



جمعية البنوك في الأردن
ASSOCIATION OF BANKS IN JORDAN

Annual Report

Thirty - fifth

2013



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Association of Banks in Jordan

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His Majesty King Abdullah II bin Al Hussein



His Royal Highness prince Hussein bin Abdullah

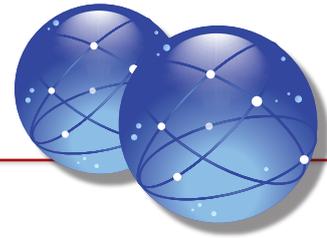
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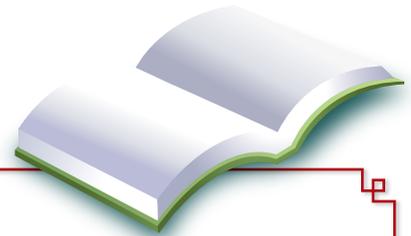
Our Vision

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. We aspire to develop the process of delivering and updating banking services as well as deepening the understanding of banking functions and norms besides pursuing unified systems and measures for this purpose.



Our Values

- **Collaboration:** We work with members in a team spirit for serving the society and the national economy
- **Development and modernism:** We seek to upgrade the methods of delivering the banking services in accordance with the best international practices.
- **Innovation and distinctiveness:** We inspire innovative ideas that serve the members and 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 2013:

- ❖ H.E. Mr. Basem Khalil Al-Salem / Capital Bank of Jordan / Chairman
- ❖ H.E Mrs. Nadia Al-Saeed / Bank Al-Etihad / Vice Chairman
- ❖ Mr. Nemeah 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. Krosi 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 2013 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.aqaribank.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 35th annual report of the ABJ's activities, achievements of the year 2013, and the audited financial statements of the fiscal year that ended on Dec.31, 2013, along with the auditors' report of their work addressed to your esteemed Association.

Dear members,

Available data indicate that the Jordanian economy had been able to register a slight recovery in 2013 compared with the previous year, albeit growth levels remained below what was achieved during the period of 2005-2009. Growth rate in GDP in 2013 registered approximately 2.8%, compared to 2.7% in 2012.

Jordan's banking sector maintained its stability and strength, and could even register tangible developments during 2013. Assets of licensed banks went up by 9% to reach the amount of 42.8 billion JDs. The balance of credit facilities granted by banks registered an increase of 6.2%, reaching 18.9 billion JD by the end of 2013. The balance of overall deposits at banks went up by 10.5% to become 27.6 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 and Basel II standards. The ratio of non-performing loans to the overall loans regressed to 7% compared with 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 149.1% by the end of 2013.

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.



Bassem Khalil Al-Salem
Chairman of the Board of Directors

Speech of the Director General

During 2013, 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.

In the field of training, 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 6 workshops and 4 training courses and organized two forums.

As for studies, the Association issued a number of publications, reports and studies that pertain to Jordan banking system. The Association issued its 34th annual report for the year 2013 in both Arabic and English. In addition, it issued the fifth edition of the Study on the Development of Jordanian Banking Sector for the period 2003 - 2012. Furthermore, the Association issued a study about CSR disclosure and practices in the Jordanian banking sector, and it issued one booklet about the comparative performance of banks operating in Jordan.

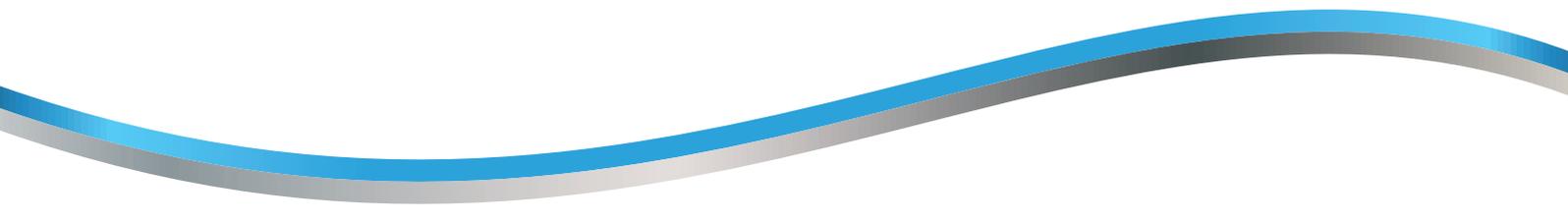
Finally, I extend my greatest gratitude and thanks to the chairman and members of the board of directors who never spared a breath to support the Association with their enlightened ideas and distinguished experiences. I also thank all member banks for their fruitful cooperation with the Association,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



Director General
Dr. Adli Kandah

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 regressed in 2013 reaching 3.0 percent, compared with 3.2 percent in 2012 and 3.9 percent in 2011.

This slowdown affected most international economies; growth rates of the developed countries went back from 1.4 percent in 2012 to 1.3 percent in 2013. The most outstanding slowdown was registered by United States which grew by only 1.9 percent in 2013 compared to a growth of 2.8 percent in 2012. The economic downturn in the European Union decreased from -0.7 percent in 2012 to -0.5 percent in 2013. Emerging and developing economies registered a growth of 4.7 percent in 2013 compared to 5.0 percent the year before. In general, growth rates of emerging and developing economies were higher than those of developed economies.

The global growth is expected to increase from 3 percent in 2013 to 3.6 percent in 2014 and to 3.9 percent in 2015. In the advanced economies, the growth is expected to reach 2.25 percent during the period 2014-2015, with an increase of 1 percent comparing to 2013. The most important engines for this growth was easing fiscal policy and facilitating monetary conditions. The United States is expected to register the highest growth level of approximately 2.75%. In the euro area, growth is expected to be positive and vary from one country to another, with a weakness in the growth of highly indebted countries.

For the emerging markets and developing economies, the growth is expected to increase gradually from 4.7 percent in 2013 to 4.9 percent in 2014 and 5.3 percent in 2015, driven by a rise in external demand from advanced economies to support growth, but the tightening of fiscal conditions will affect the growth of local demand.

Generally speaking, the global recovery is still fragile despite improved prospects, and significant downside risks—both old and new—remain. Recently, some new geopolitical risks have emerged. On old risks, those related to emerging market economies have increased with the changing external environment. Unexpectedly rapid normalization of U.S. monetary policy or renewed bouts of high risk aversion on the part of investors could result in further financial turmoil. This would lead to difficult adjustments in some emerging market economies, with a risk of contagion and broad-based financial stress, and thus lower growth.

In advanced economies, risks to activity associated with very low inflation have come to the fore, especially in the euro area, where large output gaps have contributed to low inflation. With inflation likely to remain below target for some time, longer-term inflation expectations might drift down, leading to even lower inflation than is currently expected, or possibly to deflation if other downside risks to activity materialize. The result would be higher real interest rates, an increase in private and public debt burdens, and weaker demand and output.

