes that was organized by the Arab International Company for Investments and Consultations (KINZ) in cooperation with the German G&D Company specialized in manufacturing the cash machines and the systems of detect counterfeit and printing banknotes.

The conference, which was held on 3-4 April 2012, aimed at informing participants of the latest developments in the technology of cash machines and anti-counterfeiting.

Dr. Kandah submitted a paper on Jordanian banking sector, in which he reviewed electronic systems applied by Jordanian banks which prove their keenness on applying the state of art technologies, whether in counting money, classifying banknotes, ensuring they are not counterfeit or identifying the client through the eye print.

◆ ABJ’s Director General Takes Part in the Euromoney Conference

ABJ’s Director General Dr. Adli Kandah took part in the Euro money Conference Jordan 2012, which was held on 8-9 May 2012.

The conference, attended by 400 local and international personalities, discussed challenges facing Jordanian economy, the high costs of energy, the scarcity of natural resources in the kingdom, and the ability to create economic growth.

The participants also discussed developments of American economy, the financial crisis at the euro zone and challenges facing the world but affecting Jordanian economy.

In an intervention, Dr. Kandah said Jordanian financial market witnessed a setback at the start of the world financial crisis that was evidenced by the general indicator decrease of 39.6 percent and the decline in the trade volume from 19.23 billion dinar in 2008 to 2.76 billion dinar in 2011.

Kandah said that banks are among the most important financial institutions in Jordan that protected themselves against international financial and economic shocks, as a result of the wise monitoring policies of CBJ and the banks’ managements that strictly follow a detailed risk management policy.

Kandah went on to review growth indicators: growth in assets amounted to an average of 10.3 percent annually during the period of 2001-2011; capital growth registered 13.6 percent; deposits grew by 10.4 percent; credit facilities grew by 12.3 percent during the same period.



As for financial strength indicators as at the end of June 2011, capital adequacy ratio reached 18.2 percent; liquidity rate was 145.5 percent; the coverage rate was 56.3 percent; while the non-performing debts reached 8.5 percent.

Kandah stressed that licensed banks play a major role in financing economic activities, as they provide more than 90 percent of the financing resources in the kingdom. Debts due on the public sector represent 21 percent of banks' assets at the end of March 2012, while debts due on resident private sector reached about 40 percent of assets. The capital percentage of banks working in Jordan amounted to about 41.6 percent of GDP by the end of 2011, while banks' assets reached about 184 percent of GDP, deposits recorded 116 percent, banks' facilities 77.4 percent and the loans to deposits ratio reached 65 percent.

He pointed out that the CBJ sent a circular to banks working in Jordan to apply the stress testing since Sep. 2012 in accordance with Basel II requirements. He also pointed out to the efficiency of risk management departments in banks which increased banks' capability to predict problems, face them and mitigate their effects. As regards banks' capital and their ability to meet their needs, Kandah said deposits represent about 56 percent of the total assets, the remaining money that is lent represent 29 percent of total assets, 16 percent of which are liabilities in foreign currencies while shares represent 15 percent of total assets.

When comparing liabilities with assets, it is found that excess liquidity of banks at the central bank represent 9.4 percent of the total assets, while the ratio of facilities to deposits reach 65 percent, which makes them, after deducting legal allocations, sufficient to cover any unpredictable withdrawals of deposits.

Despite the decline in assets in foreign currencies from \$10.5 billion by the end of 2011 to \$9.3 billion by the end of March 2012, yet the level of foreign currency reserves is still comfortable and enough to cover requirements of external trade for no less than approximately six months.

Kandah mentioned that the CBJ issued a circular in Oct. 2011 requesting banks to study the effect of implementing Basel III requirements and send outcomes to the CBJ. However, the decision was postponed until the end of June 2012, provided that they are applied to banks' financial lists by the end of 2011.

◆ ABJ's Director General Participates in Jordan Economic Prospects Conference

ABJ's Director General Dr. Adli Kandah took part in the fourth Jordan Economic prospects Conference which was held in the period of 7-8 May 2012.

Kandah presented a paper on the structure of the Jordanian banking sector as the conference's theme revolved around the institutional reforms in economic policies.

In his paper, Dr. Kandah reviewed developments witnessed by the banking sector; the most important indicators for banks and their significance in Jordanian economy; SMEs role in economy and their share from financing and the necessity of providing them with the necessary financing especially through the SMEs loan guarantees program.

He urged the quick establishment of the credit information bureau that provides the credit register of companies and enables banks to take financing decisions with transparency and efficiency.

◆ ABJ's Director General Participates in EBRD and the Seminar on Trade facilitation

ABJ's Director General Dr. Adli Kandah took part in the Conference of the European Bank for Reconstruction and Development (EBRD) that was convened at the Dead Sea shore on May 28th, 2012.

He also took part in the seminar organized by the European Bank on May 29th, 2012 to brief the Jordanian banking sector of the financing operations provided by the bank and the prospects of cooperation with Jordanian banks, especially in the trade facilitation program (TFP).

Dr. Kandah told European bankers that Jordan is usually described as an emerging and small economy that has a limited industrial base and suffers from the scarcity of natural resources.