Chart (1)
Real GDP Growth Rate

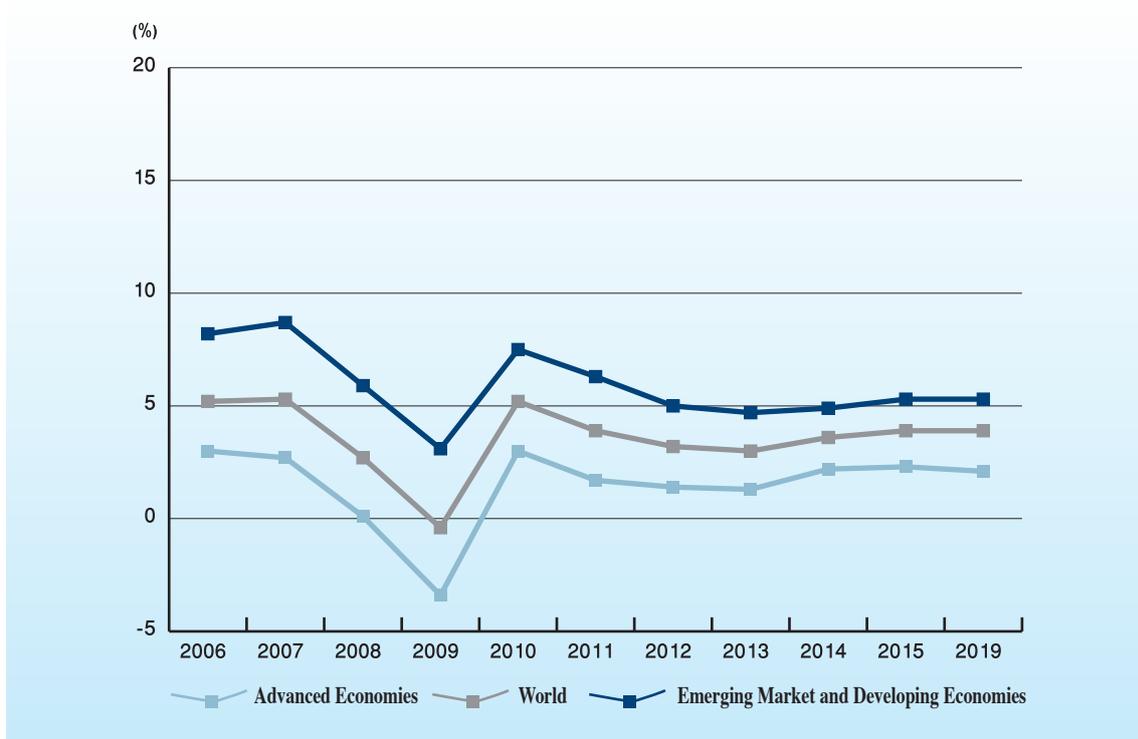


Table (1)
Global Economic Growth Rates

	Actual								Expected		
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2019
World	5.2	5.3	2.7	-0.4	5.2	3.9	3.2	3.0	3.6	3.9	3.9
Advanced Economies	3.0	2.7	0.1	-3.4	3.0	1.7	1.4	1.3	2.2	2.3	2.1
USA	2.7	1.8	-0.3	-2.8	2.5	1.8	2.8	1.9	2.8	3.0	2.2
EU	3.3	3.0	0.4	-4.4	2.0	1.6	-0.7	-0.5	1.2	1.5	1.5
Japan	1.7	2.2	-1.0	-5.5	4.7	-0.5	1.4	1.5	1.4	1.0	1.1
Other Advanced Countries	4.0	4.2	1.0	-2.4	4.5	2.7	1.5	2.1	2.9	2.9	3.0
Emerging and Developing Economies	8.2	8.7	5.9	3.1	7.5	6.3	5.0	4.7	4.9	5.3	5.3
Regional and international groups											
Central and Eastern Europe	6.4	5.3	3.3	-3.4	4.7	5.4	1.4	2.8	2.4	2.9	3.4
Commonwealth	8.8	8.9	5.3	-6.4	4.9	4.8	3.4	2.1	2.3	3.1	3.2
Developing Asia	10.3	11.5	7.3	7.7	9.7	7.9	6.7	6.5	6.7	6.8	6.5
Latin America and the Caribbean	5.6	5.8	4.3	-1.3	6.0	4.6	3.1	2.7	2.58	3.0	3.6
Middle East and North Africa, Afghanistan and Pakistan	6.7	6.0	5.1	2.8	5.2	3.9	4.2	2.4	3.2	4.4	4.5
Middle East and North Africa	6.8	6.0	5.1	3.0	5.5	3.9	4.1	2.2	3.2	4.5	4.4
South Africa	6.3	7.1	5.7	2.6	5.6	5.5	4.9	4.9	5.4	5.5	5.4

Source: IMF, World Economic Outlook, April, 2014.

2 - Prospects of Regional Economy

The economic growth in the Middle East and North Africa (MENA) region experienced a slowdown in 2013 reaching 2.2 percent, compared to 4.4 percent in 2012. Also inflation rate increased from 10.9 percent in 2012 to 11.5 percent in 2013, and it is expected to decrease to 8.8 percent in 2014.

In 2013, declines in oil production held back growth in the oil-exporting countries. Weak private investment, amid political transitions and conflict, continued to take a toll on economic activity in the oil-importing countries. Growth is expected to strengthen in 2014 reaching 3.2 percent in line with an improved global outlook. However, weak confidence and, in some cases, large public deficits will continue to weigh on the region's economic prospects. Consumption, financed by remittances and large public sector wage spending, will continue to buoy growth. But planned investment could start stimulating economic activity as a result of increased public spending on infrastructure and improved confidence as political transitions progress.

Nevertheless, a variety of domestic and regional factors will continue impeding investor confidence in the oil-importing economies, especially the Arab Countries in Transition. The drag from unresolved structural problems and governance issues weighs on the business environment, and in some cases, hinders full realization of gains to exports, tourism, and FDI following improved trading partner growth.

Persistently high unemployment is spurring social tensions, often manifested in labor strikes. Domestic security concerns and regional economic and social spillovers from the conflict in Syria add to these challenges.

Oil-exporting countries face a longer-term challenge of reducing reliance on oil. Increased oil supply from unconventional sources and rising energy efficiency are placing downward pressures on oil prices, which are also volatile due to fluctuations in expectations of global demand growth and geopolitical risks. Economic diversification would not only reduce volatility of output and fiscal revenues but also strengthen economic growth potential and create private sector jobs for the rapidly growing labor force.

Extensive structural reforms would help boost confidence and tap into the region's vast potential for high and sustained non-oil growth and jobs.

A stable macroeconomic environment is important for the success of such structural transformations. In many MENA oil importers, fiscal consolidation and exchange rate flexibility will be necessary to preserve macroeconomic stability, instill confidence, improve the availability of bank credit to finance private investment, raise competitiveness, and mobilize external financing. For non-GCC oil exporters, further strengthening of fiscal and external positions will be central to reducing their vulnerabilities to a potential oil price decline. For both groups of countries, it will be important to undertake these efforts in a socially balanced manner, supported by adequate measures to protect the poor and vulnerable.

Oil-Exporting Countries

For MENA oil exporters, economic activity moderated in 2013 to about 2 percent.

Growth in the non-oil economy was supported by sustained public investment in infrastructure and private credit expansion. However, tepid global oil demand, increased oil supply from the United States, and regional oil supply disruptions, mainly those in Libya.

As oil output stabilizes alongside strengthening global activity and sustained consumption and investment, total GDP growth is expected to rise to about 3.4 percent in 2014. Softening food prices are expected to contain inflation at less than 5 percent in most oil exporters.

Falling oil revenues are already causing fiscal surpluses to decline, despite withdrawal of the fiscal stimulus initiated by many countries during the global recession and the Arab Spring. Large current account surpluses are also expected to decline because of lower oil revenues. Although fiscal positions have been weakening across the Gulf Cooperation Council (GCC) economies over the past several years, most still have substantial buffers to withstand large shocks to oil prices, provided the shocks are short lived.

Faster than-expected growth in the U.S. oil supply and lingering risks of weaker-than-expected global oil demand because of a slowdown in either emerging markets or advanced economies present downside risks to oil prices and GCC production. Policy priorities continue to be centered on diversifying these economies to reduce dependence on oil, increase employment opportunities in the private sector for nationals, and enhance resilience to shocks.

Reforms to foster entrepreneurship, along with public wage and employment restraint are key, and fiscal policy needs to manage demand pressures, preserve wealth for future generations, and ensure efficient public capital spending.

Reduction of energy subsidies, currently ranging from 4 percent to 12.5 percent of GDP, would curtail energy consumption and free up resources for targeted social spending and to help finance public investment.

Oil-Importing Countries

In 2013, recovery in the MENA oil importers remained sluggish, where the growth rate reached to 2.7 percent. Uncertainties arising from political transitions and social unrest and drag from unresolved structural problems continued to weigh on confidence and economic activity.

Despite supportive fiscal and monetary policies, growth has hovered around 3 percent since 2011, half the rate needed to reduce the region's high and persistent unemployment and improve living standards. Also, the inflation rate increased to 9.4 percent in 2013, and it is expected to reach 8.8 percent in 2014.

The outlook is for continued slow recovery, with growth lingering around 2.7 percent in 2014. Export growth will strengthen gradually as internal demand in trading partner countries, particularly those in Europe.

Recent reforms set in motion to relax supply-side constraints and enhance competitiveness should also help improve confidence, spurring economic activity and foreign direct investment. However, domestic demand will remain subdued because of lingering policy uncertainty.

In some countries, fiscal stimulus will turn into a slight fiscal drag, because consolidation is necessary to arrest erosion of fiscal and external buffers.