Jordan's natural resources are the phosphate, potash and fertilizers, while its economy largely depends on income generated by tourism and the expatriates' transfers, in addition to foreign aid whether grants or loans. These together, he added, are the most important sources of foreign currency.

Kandah highlighted the various external shocks that encounter Jordan such as the hike in the oil and foodstuffs prices, which was aggravated by the repeated interruption of Egyptian natural gas flow, while revenues from tourism and expatriates' transfers witnessed a slowdown as a result of the tensions in some regional countries.

Jordan's economy, he went on to say, grew by 2.6 percent in 2012; it is expected that growth rate in 2012 would reach 2.75 percent. On the other hand, he said that the inflation rate amounted to 4.4 percent in 2011, expecting inflation to reach 6 percent in 2012.

Kandah briefed participants on the economic reform program in Jordan which, he said, is an example for emerging economies which surpassed the problem of the scarcity of natural and material resources. Jordan was able to boost its relations with neighbouring Arab countries by joining the Greater Arab Free Trade Zone, concluding a number of bilateral trade agreements.

Jordan also entered into an association agreement with the European Union, concluded a free trade agreement with the United States and joined the World Trade organization in the year 2000. In addition to that, Jordan signed free trade agreements with the EFTA countries, Singapore, Turkey and Canada.

The volume of external trade reached approximately 17.7 billion dinar at the end of 2011, which represents 86.8 percent of the GDP; the kingdom's imports represent 63.4 percent of GDP while the exports did not exceed 27.6 percent of the GDP, this makes deficit in trade balance reach 7.4 billion dinar, i.e. 35.8 percent of GDP.

Kandah reviewed the structure of Jordanian banking sector; the number and types of banks working in Jordan, noting that the banking system maintained its strength and stability and registered tangible development, especially in the safety and strength of the banking system and its indicators in profitability, capital base, and the rate of non-performing loans.

Kandah indicated that there is a noticeable growth in assets, deposits and facilities granted by banks in Jordan; he also mentioned Jordan's membership in the EBRD in 2012 to become one of the receivers of the bank's investments. This, he expected, would support Jordan's efforts in implementing political and economic reforms.

The TFP, he added, would boost external trade between Mid and east Europe, the Commonwealth of Independent States, and southern and Eastern Mediterranean by providing guarantees for international commercial banks to do that, taking into consideration the political and commercial payment risks from transactions done by participating banks in countries in which the EBRD works.

Dr. Kandah expected an improvement in the external trade balance, by increasing exports and encouraging banks to grant more loans to external trade.

The conference was convened to discuss political and economic transition experiences which East European countries passed through. It came up with a number of recommendations that would lead to a smooth transition both politically and economically.

◆ ABJ's Director General, General Director of Blom Bank Participate in Capital & business TV Talk show

ABJ's Director General Dr. Adli Kandah and Blom Bank director general Dr. Adnan Al Araj took part in the TV talk show Capital and Business, produced and aired by Jordan TV to discuss economic issues.

Kandah and Al Araj stressed the role played by banks in financing economic activities within the criteria of lending to safeguard both the shareholders' rights and the deposits of depositors.

They also confirmed the vital importance of paying SMEs greater attention because of their efficiency in investing the working capital and of their power to generate new job opportunities, saying that banks cooperate in financing SMEs with the Jordanian Enterprise Development Corporation (JEDCO) in the context of SMEs Loan Guarantees Program that is currently implemented in cooperation with the Ministry of Planning and International Cooperation (MoPIC).



Responding to a question on developments in the creation of a credit information bureau, Kandah said that the ABJ organized a number of meetings with banks and financial companies interested in credit information issues after the issuance of credit information law.

The result of these meetings, he added, was the procurement of interested companies which have the necessary technical experience to contribute to establish the bureau.

Both Dr. Kandah and Dr. Araj stressed the significance of credit information for banks, companies and economy at large. Providing specific information about the record of the loan applicant, whether an individual or a company, would lead to speed up answering the loan application, answering the requests of serious and deserving borrowers, and guaranteeing the best employment of money lent by banks and reduces the number of non-performing loans that are currently getting close to the ceiling that is risky to banks, they said.

Araj said that accusing banks of withholding to give credits is not true or realistic; the banks reached the level of lending the whole value of time deposits which constitute the largest part of private sector's deposits at banks, as well as a great chunk of demand deposits; this, in addition to the mandatory reserves, constitute a big pressure on liquidity available to any bank.

A large percentage of loan applications were answered in 2011, Dr. Kandah said, noting that in general there is a slowdown in borrowing from banks.

◆ ABJ's Director General Participates in a Conference on Developments in Traditional and Islamic Banking

ABJ's Director General Dr. Adli Kandah took part in a conference on the facts, challenges and prospects of traditional and Islamic banking, organized by Business and Finance Administration Faculty at Al alBayat University.

The conference, which convened from 14-16 May 2012, aimed at upgrading banking procedures to redefine the future of Islamic and traditional banking industry.

Kandah, in a paper presented to the conference on the reasons, repercussions and lessons learnt of the international financial crisis, reviewed the crisis and its international, regional and domestic effects, as well as the steps taken to face its repercussions and consequences.

He stressed the need to always be ready for crises, especially when global economy experiences long periods of prosperity.