Generally speaking, the recovery remains fragile, and risks are to the downside. Political transitions, intensification of social and security tensions, and spillovers from regional conflicts could damage confidence and threaten macroeconomic stability. Lower-than-expected growth in emerging market economies, Europe, or the GCC could slow exports. Domestic interest rates may rise in countries with limited exchange rate flexibility if global financial conditions tighten sharply, although reliance on official external financing and bond guarantees should limit these effects. On the upside, faster progress in political transitions and economic reforms could boost confidence and growth.

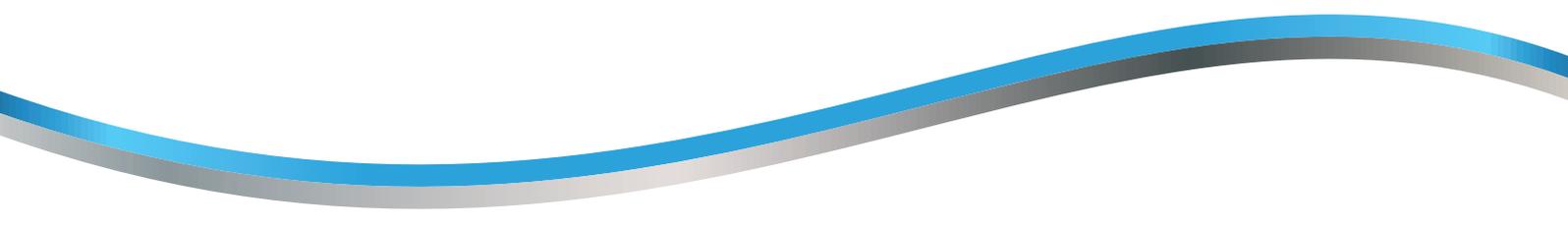
Table (2)
Economic Growth Rate in the MENA Region

Economic Growth Rate	Actual	Expected	
	2013	2014	2015
MENA Countries	2.2	3.2	4.5
Oil-Exporting Countries	2.0	3.4	4.6
Oil-Importing Countries	2.7	2.7	4.2

Source: IMF, World Economic Outlook, April, 2014.

Chapter Two

Economic Developments in Jordan in 2013



Jordan's economy was able to register a slight recovery in 2013, which is close to the levels that have been achieved in the past two years. However, growth rate remained below the rates registered earlier during the period of 2005-2009. Macro-economic indicators recorded varying results as the inflation and unemployment rates rose comparing with the previous year, the budget deficit decreased, the public debt increased dramatically, and the deficit in trade balance rose, while foreign direct investment and workers' remittances rose slightly.

The monetary and banking indicators showed a remarkable increase in the Central Bank's reserves in foreign currencies, and the balances of assets, credit facilities and deposits of licensed banks registered a visible growth in 2013. The most important economic, financial, monetary and banking indicators in Jordan during 2013 will be presented hereunder.

1 - Production, Prices, and Companies

❖ **Gross Domestic Product (GDP):** Gross domestic product at constant prices amounted to 10,81 billion JD by the end of 2013, compared to 10.52 billion JD at the end of 2012. Therefore, growth rate in GDP reached 2.8% in 2013 in comparison with a growth rate of 2.7% in 2012. It is noted in this regard that Jordanian economy was able to achieve a slight recovery in 2013 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 16.4% and 3.5% respectively, while the construction sector achieved the highest growth rate which amounted 8.7%. 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 20.1% and 17.0% in 2013 consecutively, which forms 37% of GDP.

❖ **Consumer Price Index:** Consumer price index during 2013 rose to the level of 143.6 point compared with 136.0 point in 2012. This rise was the result of the hike in food prices by 3.7%, clothing and footwear prices by 5.7%, the housing prices by 8.3%, and the price of other goods and services by 5.8%. Therefore, inflation rate reached 5.6% by the end of 2013, compared to 4.7% in 2012.

❖ **Producers' Price Index:** producers' price index decreased by 2.6% during 2013 to compared to an increase by 4.8% during 2012.

❖ **Unemployment:** The unemployment rate rose slightly during 2013 reaching 12.6% compared with 12.2% in 2012 and 12.9% in 2011.

2 - Public Finance

❖ **Domestic Revenues:** Domestic revenues of the government went up by 8.3% during 2013, to become 5.12 billion JD compared to 4.73 billion JD in 2012. The volume of foreign grants to the kingdom increased significantly by 95.3%, rising from 327 million JD in 2012 to 639 million JD in 2013. The total value of domestic revenues and foreign grants registered an increase of 13.9% in 2013 to become 5.76 billion JD compared with 5.05 billion JD in 2012.

- ❖ **Public Expenditures:** The total value of public expenditures rose by 2.7% in 2013, reaching 7.07 billion JD, compared to 6.88 billion JD in 2012. The rise in public expenditures was due to the decrease in the current expenditures by 2.5% and the increase in capital expenditures by 50.3%.
- ❖ **Budget Deficit:** because the growth in domestic revenues and foreign grants (13.9%) exceeded the growth in government expenditure (2.7%), budget deficit narrowed in 2013 by 28.3% to reach 1.31 billion JD compared to a deficit of 1.82 billion JD in 2012. Thus the ratio of budget deficit to GDP regressed to 5.5% in 2013 compared to a deficit rate of 8.3% in 2012.

3 - Public Debt

- ❖ **Net Domestic Public Debt:** The net domestic public debt of the central government rose from 11.648 billion JD in 2012 to 11.862 billion JD in 2013, which means a rise of 1.8%. Thus the ratio of domestic public debt to GDP regressed from 53.0% in 2012 to 49.7% in 2013.
- ❖ **External Public Debt:** The balance of external public debt rose from 4.932 billion JD in 2012 to 7.235 billion JD in 2013, which means a rise of 46.7%. Accordingly, the ratio of external public debt to GDP increased from 22.5% in 2012 to 30.3% in 2013.
- ❖ **Total Public Debt:** The balance of the total public debt increased in 2013 by 15.2% to reach 19.097 billion JD compared to 16.580 billion JD in 2012. Therefore, the ratio of total public debt to GDP rose from 75.5% in 2012 to 80.0% in 2013. 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 and its amended law No. (8) for the year 2008 stipulate 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.

However, it worth mentioning here that the Council of Ministers decided to postpone the implementation of the amended Public Debt Law No. (8) for the year (2008) until further notice, in accordance to the decision published in the Official Gazette no. (5010) dated 17/1/2010.

4 - External sector

- ❖ Domestic Exports: Domestic exports fell slightly in 2013 by 1.2% to amount to 4.805 billion JD compared to 4.750 billion JD in 2012.
- ❖ Re-exports: The value of re-exports fell down by 4.5% during 2013 to reach 812 million JD, in comparison with 850 million JD in 2012.
- ❖ Total Exports: The volume of total exports (domestic exports + re-exports) rose slightly by 0.3% in 2013, to reach 5.617 billion JD, compared with 5.600 billion JD in 2012.
- ❖ Imports: Imports rose by 5.4% in 2013, reaching 15.524 billion JD, up from 14.734 billion JD in 2012.
- ❖ Trade Balance Deficit: As the growth in total imports exceeded the growth in total exports, the deficit in trade balance went up in 2013 by 8.5%, reaching 9.907 billion JD, in comparison with a deficit of 9.134 billion JD in 2012.
- ❖ Workers' Remittances: Workers' remittances rose by 4.6% in 2013, reaching 2.328 billion JD, up from 2.230 billion JD in 2012.

5 - Investment

- ❖ Direct Investment: The volume of direct investments in Jordan increased in 2013 by 20.1%, reaching 1277 million JD compared with 1063 million JD in 2012.