Kandah called for more reasoning of the idea and practices of globalization to optimize its benefits and reduce its disadvantages. "The most successful method is to cement and reinforce international financial institutions, to build national reserves to face exceptional scenarios and crises, and not to focus on one sector," he said.

◆ ABJ's Director General Submits a paper on Basel Applications

ABJ's Director General Dr. Adli Kandah, in a paper on the influence of transition from the application of requirements of Basel I to Basel II and getting ready for Basel III on cash liquidity, said that the CBJ pushed for cooperation and coordination with monitoring institutions in general and the Arab monitoring institutions in particular to implement the requirements of Basel II which enhanced the work of Jordan's banking system.

In the same context, Dr. Kandah said the CBJ prepared a number of working papers and submitted them to the Arab Monetary Fund (AMF) to ensure the importance of increased cooperation and coordination between monitoring authorities in the world and to convene periodic meetings to enhance the procedures of monitoring focused on in the requirements of Basel I and II.

Dr. Kandah stressed that to activate risk management in banks, the CBJ worked at the end of 2009 to issue pressing tests, especially after the repercussions of the international financial and economic crisis.

As regards Basel III requirements which suggest a capital increase, an upgrading of the liquidity criteria to



enhance the organizational and monitoring environment and the risk management in banks, Dr. Kandah stressed that these elements, if complied by, will increase stability, reduce risks and increase the operation efficiency in banks.

However, he pointed out in his working paper to challenges facing the requirements of liquidity risks, which are the need to build a system to automate procedures of preparing liquidity control reports to become at a daily basis, in addition to the need to create a data bank for risks and monitoring of the percentage of liquidity coverage.

In Jordan, he said, the CBJ issued in Oct. 2011 a circular to banks working in Jordan on the Basel III applications, in which it asked banks to conduct a study on the effects of its applications on banks and giving the CBJ their feedback, taking into consideration the capital adequacy ratio, the net permanent financing, and the percentage of liquidity coverage. However, he said, the CBJ postponed in another circular the feedback until June 2012.

◆ ABJ's Chairman Meets a WB Delegation

Chairman of ABJ's Board of Directors met on July 24th, 2012 a World Bank (WB) delegation who conducts a study on the private sector's financing priorities within the SMEs sector.

The WB is studying these needs to implement financing programs to the kingdom as part of the technical and financial aid package that the WB adopted lately, which also includes SMEs.

Al Salem told the delegation that the most important enterprises that need financing are those that have high added value, especially those that depend on human resources as the main inputs of production.

He added that pharmaceuticals, IT, and services sectors are the sectors that most need financing as SMEs because of the high added value in them.

He also stressed the SMEs importance to economy in light of their ability to create job opportunities and to optimize investment in financial resources.

◆ ABJ's Director General Takes Part in a Jordanian-Iraqi Seminar

The Arab Thought Forum (ATF) organized on Jan. 15th, 2012 a seminar on "Developing Economic Cooperation between Jordan and Iraq," that aimed at developing cooperation between these two countries.

ABJ's Director General Dr. Adli Kandah expressed the association's readiness to organize a meeting with the Association of Banks in Iraq, which includes bankers and officials from both countries to discuss ways of cooperation and solve all pending issues.

Kandah proposed creating three sub-committees of the follow-up committee. The first is technical to identify pending problems that investors in both countries suffer from in all economic sectors: common projects, transport, trade, visas, security, cash flow, agriculture, debts and other issues. The committee would prepare a matrix of these problems according to the sector and identify authorities concerned with each problem. In this way, problems could be dealt with, solved and impediments would be overcome, provided that the matrix is submitted to the expanded committee for prior endorsement and suggesting practical solutions. This will be followed by meetings with concerned parties to brief them on those problems and discuss ways of their overcoming.

Kandah also proposed forming a committee that comprises of investment encouragement boards, business councils and investors in both countries, to promote investment opportunities, identify investment opportunities and provide economic feasibility studies, as possible, to circulate to investors from public and private sectors in both countries.

He further suggested an incentives' committee, so that the tax, financial, economic, legislative, moral and procedural incentives that can be granted in both countries would be reviewed to encourage investors to expand their investments and have new ones that are of benefit to both countries.

ATF Deputy Secretary General Dr. Fayez Khasawneh suggested implementing this through a model of one industrial or agricultural project, with a proposal of its dimensions, tasks, organization and management.



Advisor of North Bank in Iraq's board of directors Osama Chalabi stressed the need to have the central banks of the two countries in a committee specialized in banks and banks' problems.

Dr. Kandah expressed the ABJ's readiness to host a seminar in its headquarters to discuss those problems.

The committee agreed to form a mini-committee to draft the final conclusions and study suggestions submitted in the meeting, which comprised of advisor of North Bank Iraq Osama Chalabi, economic advisor and ATF member Dr. Jawad Anani, economic advisor at the Prime Ministry- the National Investment Commission in Iraq Abdallah Bandar, ABJ's Director General and ATF member Dr. Adli Kandah, representative of the Iraqi National Business Council Dr. Ali Habib, the acting CEO of Jordan Investment Board Dr. Awni Rshood, ATF member and advisor on oil and economy in Iraq Kamal Shafeeq Qaisi, secretary of Iraqi Economists Society and representative of Al Riyadh Investment Companies Mohsen Fahem Farhood, in addition to the ATF general secretariat.