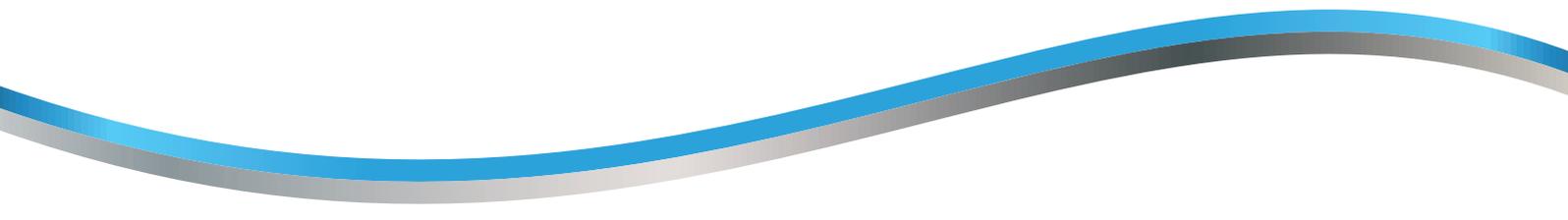
6 - Financial and Banking Sector

- ❖ Local Liquidity: Local liquidity (M2) went up in 2013 by 2418 million JD, amounting to 27.363 billion JD, thus registering an increase of 9.7% of the level it reached in 2012.
- ❖ Gross Official Reserves at the Central Bank: The balance of gross official reserves at the Central Bank increased dramatically by 81% at the end of 2013. The balance rose from 4.703 billion JD in 2012 to 8.512 billion JD at the end of 2013. This amount of reserves is enough to cover the kingdom's imports of goods and services for approximately 6.2 months.
- ❖ Licensed Banks' Assets: Licensed banks' assets registered by the end of 2013 an increase of 9%, reaching 42.803 billion JD, as compared to 39.275 billion JD at the end of 2012.
- ❖ Credit Facilities: The balance of Credit facilities granted by licensed banks rose at the end of 2013 by 1.110 billion JD (6.2%), reaching 18.940 billion JD compared to 17.830 billion JD in 2012.
- ❖ Deposits: The balance of total deposits at licensed banks increased at the end of 2013 by almost 10.5%, reaching 27.593 billion JD compared to 24.970 billion JD in 2012.
- ❖ Share Price index weighted by Market Capitalization of Free Float Shares: the share price index weighted by market capitalization of free float shares increased at the end of 2013 by about 108.2 points, reaching 2066 points. This meant a rise of 5.5% from its level at the end of 2012.

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 2013



Monetary and banking indicators continued to develop during 2013 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 2013, including the developments of monetary policy during 2013 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 2013

The Central Bank of Jordan continued its policy of not issuing certificates of deposit during 2013 in order to provide sufficient liquidity in banks to stimulate them to expand lending processes. The Central Bank also lowered the interest rates on its key monetary policy instruments by 25 basis points in August 2013 and in October 2013. The following sections show the most important developments in the Central Bank of Jordan's monetary policy during 2013.

A - The Central Bank's Decisions regarding interest rates on major monetary policy tools during 2013

- CBJ lower interest rates on its key monetary policy instruments by 25 basis points

The Central Bank of Jordan has lowered interest rates on its key monetary policy instruments by 25 basis points, effective August 7, 2013. The reduction aims to further promote expansion of private credit and growth-led investments. Following are the new, reduced rates:

- ❖ Re-Discount Rate: 4.75 percent
- ❖ Overnight Repurchase Agreements: 4.50 percent
- ❖ Weekly Repurchase Agreements: 4.00 percent
- ❖ Overnight Deposit Window Facility: 3.75 percent

This decision was prompted by recent positive developments of most of the economic fundamentals, reflecting monetary stability, and a boost in the demand for Jordanian dinar denominated assets.

- CBJ lower interest rates on its key monetary policy instruments by 25 basis points

In light of the recent positive economic and monetary developments, particularly the robust growth in foreign exchange reserves and the containing of inflationary pressures, which both have contributed to the Central Bank of Jordan's primary objective of maintaining monetary stability, and with the objective of providing an environment that attracts investments and enhances economic growth, the interest rates on the key monetary policy instruments of the Central Bank of Jordan have been lowered by 25 basis points as of October 22nd, 2013, as follows:

- ❖ Lowering the rediscount interest rate from 4.75 percent to 4.50 percent.
- ❖ Lowering the interest rate on overnight repurchase agreements from 4.50 percent to 4.25 percent.
- ❖ Lowering the interest rate on repurchase agreements for one week or more from 4.00 percent to 3.75 percent.

- ❖ Lowering the interest on the overnight window deposit facility from 3.75 percent to 3.50 percent.

It is expected that this decision will reduce borrowing costs for both the private and public sectors, which will positively contribute to stimulating aggregate demand.

On a similar front, and in light of the Central Bank's initiative to provide medium and long term advances to enhance credit availability to targeted sectors and promote economic activity, the reduction of the rediscount rate will be applied to credit facilities extended by banks to these targeted sectors. This decision aims to increase the availability of the needed funding to investors, with medium and long term maturities and lower interest rates reflecting the lower borrowing costs from the Central Bank. As a result, the interest rate on these medium and long term advances will be lowered from 2.75 percent to 2.50 percent. Furthermore, the maturity on advances to the renewable energy sector has been increased from 5 years to 10 years, while the maturity on advances to the industrial and tourism sectors will remain at 5 years.

In addition, the Central Bank of Jordan will continue to support the various programs for micro, small and medium-sized enterprises (MSMEs), funded by the World Bank and the Arab Fund for Economic and Social Development, which have pledged US\$ 120 million to support funding for MSMEs. Of this amount, US\$ 48 million, with an interest rate of 2.50 percent, and a maturity of 15 years with a 5 year grace period, have been transferred to commercial banks to be relented to the targeted sectors with interest rates and maturities that are favorable to borrowers' needs.

B) Most Important Instructions and Circulations Issued By the Central Bank of Jordan during 2013

- **The CBJ issued a revised version of the Instructions of dealing with customers fairly and transparently No. (57/2013)**

After issuing the instructions of dealing with customers fairly and transparently No. 56/2012 dated 31/10/2012, the Central Bank issued a revised version of these instructions No. (57/2013).

The revised instruction amended paragraph (16b) by deleting "foreign currencies" and adding "and the commissions and fees charged by a third party and commissions related to indirect facilities" at the end of the paragraph.

The instructions also replaced paragraph (16/c) with the following:

- 1 - In case there is a need for any amendment / add on the fees and commissions listed in the instructions, banks send a request with a statement of justification to the Association of Banks in Jordan, which in turn will provide these requests to the Central Bank before the end of January of each year.
- 2 - The Central Bank considers the requests and notifies the Association of Banks and publishes the decision taken in the Official Gazette.

The revised instructions added the following paragraph to article 16:

(e) The maximum commission for cash handling (deposit or discharge) in foreign currencies for all customers as follows:

- 0.5% in all branches.
- 2% in the border posts, up to the 1 JD for small amounts.

The revised instructions replaced the phrase “rigid account” in article 18 with the phrase “all customer’s accounts at the bank rigid “.

Finally, the revised instructions amended article 20 by adding paragraphs (b) and (c).

- CBJ issues circular No. (10/5/2146) dated Feb. 18th, 2013 to licensed banks

Out of its keenness to back Micro, small and medium sized enterprises (MSMEs) for their essential role in supporting economic growth, combating poverty and alleviating unemployment rates, and to enable them to get the necessary funding to perform their work according to medium and long term future contracts and at competitive interest rates, the CBJ, in cooperation with the Ministry of Planning and International Planning, signed an agreement with the World Bank to lend the government of the Hashemite Kingdom of Jordan, represented by the Ministry of Planning, a loan of USD 70 million.

The CBJ is due to re-lend the loan through banks working in Jordan, so that they can in turn lend it to MSMEs, whether directly or through Micro funding corporations.

As regards the funding aspect, the circular detailed the specifications of the loan to be granted to banks. These include the following: it should be in Jordanian dinar; at an interest rate of 2.5% for the year 2013, while the interest rate will depend after that on the American LIBOR for six months, added to it is a margin of 1.8%. The loan’s term reached 15 years with a grace period of 5 years for the installments and the interest, provided that settlement is half annual in March 1st and Sep. 1st of each year. This loan should also be used to fund the MSMEs.

Instructions further detailed eligibility criteria for banks: the bank should have no less than 3 years experience in funding MSMSEs, or the concerned bank manager should have an experience of no less than 3 years; the latest classification of the bank at CAMEL or ROCA should not be less than Fair/Rate 3; the ratio of unemployed debts should not exceed 8%; capital adequacy rate should not be less than 12%; Return on Assets should not be less than 0.30%; the bank should also have a working plan to develop its operations with MSMEs and the external auditor should not have any substantial unanswered remarks on the bank’s financial statements.

The most important obligations incurred by banks as a result of this agreement is that the bank should use the loan’s balance to fund MSMEs directly or through micro finance corporations, provided that facilities granted to a single client do not exceed 15% of the total loan granted to the bank. The bank should place those loans in a portfolio separate from the remaining facilities. Interest rates on MSMEs should take into consideration the reduced borrowing cost from the CBJ.

The circular said that the World Bank is completely ready to provide technical assistance to banks to upgrade their capabilities to fund MSMEs.

- The CBJ issues circular No. (10/1/7626) of Licensed Islamic Banks

The CBJ issued on June 19th, 2013 circular no. 10/1/7626 for licensed Islamic banks, pursuant to which the CBJ asked those banks to start preparing a policy paper to regulate the relationship between the bank and holders of investment accounts, provided that it is endorsed by the bank’s board of directors and reviewed by the Sharia Monitoring Commission.

The said policy should address a number of issues such as the policy owning department; definitions of investment accounts; bank’s own money and its components; the priority of investment in the investment

opportunities; bases of distributing profits; expenditures that are incurred by investment accounts and shareholders, and other issues relevant to investment accounts.

- CBJ extends validity of instructions on granting medium term advances to licensed banks, and amends the same

On March 28th, 2013, the CBJ issued circular no. 3/1/96/3934 to licensed banks, pursuant to which it extended validity of instructions on granting medium term advances to licensed banks for one more year, until March 31st, 2014. Pursuant to those instructions, the CBJ also raised the ceiling of a single advance to 10 million JDs.

As part of procedures taken by the CBJ to provide medium term funding to licensed banks with the objective of re-lending economic sectors, the CBJ issued on June 12th, 2013 circular no. 3/1/96/7297 to licensed banks, which provided for the inclusion of the tourism sector (funding the construction of hotels, rest houses and touristic facilities), and the renewable energy sector (solar energy, wind energy, energy saving projects) in the instructions of granting medium term advances to licensed banks no. 54/2011.

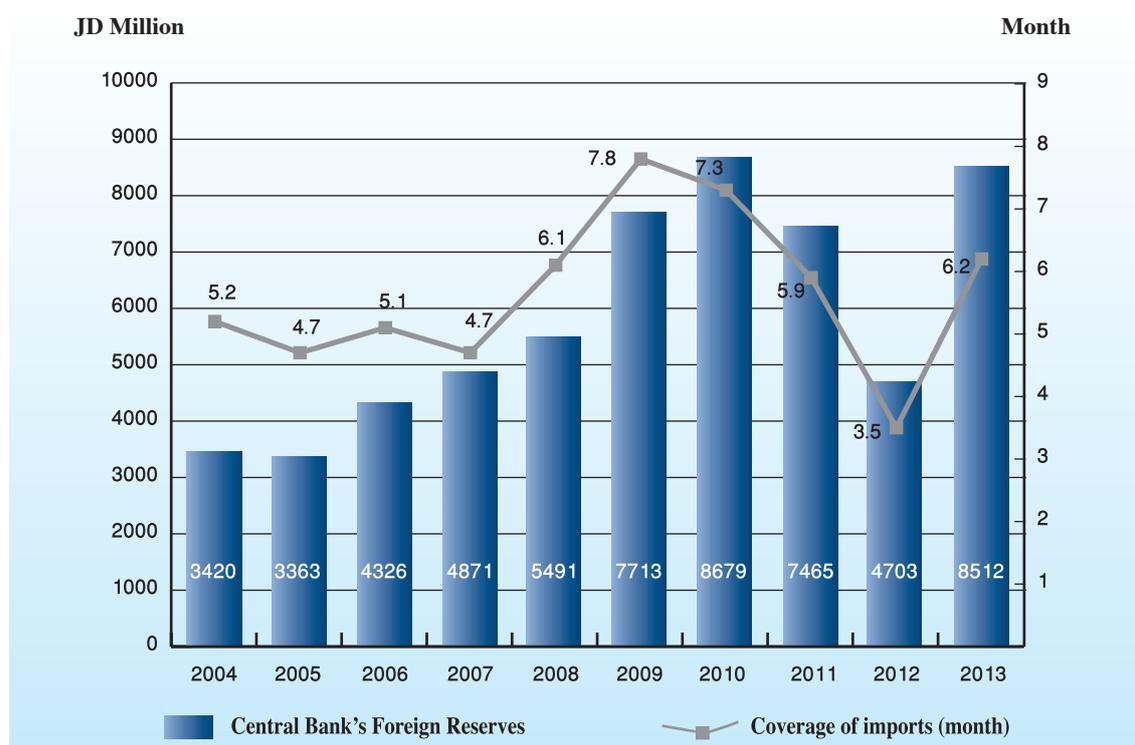
On Oct. 21st, 2013, the CBJ also issued circular no. 3/1/96/12890 to licensed banks which stipulated extending the term of advances to renewable energy sector (solar energy, wind energy, energy saving projects) to become maximum of 10 years instead of 5 years.

2. Foreign Reserves

Central Bank's reserves of foreign currencies rose at the end of 2013 by 3.810 billion JD from the registered level at the end of 2012 to reach 8.512 billion JD. This equals a rise of 81%. This level of reserves is enough to cover the kingdom's imports of goods and services for almost 6.2 months.

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 2013 an increase of 9%, reaching the amount of 42.8 billion JD, in comparison with 39.3 billion JD at the end of 2012.

A - Domestic Assets

The net domestic assets of licensed banks rose at the end of 2013 by the amount of 4.730 billion JD (14.4%) compared to their level at the end of 2012, thus reaching 37.651 billion JD at the end of 2013, in comparison with 32.922 billion JD at the end of 2012.

This rise in the domestic assets of banks in 2013 was the result of the increase in the claims on public sector by 1.435 billion JD (15.9%) to reach 10.459 billion JD, and the increase in the claims on private sector by 1.268 billion JD (8%) to reach 17.202 billion JD.

Banks' reserves at the central bank increased by 1.769 billion JD (44.5%) to reach 5.745 billion JD.

B. Foreign Assets

The net foreign assets of licensed banks decreased at the end of 2013 by 1.201 billion JD (18.9%) from their level at the end of 2012, to reach 5.152 billion JD, in comparison with 6.353 billion JD in 2012.

The decline registered in 2013 is the outcome of the regression in balances with foreign banks by the amount of 1.089 billion JD (24.5%) to reach 3.348 billion JD.

Table (3)
Consolidated Balance Sheet of Licensed Banks

JD Million	2012	2013	Change	Change percentage
Assets				
Foreign Assets	6353.1	5151.9	-1201.2	-18.91%
Cash in Vaults (In Foreign Currencies)	289.6	238.7	-50.9	-17.58%
Balances with Foreign Banks	4437.5	3348.1	-1089.4	-24.55%
Portfolio (Non-Resident)	483.9	508.9	25	5.17%
Credit Facilities to Private Sector (Non-Resident)	853.4	818.0	-35.4	-4.15%
Other Foreign Assets	288.7	238.2	-50.5	-17.49%
Domestic Assets	32922.3	37650.9	4728.6	14.36%
Claims on Public Sector	9023.8	10458.8	1435	15.90%
Claims on Private Sector (Resident)	15933.5	17201.9	1268.4	7.96%
Claims on Financial Institutions	122.5	90.3	-32.2	-26.29%
Reserves	3976.2	5745.1	1768.9	44.49%
Deposits with CBJ in Foreign Currencies	3633.2	5413.6	1780.4	49.00%
Unclassified Assets	3000.5	3402.9	402.4	13.41%
Total of Assets	39275.4	42802.8	3527.4	8.98%
Liabilities				
Demand Deposits	6284.8	6956.6	671.8	10.69%
Public Non-Financial Institutions	39.0	29.6	-9.4	-24.10%
Municipalities and Village Councils	3.4	4.5	1.1	32.35%
Non-Banking Financial Institutions	69.4	68.8	-0.6	-0.86%
Social Security Corporation	59.0	88.0	29	49.15%
Private Sector (Resident)	6114.0	6765.7	651.7	10.66%
Time and Saving Deposits	15426.4	16779.5	1353.1	8.77%
Public Non-Financial Institutions	275.9	321.2	45.3	16.42%
Municipalities and Village Councils	15.7	17.2	1.5	9.55%
Non-Banking Financial Institutions	205.5	209.1	3.6	1.75%
Social Security Corporation	656.3	801.9	145.6	22.18%
Private Sector (Resident)	14273.0	15430.1	1157.1	8.11%
Foreign Liabilities	5827.2	6716.1	888.9	15.25%
Central Government Deposits	646.7	744.0	97.3	15.05%
Credit From CBJ	998.3	842.7	-155.6	-15.59%
Capital Accounts & Allowances	5848.2	6146.2	298	5.10%
Unclassified Liabilities	4243.8	4617.7	373.9	8.81%
Total of Liabilities	39275.4	42802.8	3527.4	8.98%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

4. Assets and Liabilities in Foreign Currencies

The assets of licensed banks in foreign currencies declined from 9.143 billion JD in 2012 to 9.087 billion JD in 2013, which makes a slight decrease percentage of -0.6% compared to the previous year's balance. This regression was a result of the decline balances with foreign banks by 1.152 billion JD, or the percentage of 24.4%, and the rise in credit facilities by 810 million JD (139.2%).