◆ ABJ Participates in Workshop on Basel III

ABJ's Director General Dr. Adli Kandah took part in a workshop dealing with Basel III requirements for banks, organized by Albatross Consulting in the period of 25-26 Feb. 2012.

The workshop, which was targeting employees of risk management and finance at banks, focused on Basel III requirements for monitoring banks, their role in improving banks' capabilities of facing shocks, and improving the level of good governance and transparency.

The workshop also focused on studying the effect of implementing these requirements on banks, according to the directives of the central bank.

ABJ's Director General Dr. Adli Kandah said international financial crises rang a bell for monitoring authorities to take reform measures to protect banking systems from crises and their aftermaths.

He pointed out to the housing market crisis of 2008, the real estate crisis of Dubai and finally the sovereign debts crisis at the Euro zone which affected economic and banking sectors, especially in the Arab region, saying, however, that Jordanian banking system was not badly affected by the financial and economic crisis as the local banks did not invest in financial derivatives of international markets.

The CBJ, he said, took notice of the urgency of implementing international criteria, especially Basel, and issued a circular to this effect asking banks to study the effect of implementing Basel III on a number of financial indicators, especially the capital adequacy, return on investments, profit distributions and others.

Banks have until the end of next June to submit the study; and the workshop will enable participants to prepare complete studies according to Basel requirements and CBJ directives in this respect.

Banking situation is very comfortable in Jordan, except for the indicator of non-performing debts which went up to 8.5 percent in June 2011 compared to 4 percent prior to the outbreak of the international financial crisis, he said, describing this percentage as "worrisome" to banks, monitoring system and macro economy.

Other indicators, he said, were positive such as assets' growth, facilities, shareholders' rights and profitability.

The workshop discussed the regulatory protection margin, the economic cycle, the systematic risk margin, the coverage of liquidity and financing ratio, and the mechanism of preparing hypotheses for future financial data.

It also handled hypotheses of independent financial statements that should be in line with the strategic plan and the valuation of organizational capital according to Basel III.

◆ Yarmouk University Honours ABJ's Director General

Yarmouk University Alumni Club (YUAC) honored on Dec. 18th, 2012 ABJ's Director General Dr. Adli Kandah who graduated with honours from the Economics and Administrative Sciences Faculty in 1984-1985.

The YUAC expressed its pride in the distinguished alumni who serve their homeland with knowledge and experience.



It is noteworthy that Dr. Kandah completed his Masters Degree from the Turkey and the PhD from the University of Glasgow.

◆ The ABJ Receives Arab, European Banking and Financial Delegation

ABJ's Director General Dr. Adli Kandah held a meeting with a delegation of the Arab Monetary Fund (AMF), the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) to brief them on the role played by the ABJ.

The meeting also discussed the interbank market activities, interest rate structure, Jordan Interbank Offered Rate (JODIBOR) and its link to the overnight lending rate implemented by the central bank.

Dr. Kandah stated that there exists a big connection between the announced rate in the morning for one night on the ABJ's website and the one night interbank interest rate on its deposits in the Central Bank, which means that the JODIBOR one night rate can be deemed an indicator for the short term interest rate.

Dr. Kandah also touched upon the volume of assets in the working banks, and the distribution of its credit facilities by sector, and the deposits distributed between commercial, foreign and Islamic banks.

He also pointed out that the shares of Islamic banks in the financial market range between 12-15 percent in terms of assets, credit facilities and deposits. Additionally, he mentioned that SMEs share of in the total credit facilities granted by banks is still considered small and does not exceed 10 percent.

He told the delegation that there are many programs and mechanisms for loans and loan guarantees that are implemented in collaboration between the banking system, some international organizations and the government represented by the Ministry of Planning and International Corporations, Ministry of Industry and Trade and Jordan Enterprise Development Corporation, in addition to other mechanisms implemented in cooperation with the Central Bank and other banks to trigger offering more finances to this sector.

Kandah further stated that the banking system is in good shape due to the committed and proper credit policies which are up to the standards and requirements of the Jordan Central Bank, praising the wise monitoring of the Central Bank and the big cooperation between member banks, the CBJ and the ABJ.

Kandah also brought up the open market operations launched by the CBJ to regulate liquidity through buying and selling of governmental financial instruments.

◆ ABJ Receives US Student Delegation

The ABJ received on March 11th, 2012 a student delegation from the Business Faculty of the Utah University in the USA.

The delegation paid a visit to Jordan to get acquainted with the business environment in Jordan as part of the university attempts to help business students understand strategies adopted to be competitive in sectors of concern to students, and how economic, political, social and cultural circumstances affect these strategies.

The delegation, consisting of 13 students, the faculty's dean, manager and vice-manager, met ABJ's Director General Dr. Adli Kandah who briefed them of the main developments in Jordan's economy, particularly in light of the international financial and economic crisis and its aftermath, the Euro zone crisis and the repercussions of the Arab spring that deepened the state of uncertainty in the region's markets.

He also touched upon the Jordanian banking environment and the role of banks in economic development, in addition to the main banking indications in terms of deposits, loans and facilities offered by banks.

◆ ABJ Receives Chinese Banking Delegation

A Chinese banking delegation paid on 22 March 2012 a visit to the association of banks to get acquainted of the Jordanian banking experience and prospects of cooperation with local banks in light of the increasing Chinese



economic activity in the Middle East and North Africa, and the possibility of adopting Jordan as a banking hub for Chinese transactions in the region.

The delegation, which represents the International Chinese Chamber of Commerce, expressed appreciation of relations between the two countries and desire to improve the bilateral business environment.

ABJ chairman Bassem al Salem said the economic situation in Jordan is positive despite the regional political disturbances.

He added that Jordan is an emerging economy, and despite the scarcity of natural resources, its infrastructure is developed and it is one of the main exporters of potash and phosphate in the world.

Jordan, under the leadership of King Abdullah, adopted economic reforms where the private sector played an essential role to liberalize the economy. The GDP scored 8 percent growth during the period of 2004-2008; however, it regressed after the world economic crisis to reach 2.4 percent in 2011.

The banking sector's indicators are positive as regards profitability and capital in addition to the growth of credit facilities by 9.7 percent in 2011 and that of deposits by 8.3 percent.

These indicators, he said, are an evidence of the confidence in the banking system and the Jordanian economy in general.

He added that Jordan was in the forefront of countries that liberalized its economy and earned the respect of everyone as it was an example of emerging economies capable of achieving success despite the hardships of scarce resources.

The ABJ's Director General Dr. Adli Kandah gave a presentation on Jordan's banking system and the structure of banks, commercial, Arab, international and Islamic banks. He referred to the importance of banks in Jordan's economy and its contribution to the GDP as its assets constituted 186 percent of GDP. However, he added, most of these indicators regressed because of the effect of the international financial crisis on Amman Stock Exchange (ASE).

Knadah said the investment environment in the banking sector is stimulating for the ownership of foreigners and working in banks through taking possession of existing banks, through the ASE or by opening new branches for foreign banks in the kingdom.

Banks' assets doubled in the past decade along with the noticeable growth in deposits and facilities; however, he added, the hardships accompanying the financial crisis led to an increase in non-performing debts to about 8.5 percent.

The head of the Chinese delegation, the vice chairman of the ICC hailed Chinese-Jordanian relations in the different political and economic areas, saying Chinese banks are looking forward to work with their Jordanian counterparts in financing the activities of Chinese companies whose activities are growing throughout the past years in the MENA region.

Al Salem stressed banks' readiness to deal with Chinese businesses, promising to constitute a committee for networking between the Chinese International Chamber of Commerce and the Jordan Investment Board on projects in which the Chinese can invest in Jordan.

◆ ABJ meets EBRD Representatives

ABJ's Director General Dr. Adli Kandah held a meeting with representatives of the European Bank for Reconstruction and Development (EBRD) to discuss developments of Jordanian banking system and ways of boosting bilateral relations.

The visit aimed at understanding opportunities, challenges and approaches of the banking system in the region, as part of the study conducted by the European Investment Bank's economic department on banks in the Middle East.

EBRD representatives discussed the structure of Jordanian banking system and its operational processes. They



also discussed the conference to be held at the Dead Sea on May 28th, 2012 on transition to transition issues.

Furthermore, the meeting discussed bilateral cooperation especially in organizing a seminar on the financing of trade and SMEs.

Another meeting was held with the representatives of the European Investment Bank on mechanisms and fields of investment that the bank can provide to Jordan.

◆ ABJ participates in JEDCO meeting

The ABJ took part in a meeting organized by the Jordan Enterprises Development Corporation (JEDCO) aimed at introducing parties working in the field of supporting and developing the private sector in Jordan and the representatives of the different relevant sections at the American Embassy in Amman.

Attendees exchanged ideas on facilitating and developing economic relations between relevant parties in the kingdom and their counterparts in the USA. The meeting, which was held on 22 April 2012, was attended also by the American ambassador in Amman, the ABJ's vice-chairman Nadia Al Saeed and the ABJ's Director General Dr. Adli Kandah.

◆ ABJ Issues Study on Banks' Corporate Responsibility

The ABJ issued a study on the social corporate responsibility of banks working in Jordan in the years 2010 and 2011, which revolved on the banks' contributions to social responsibility.

The study demonstrated an increase of 14 percent in the amounts spent by banks on social responsibility initiatives, thus reaching the amount of 36.9 million dinar in 2011, compared with 32.4 million dinar in 2010.

The total contribution of banks in social responsibility initiatives constitutes 9-10 percent of their net profit in the years 2010 and 2011, the study found out.

Social responsibility initiatives cover various fields, including persons of special needs, cultural and artistic domains, professional fields, women and children, social and charity services, environment, tourism, cultural and religious tourism, development and poverty combating, sports, health, education and giving support to cultural, social and economic organizations.

The first part of the study, ABJ Director General Dr. Adli Kandah said, gave a theoretical background on social corporate society as regards the concept, the motives and the dimensions. The second part, he added, discussed the reality of this practice and the role of banks in this regard, where it reviewed banks, their social responsibility, the volume of their contributions and their distribution on the different sectors.

This section also covered types of social corporate responsibility and the characteristics of banks' practices in this field.