Table (4)
Foreign Currency Assets of Licensed Banks

JD Million	2012	2013	Change	Change percentage
Cash in Vaults	289.6	238.7	-50.9	-17.6%
Balances with CBJ	865.8	751.9	-113.9	-13.2%
Balances with Banks	4716.8	3565.3	-1151.5	-24.4%
Portfolio	581.5	1391.2	809.7	139.2%
Credit Facilities	2226.4	2599.3	372.9	16.7%
Other	462.5	540.9	78.4	17.0%
Foreign Currency Assets	9142.6	9087.3	-55.3	-0.6%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Liabilities of licensed banks in foreign currencies declined with the amount of 570 million JD to reach about 9.502 billion JD in 2013; this makes a decrease percentage of 5.7% from the year before.

Table (5)
Foreign Currency Liabilities of Licensed Banks

JD Million	2012	2013	Change	Change percentage
Customers' Deposits	7258.6	6590.1	-668.5	-9.2%
Central Government	9.3	8.4	-0.9	-9.7%
Public Entities	31.1	19.4	-11.7	-37.6%
Non-Banking Financial Institutions	45.7	47.6	1.9	4.2%
Private Sector	7172.5	6514.7	-657.8	-9.2%
Cash Margins	576.1	549.2	-26.9	-4.7%
Deposits of Banks	1852.1	1889.5	37.4	2.0%
Other	385.2	473.3	88.1	22.9%
Foreign currency liabilities	10072	9502.1	-569.9	-5.7%

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 2013 that reached 6.146 billion JD (5.1%) by the end of 2013.

6 - Credit facilities Granted by Licensed Banks

The outstanding balance of the total credit facilities granted by licensed banks increased from 17.830 billion JD in 2012 to 18.940 billion JD at the end of 2013. This represents an increase by 1.110 billion JD (6.2%) from its level at the end of 2012.

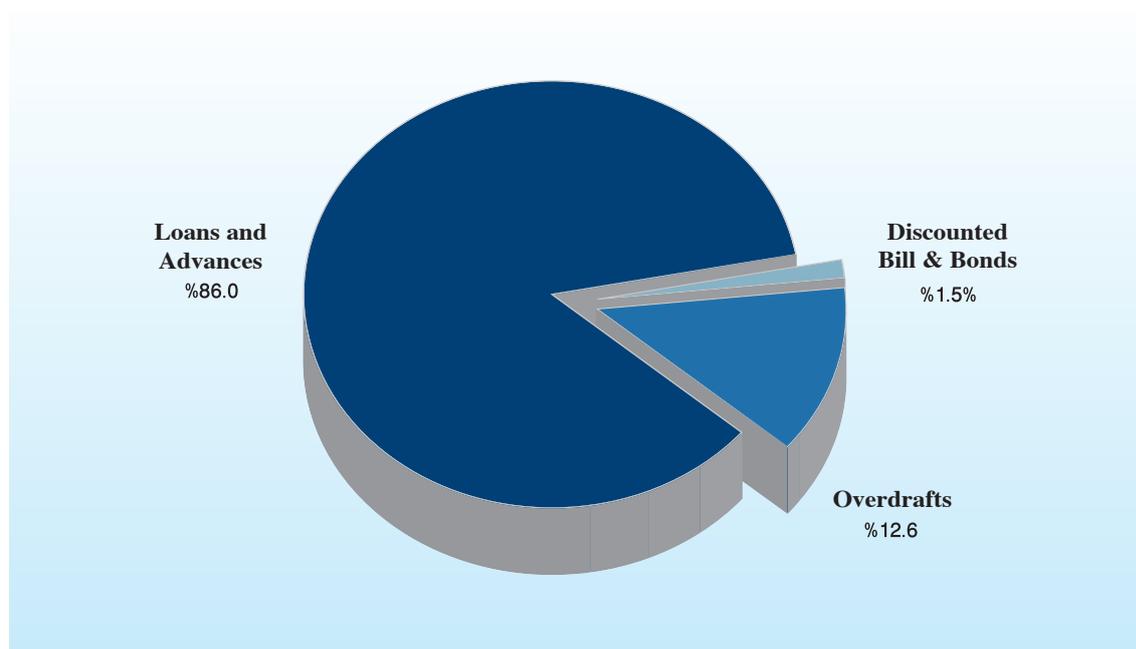
Credit facilities granted by banks operating in Jordan were mainly in the form of loans and advances, which represent approximately 86% of the total credit facilities, while the overdrafts stood at the percentage of 12.6%, and discounted bills and bonds at about 1.5%.

Table (6)
Distribution of Credit Facilities according to Type as the End of 2013 JD Million

Credit Facility Type	2012	2013	Change	Change percentage
Overdrafts	2257.3	2378.9	121.6	5.4%
Loans and Advances	15297.5	16279.1	981.6	6.4%
Discounted Bills & Bonds	275.0	281.7	6.7	2.4%
Total of credit facilities	17829.8	18939.7	1109.9	6.2%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (3)
Distribution of Credit Facilities according to Type as the End of 2013



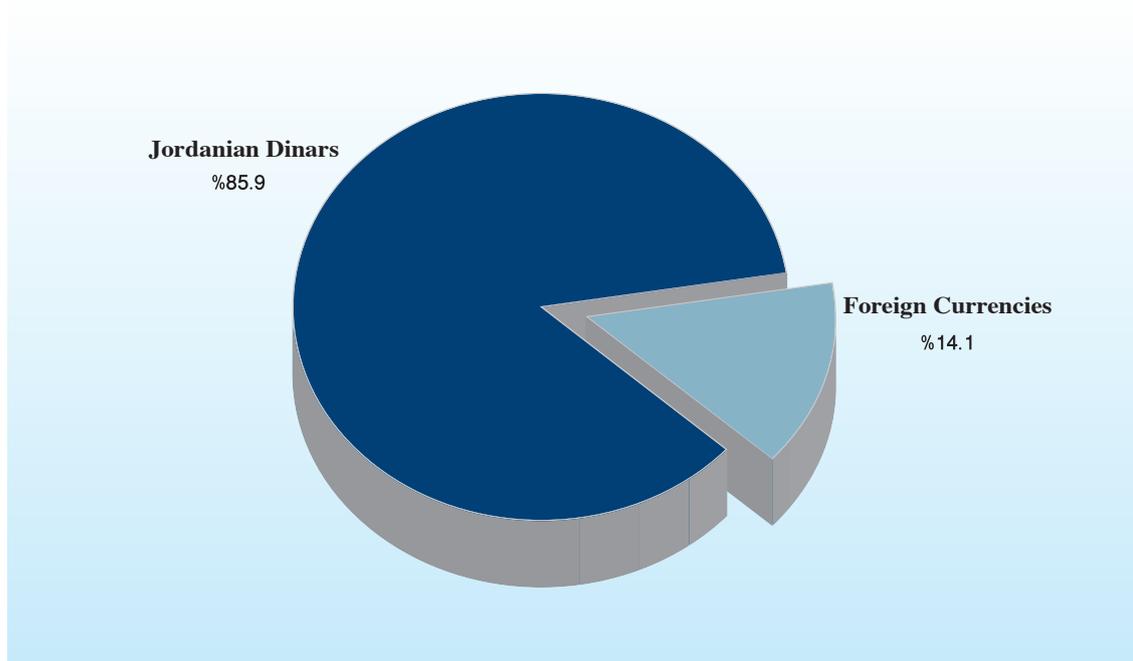
In what concerns the development of credit facilities according to the currency used, credit facilities in Jordanian dinar accounted for 85.9% of the total facilities at the end of 2013, compared to 87.1% at the end of 2012. Consequently, the relative importance of credit facilities in foreign currencies registered 14.1% of the total facilities of 2013.