◆ ABJ issues the Directory of Banking Services, Products and Solutions Offered by Banks in Jordan

The ABJ launched on Sep. 2nd, 2012 its Directory of Banking Services, Products and Solutions Offered by Banks in Jordan, which highlights developments in banking services until 2012.

ABJ chairman Bassem Khalil Al Salem said in the launching that this guide, the first of its kind in Jordan as well as the region, comes in response to developments witnessed by the banking services in Jordan in quality as well as in quantity, to give sufficient information on banking services, their characteristics, and the banks that offer them.

He expressed hope that this guide would enhance banking knowledge of banks' clients, as individuals or as enterprises, and achieve its goal of being a promotional guide as well.

In addition to shedding light on bank services in Jordan, Al Salem added, the guide also aims at increasing competitiveness between banks so that better services and products will be provided and new ones will be



introduced.

Issuing this guide, he said, is in line with the values that the ABJ seeks to enhance, such as developing methods of bank services and creative ideas that give quality and excellence to these services.

On his side, ABJ Director General Dr. Adli Kandah said the guide offers a new and exclusive data base that has never been provided in such a comprehensive and detailed way. The guide, he stressed, will enable all relevant parties, whether banks or clients of different categories, to make the utmost benefit from available information as the guide is in accordance with international and local standards of justice and transparency.

The guide is divided into three sections. The first section is composed of two chapters that give a general idea about the banking system and the emergence of banking services, their concept and characteristics.

The second section reviews services, products and solutions offered by commercial banks, while the third section reviews the services, products and solutions offered by Islamic banks.

E) ABJ Publications in 2012:

The ABJ issued the following publications in 2012:

◆ The Annual Report:

The ABJ issued its 33rd Annual Report which included developments of the banking system in 2011, as regards liquidity, assets, liabilities and capital.

It also included analysis of comparative performance of banks working in Jordan, the new banking services offered by banks, the development of human resources in banks and the number of banks' branches all over the kingdom.

The report shed light on the prospects of world economy, regional economy and a summary of international developments and national economic developments, as well as the main activities carried out by the Association of Banks.

◆ Directory of Banking Services, Products and Banking Solutions Offered by Banks in Jordan

It is the first directory of its kind at the local and regional level; it includes detailed and comprehensive information on the different services and products offered by banks, and its classification (commercial, Islamic), the type of service and the service supplier.

The information is also categorized according to beneficiaries, individual (retail), and big, small and medium size enterprises.

◆ ABJ Booklet Series:

- Booklet # 1: Speeches of HE Bassek Khalil Al Salem and HE Dr. Ziyad Fareez

This booklet has the two speeches of Al Salem, the ABJ chairman, and Fareez, the CBJ governor at the annual meeting of bankers with the CBJ governor organized by the ABJ on 18 June 2012.

The speeches have a full and comprehensive summary of the different banking, fiscal, financial and economic developments in Jordan in recent years.

- Booklet #2: The Comparative Performance of Banks Operating in Jordan in 2011.

This booklet has a full summary of developments witnessed by Jordanian banking system in 2010; it discussed the development of banks' performance as regards the main items of the financial position, income list and profitability measures in 2011.



- Booklet #3: The Social Responsibility of Banks Operating in Jordan in 2010 and 2011

This booklet demonstrates the great role assumed by banks in the field of social corporate responsibility.

- Booklet #4: Foreign Accounts Tax Compliance Act (FATCA)

The booklet clarifies the provisions of FATCA, those who are targeted by this law, the consequences for non-compliance to this law, and the most important models for its application.

- Booklet #5: Consequences of Raising Income tax on banks and Imposing Progressive Tax

This booklet is issued among all the controversy over amending the income tax law and raising tax on banks, including the principle of progressive taxation in collecting treasury revenues.

It discusses the reality of banks' profitability in recent years to show that banks are not the most profitable sectors in the kingdom, and they are less profitable than banks of neighbouring countries. Yet, banks pay the highest tax rate among all sectors in Jordan, and higher than tax rates imposed on banks in the neighborhood.

The booklet also discussed expected consequences of imposing progressive tax on banks.



Chapter Twelve

FINANACIAL STATEMENTS AND INDEPENDENT AUDITOR'S





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, 2012 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 2012, 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, 5th March 2013

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

EXHIBIT A

BALANCE SHEET AS OF DECEMBER 31ST 2012

	Note	2012 JD	2011 JD
<u>Assets</u>			
<u>Current Assets</u>			
Cash on hand		1,000	1,000
Cash at bank	3	1,815,018	1,783,164
Accounts Receivable	4	10,523	20,098
Refundable Deposits		1,132	1,132
Prepaid Expenses		<u>2,957</u>	<u>3,230</u>
Total Current Assets		<u>1,830,630</u>	<u>1,808,624</u>
<u>Non Current Assets</u>			
Cost		2,348,598	2,327,653
Accumulated Depreciation		<u>- 851,640</u>	<u>- 796,860</u>
Net book value	5	<u>1,496,958</u>	<u>1,530,793</u>
Total Assets		<u>3,327,588</u>	<u>3,339,417</u>
<u>Liabilities & Accumulated Surplus</u>			
<u>Current Liabilities</u>			
Credit Banks		15,144	10,628
Accounts Payable		830	20,559
Employee Income Tax & sales tax Deposits		2,041	0
Accrued Expenses		<u>7,216</u>	<u>1,707</u>
Total Current Liabilities		<u>25,231</u>	<u>32,894</u>
Provision for Compensating the end of Employee Service		<u>36,769</u>	<u>29,315</u>
<u>Accumulated Surplus</u>			
Retained Surplus	6	3,270,155	3,226,667
Surplus (Deficit) for this year-Exhibit B		<u>- 4,567</u>	<u>50,541</u>
Total Accumulated Surplus		<u>3,265,588</u>	<u>3,277,208</u>
Total Liabilities & Accumulated Surplus		<u>3,327,588</u>	<u>3,339,417</u>