Table (7)
Distribution of Credit Facilities By Type of Currency at the End of 2013

Credit Facilities	2012		2013	
	JD million	Relative Importance %	JD million	Relative Importance %
Jordanian dinars	15532.1	87.1%	16269.1	85.9%
foreign currencies	2297.7	12.9%	2670.6	14.1%
Total	17829.8	100.0%	18939.7	100.0%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (4)
Distribution of Credit Facilities By Type of Currency at the End of 2013



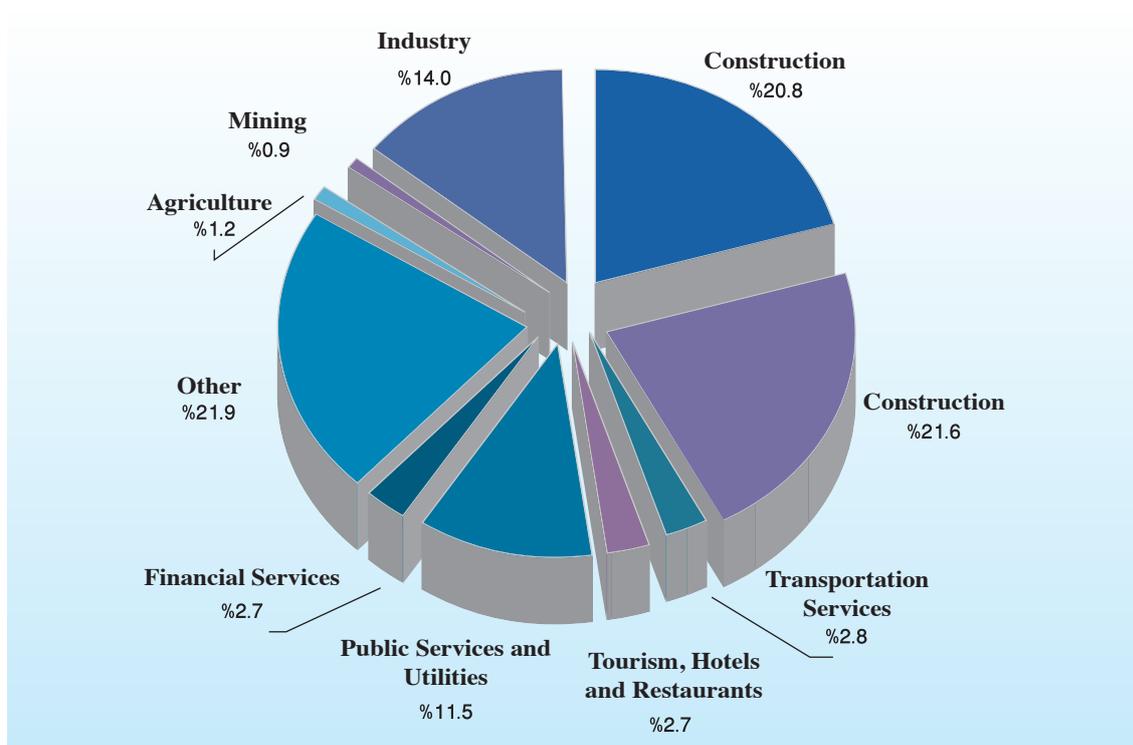
The distribution of credit facilities according to the kind of economic activity at the end of 2013 shows that the sectors of trade, construction and industry account for about 56.4% of the total facilities granted by banks operating in Jordan. The balance of credit facilities granted to the industrial sector rose by the amount of 134 million JD (5.3%); facilities granted to the constructions sector rose by 404 million JD (11%), and the facilities granted for the general trade sector rose by 182 million JD (4.9%).

Table (8)
Distribution of Credit Facilities by Economic Sectors at the End of 2013

Sectors	2012		2013	
	JD million	Percentage %	JD million	Percentage %
Agriculture	254.9	1.4%	235.7	1.2%
Mining	73.0	0.4%	164.1	0.9%
Industry	2515.7	14.1%	2649.6	14.0%
General Trade	3754.9	21.1%	3937.3	20.8%
Construction	3682.6	20.7%	4086.4	21.6%
Transportation Services	554.5	3.1%	536.7	2.8%
Tourism, Hotels and Restaurants	505.6	2.8%	503.5	2.7%
Public Services and Utilities	2172.0	12.2%	2172.6	11.5%
Financial Services	486.1	2.7%	508.8	2.7%
Other	3830.5	21.5%	4145.1	21.9%
Total	17829.8	100.0%	18939.7	100.0%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (5)
Distribution of Credit Facilities by Economic Sectors at the End of 2013



A - Credit Cards

The number of credit cards granted by banks operating in Jordan during 2013 exceeded 238 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 2013.

Table (9): Credit Cards Extended by Banks During 2013

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	77876	(25-100) JD	1.75%	1.75%	unconditional	400 JD	300-50000 JD
	MasterCard	7435	(50-100) JD	1.75%	1.75%	unconditional	400 JD	300-50000 JD
Jordan Ahli Bank	MasterCard Silver	7449	Free	1.75%	4%	<ul style="list-style-type: none"> • 200 JD for transferred salaries in public sector • 300 JD for transferred salaries in private sector 	<ul style="list-style-type: none"> · 450 JD for non-transferred salaries · 2000 JD for others (professionals) · 100% of cash margins in Jordanian dinars · 110% of cash margins in foreign currencies 	200-2999 JD
	MasterCard Gold	1773	Free	1.75%	4%	<ul style="list-style-type: none"> • 200 JD for transferred salaries in public sector • 300 JD for transferred salaries in private sector 	<ul style="list-style-type: none"> · 450 JD for non-transferred salaries · 2000 JD for others (professionals) 	3000-7000 JD
	MasterCard World	730	Free	1.75%	4%	<ul style="list-style-type: none"> • 200 JD for transferred salaries in public sector • 300 JD for transferred salaries in private sector 	<ul style="list-style-type: none"> · 450 JD for non-transferred salaries · 2000 JD for others (professionals) 	The minimum limit 7000 JD
	Visa Silver	7728	Free	1.75%	4%	<ul style="list-style-type: none"> • 200 JD for transferred salaries in public sector • 300 JD for transferred salaries in private sector 	<ul style="list-style-type: none"> · 450 JD for non-transferred salaries · 2000 JD for others (professionals) 	200-2999 JD
	Visa Gold	634	Free	1.75%	4%	<ul style="list-style-type: none"> • 200 JD for transferred salaries in public sector • 300 JD for transferred salaries in private sector 	<ul style="list-style-type: none"> · 450 JD for non-transferred salaries · 2000 JD for others (professionals) 	3000-7000 JD
	Visa Platinum	1180	Free	1.75%	4%	<ul style="list-style-type: none"> • 200 JD for transferred salaries in public sector • 300 JD for transferred salaries in private sector 	<ul style="list-style-type: none"> · 450 JD for non-transferred salaries · 2000 JD for others (professionals) 	The minimum limit 7000 JD

Continued Table (9) Credit Cards Extended by Banks During 2013

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate/ Murabaha%	Commission on cash withdrawal	Salary Transfer	Salary Minimum	Card limit Max
Cairo Amman Bank	Visa Revolving	39586	(15-75) JD	1.75%		Conditional	150 JD	depends on debt to income ratio
	Visa Prepaid	1030	7 JD	-	(2-20) JD	-	-	-
	Visa Web Surfer	131	17 JD	-	-	-	-	-
Bank of Jordan	Visa Card	8364	<ul style="list-style-type: none"> • Free for silver and gold cards. • 75 JD for platinum card, and free for bank's clients 	1.75%	4% of the amount withdrawn, with a minimum of 4	Conditional, with exceptions in some cases	250 JD	Up to 5 times the salary for some clients
The Housing Bank for Trade & Finance	Visa & MasterCard							
	Silver	9156	<ul style="list-style-type: none"> • 30 JD For basic card • 15 JD for Complementary Card 	1.75%	4% , with a minimum of 2 JD	unconditional	250 JD monthly	3500 JD
	Gold	1017	<ul style="list-style-type: none"> • 60 JD for basic card • 30 JD for Complementary Card 	1.75%	4% , with a minimum of 2 JD	unconditional	700 JD monthly	7000 JD
	Platinum	690	<ul style="list-style-type: none"> • 80 JD for basic card • 40 JD for Complementary Card 	1.75%	4% , with a minimum of 2 JD	unconditional	1400 JD monthly	Unlimited
	The American Express Cards							
	Gold Card revolving (in Jordanian Dinar)	44	<ul style="list-style-type: none"> • 75 JD for basic card • 9 free Complementary Card 	2.2% monthly	4% of the amount withdrawn, or 10 JD, whichever is greater	unconditional	Minimum income for business owners 40 thousand JD annually/ 3333 JD monthly Minimum income for employees 20 thousand JD annually/ 1666 JD monthly	2 times the monthly income with a maximum of 20 thousand JD
	Gold Charge Card (In US Dollar)	39	<ul style="list-style-type: none"> • \$175 for basic card • \$75 for Complementary Card 	-	4% of the amount withdrawn, or \$15, whichever is greater	unconditional	Minimum income for business owners \$100 thousand annually/ \$8333 monthly Minimum income for employee \$48 thousand annually/ \$4000 monthly	Unlimited, depends on the creditworthiness of the clients
	Platinum Charge Card (\$)	41	<ul style="list-style-type: none"> • \$750 for basic card, with one free Complementary Platinum card and 4 free Gold Complementary Cards 	-	4% of the amount withdrawn, or \$15, whichever is greater	unconditional	Minimum income for business owners \$150 thousand annually/ \$12500 monthly Minimum income for employee \$75 thousand annually/ \$6250 monthly	Unlimited, depends on the creditworthiness of the clients