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

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

EXHIBIT B

REVENUES AND EXPENSES STATEMENT FOR THE YEAR ENDED DECEMBER 31st 2012

	Note	2012 JD	2011 JD
<u>Revenues</u>		454,065	457,823
Subscription Fees			
Bank Interest Revenue		72,423	66,012
Halls Rent Revenue		1,550	1,500
Other Revenues		210	198
<u>Total Revenues</u>		<u>528,248</u>	<u>525,533</u>
<u>Banks Magazine</u>			
	7/A	48,207	77,884
Magazine Revenue			
Less: Magazine Expenses	8/A	(44,295)	(50,940)
<u>Banks Magazine Profit</u>		<u>3,912</u>	<u>26,944</u>
<u>Training Courses & Seminars</u>			
	7/B	35,650	67,233
Training courses Revenue			
Less: Training courses Expenses	8/B	(26,015)	(44,321)
<u>Training Courses & Seminars Profit</u>		<u>9,635</u>	<u>22,912</u>
<u>Products and Services Guide</u>			
Guide Revenue		8,600	000
Less: Guide expenses		(11,610)	000
<u>Products and Services Guide (Loss)</u>		<u>(3,010)</u>	<u>000</u>
Total Revenues & Gain from Banks Magazine, Training Courses, Guide & Seminars		538,785	575,389
Less: General & Administrative Expenses	9	(543,352)	(524,848)
<u>Year's (Deficit) Surplus – Exhibit A</u>		<u>(4,567)</u>	<u>50,541</u>

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

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

EXHIBIT C

CASH FLOWS STATEMENT FOR THE YEAR ENDED DECEMBER 31ST 2012

	2012 JD	2011 JD
<u>Cash Flows from Operating Activities</u>		
Surplus for the Year	(4,567)	50,421
Prior Period Adjustment	(7,053)	000
Depreciation Expenses	<u>54,780</u>	<u>52,410</u>
Net Surplus Before Changes in Working Capital	43,160	102,831
<u>(Increase) Decrease In Current Assets</u>		
Accounts Receivable	9,575	2,484
Prepaid Expenses	273	(380)
<u>Increase (Decrease) In Current Liabilities</u>		
Accounts Payable	(19,729)	(145)
End of service Compensating provision	7,454	(10,346)
Other Credit Balances	<u>7,550</u>	<u>(35,164)</u>
Net cash flow from operating activities	<u>48,283</u>	<u>59,280</u>
<u>Cash Flow From Investment Activities</u>		
(Purchase) of Fixed Assets	(31,037)	(25,547)
Sale of Fixed Assets	<u>10,092</u>	<u>000</u>
Net cash flow from Investment Activities	<u>(20,945)</u>	<u>(25,547)</u>
<u>Cash Flow From Financing Activities</u>		
Credit Bank	<u>4,516</u>	<u>1,039</u>
Net increase in cash during the year	31,854	34,772
Cash balance in the beginning of the year	<u>1,783,164</u>	<u>1,748,392</u>
Cash balance in the end of the year	<u>1,815,018</u>	<u>1,783,164</u>

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



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

NOTES TO THE FINANCIAL STATEMENTS

1. The Registration And Objectives of The Association

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

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

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

2. Significant accounting Policies

1- Non current Assets are depreciated at the Cost According to Straight – Line Depreciation Method.

Lands	%0
Constructions	%2
Furniture	%10
Equipments & Tools	%15
Computer devices	%20
Books	%10
Software	%20

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

3. Cash at Banks

This item consists of the following:

	<u>2012</u> <u>JD</u>	<u>2011</u> <u>JD</u>
Arab bank / Deposit account	368,129	396,394
Housing bank / Current account	1,033	14,307
Housing bank / Deposit account	112,768	95,007
Islamic bank	000	787
Jordan commercial bank	<u>1,333,088</u>	<u>1,276,669</u>
Total	<u>1,815,018</u>	<u>1,783,164</u>

4. Accounts Receivable

This item consists of the following:

	<u>2012</u> <u>JD</u>	<u>2011</u> <u>JD</u>
Members accounts	7,523	14,581
Other accounts	<u>3,100</u>	<u>5,517</u>
Total	<u>10,623</u>	<u>20,098</u>
Allowance for doubtful accounts	(100)	000
Net Accounts Receivable	<u>10,523</u>	<u>20,098</u>

5. Noncurrent Assets

This item consists of the following:

Cost				
	31/12/2011	Additions	Omissions	31/12/2012
Association's land	326,477	000	000	326,477
Association's Construction	1,557,388	000	000	1,557,388
Equipment & tools	161,790	16,187	000	177,977
Furniture's & decorations	195,880	14,750	000	210,630
Books	9,660	100	000	9,760
Cars	65,380	000	000	65,380
Software	11,078	000	10,092	986
Total	2,327,653	31,037	10,092	2,348,598
Accumulated Depreciation				
	31/12/2011	Additions	Omissions	31/12/2012
Association's construction	436,022	31,148	000	467,170
Equipment's & Tools	140,451	8,850	000	149,301
Furniture & Decorations	171,027	4,079	000	175,106
Books	6,767	699	000	7,466
Cars	41,879	9,807	000	51,686
Software	<u>714</u>	<u>197</u>	<u>000</u>	911
Total	796,860	54,780	000	851,640
Total Net Book value of Noncurrent Assets	1,530,793			1,496,958

6. Retained Surplus

This item consists of the following:

	2012 JD
1/1/2012 Balance	3,277,208
Income Tax expense for the year 2011	(5,320)
Medical expenses for the year 2008	(423)
Social Security expense for the year 2011	(1,310)
31/12/2012 Balance	3,270,155

7. Magazine & Training Courses Revenues

A. Magazine Revenues

This item consists of the following:

	2012 JD	2011 JD
Magazine Sponsorship	0	19,000
Subscription Revenue	24,891	27,480
Advertising Revenue	23,250	31,370
Sales Revenue	66	34
Total Revenue from the Magazine	48,207	77,884

B. Training Courses & Seminars Revenues

This item consists of the following:

	2012 JD	2011 JD
Amman Banking Seminar	000	22,033
Financial Derivatives Course	000	1,250
Professional Care Course	000	1,200
Strategic Aspects Course	000	9,000
Fraud & Bank Fraud Detection Course	000	2,750
Provisions & Applications of MoneyLaundering Course	000	5,250
Preparation & Documentation of Contract Course	000	3,000
Legal aspects Course	000	12,000
Bankers Around Insurance Course	000	2,000
Central Bank Instructions Course	6,750	8,750
Financial & law dangers of insurance Course	1,750	000
Islamic Bonds Course	6,350	000
Bazl 3 Course	19,500	000
Corporate Governance for Banks Course	<u>1,300</u>	<u>000</u>
Total Training Courses & Seminar Revenues	<u>35,650</u>	<u>67,233</u>

8. Magazine & Training Courses & Seminar Expenses

A. Magazine Expenses

This item consists of the following:

	2012 JD	2011 JD
Rewards	14,600	13,900
Printing	29,695	35,915
Miscellaneous	<u>000</u>	<u>1,125</u>
Total Banks Magazine Expenses	<u>44,295</u>	<u>50,940</u>

B. Training courses & seminar Expenses

This item consists of the following:

	2012 JD	2011 JD
Amman Banking Seminar	000	25,295
Financial Derivatives Course	000	849
Professional Care Course	000	1,287
Strategic Aspects Course	000	1,779
Fraud & Bank Fraud Detection Course	000	1,678
Provisions & Applications of Money Laundering Course	000	2,529
Preparation & Documentation of Contract Course	000	948
Legal aspects Course	000	5,942
Bankers Around Insurance Course	000	1,027
Central Bank Instructions Course	2,470	2,987
Financial & law dangers of insurance Course	825	000
Corporate Governance for Banks Course	648	000
Islamic Bonds Course	3,596	000
Basel 3 Course	<u>18,476</u>	<u>000</u>
Total Training Courses & Seminar Expenses	<u>26,015</u>	<u>44,321</u>

9. General & Administrative Expenses

This item consists of the following:

	2012 JD	2011 JD
Salaries and wages	221,674	219,570
Social Security	22,264	20,480
Saving fund	15,519	14,933
Traveling & Transportation	8,807	32,631
Medical Expenses	20,162	13,352
Electricity & Water.	13,937	11,366
Hospitality	7,718	6,020
Post , Telephone &Internet	20,246	15,925
Real Estate Tax	7,050	7,050
Bank Commissions and Charges	575	159
Stationary and Publications	21,493	24,754
End of Service Compensation	7,454	7,867
Maintenance & Repair expenses	7,996	7,191
Cars & Motorbikes Expenses	12,313	6,941
Insurance	2,974	2,912
Garden Expenses	928	6
Depreciation	54,779	52,411
Auditing Fees	1,740	1,740
Public officer Notary Expenses	1,800	1,800
Tax on Deposit Expenses	3,321	3,306
Meetings & Parties	26,659	11,110
Training Course Remunerations	1,211	1,000
General Miscellaneous Expenses	1,830	935
Fuel Expenses	5,750	4,336
Employees Clothing's Expenses	1,044	1,596
Translation Expenses	2,137	1,522
End of service Bonus	000	17,700
Gifts	4,103	4,955
Judicial Cases	332	500
Overtime	5,442	4,411
Advertisements	6,874	7,180
External membership	1,577	2,346
Cleaning & Security Expenses	17,864	16,843
Consultation services	3,284	000
Sales tax	4,045	000
Bad debt	7,712	000
Internal seminars	738	000
TOTAL	<u>543,352</u>	<u>524,848</u>

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