Continued Table (9) Credit Cards Extended by Banks During 2013

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 Revolving	1913	30 JD for Gold 15 JD for Silver	1.75%	4%	-	-	-	
	Visa Charge	19	100 JD for Gold 50 JD for Silver	0	4%	-	-	-	
	Visa Infinite	14	150 JD	0	4%	-	-	-	
	Visa Cozmo	288	20 JD	2%	4%	-	-	-	
	MasterCard Revolving	1772	30 JD for Gold 15 JD for Silver 75 JD for Platinum	1.75%	4%	-	-	-	
	MasterCard fly&plus	886	50 JD for Gold 25 JD for Silver 75 JD for Platinum	2.2%	4%	-	-	-	
	Amex	199	\$175 for Gold \$95 for Green \$750 for Platinum	0	no cash withdrawal	-	-	-	
	Visa Electron		Free	0	0.500 JD on withdrawals from other banks, 2 JD on withdrawals from foreign banks	-	-	-	
Arab Jordan Investment Bank	Visa Rev.	266	Free	1.5%	4%	-	200 JD	30 thousand JD	
	Visa charge								
	Classic & Gold	71	25 JD, 50 JD	0	4%	-	200 JD	-	
	Infinite	20	100 JD	0	4%	-	-	100 thousand JD	
	Platinum	9	70 JD	0	4%	-	-	100 thousand JD	

Continued Table (9) Credit Cards Extended by Banks During 2013

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 Commercial Bank	Visa Card	2710	25-50 JD	1.75%	4%	-	-	-
	Visa Electron	30718	0	0	0	-	-	-
	MasterCard	550	25-50 JD	1.75%	4%	-	-	-
Investbank	Visa	2791	Free for the first year	1.75%	4%, with a minimum of 4 JD	unconditional	500 JD Inside Amman, 400 JD Outside Amman	50 thousand JD
Arab Banking (Corporation) Jordan	Visa	540	10-100 JD	1.75%	4%	unconditional	300 JD	15 thousand JD
	MasterCard	24	10-50 JD	1.75%	4%	unconditional	300 JD	15 thousand JD
Bank Al-Etihad	Visa Classic	2244	Free	1.75%	3%, with a minimum of 4 JD	<ul style="list-style-type: none"> Salary Transfer Without Salary Transfer cash margins 	350 JD	3500 JD
	Visa Gold	101	30 JD	1.75%	3%, with a minimum of 4 JD		350 JD	10 thousand JD
	Visa Platinum	223	70 JD	1.75%	3%, with a minimum of 4 JD		2000 JD	50 thousand JD
Societe General - Jordan	Visa classic - prepaid (In JD)	97	35 JD	1.75%	2 JD on withdrawals from Societe General - Jordan ATMs, 4 JD on withdrawals from other banks ATMs	<ul style="list-style-type: none"> salary transfer for employees without guarantees for business owners 	200 JD for public sector 350 JD fir private sector 500 JD for business owners	The minimum limit is 200 JD, the maximum limit according to client's financial position
	Visa Gold - prepaid (In JD)	144	50 JD	1.75%				
	MasterCard classic - prepaid (In JD)	157	35 JD	1.75%				
	MasterCard Gold - prepaid (In JD)	267	50 JD	1.75%				
	MasterCard - prepaid (In US Dollars)	0	60 JD	1.75%				
	MasterCard - prepaid (Euro)	133	40 JD	1.75%				
	MasterCard classic (In In JD)	1047	35 JD	1.75%				
	MasterCard gold (In In JD)	185	50 JD	1.75%				
	Jordan River Foundation cards	401	35 JD	1.75%				
	Internet cards (E-surf)	162	Free	0				
	ATM/Saving Cards	—	Free	0	1 JD for CSC Network 3 JD for other networks	According to the client's request when opening an account	The minimum for opening saving account + 100 JD for the card	A maximum of 500 JD for cash withdraw, and 500 JD for Purchases

Continued Table (9) Credit Cards Extended by Banks During 2013

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate/ Murabaha %	Commission on cash withdrawal	Salary Transfer	Salary Minimum	Card limit Max
Capital Bank	Visa Card Platinum	404	Free	1.75%	4%	Conditional	500 JD	3 times
	Visa Card Gold	630	Free	1.75%	4%	Conditional	500 JD	3 times
	Visa Card Classic	1228	Free	1.75%	4%	conditional	500 JD	3 times
	Visa Electron (Debit)	5421	Free	0	-	Unconditional	—	—
	Visa Electron Platinum (Debit)	222	Free	0	-	unconditional	—	—
Jordan Islamic Bank	MasterCard Gold	207	50 JD	0	According to classes system (the class of withdrawn amount)	unconditional	According to Card limit	depends on the creditworthiness of the client
	Visa Gold	378	50 JD					2000 JD
	Visa Silver	1233	25 JD					100 JD
	Visa Card (local)	702	15 JD					
Islamic International Arab Bank	Visa Charge							
	Gold - A	2868	50 JD	—	1.96-2%	—	1330 JD	1000 JD - 50000 JD
	Silver - B		25 JD	—	1.96-2%	—	—	250 JD - 2000 JD
	Internet- B		10 JD	—	—	—	—	50\$- 750\$
	Visa Revolving							
	Visa (installments) - A	4420	25 JD	—	4%	—	200 JD	250 JD - 1000 JD
	Internet (installments) - B		10 JD	—	—	—	200 JD	\$50- \$750
Jordan Dubai Islamic Bank	Visa Card	Classic 91 Gold 149	25 JD for Classic Card 50 JD for Gold Card	—	4%	Salary Transfer, or cash margins	300 JD for Classic Cards 2500 JD for Gold Cards	5000 JD for Classic Cards 10000 JD for Gold Cards
Al-Rajhi Bank	Platinum/ credit card/ visa card	2	65 JD	0	4%	conditional	10 thousand JD	Unlimited
	Gold/ credit card/ visa card	6	50 JD	0	4%	conditional	2000 JD	5000 JD
	Classic/ credit card/ visa card	4	30 JD	0	4%	conditional	500 JD	1000 JD
HSBC	—	—	—	—	—	—	—	—

Continued Table (9) Credit Cards Extended by Banks During 2013

Banks	Trade Mark	# of Extended Cards	Cards Issuance fees (JD)	Interest rate/ Murabaha %	Commission on cash withdrawal	Salary Transfer	Salary Minimum	Card limit Max
Egyptian Arab Land Bank	Visa	1073	50 JD for Gold card 25 JD for Silver card	1.75%	4%, with a minimum of 4 JD	unconditional	-	200-1999 JD for Silver Card For Gold Card 2000 JD and above
Rafidain Bank	—	—	—	—	—	—	—	—
Citi Bank	—	—	—	—	—	—	—	—
	Visa Classic	322	25 JD	1.75%	4%	conditional	500 JD	3 times
	Visa Gold	48	50 JD	1.75%	4%	conditional	1000 JD	3 times
	Visa Platinum	85	75 JD	1.75%	4%	conditional	2400 JD	4 times
Bank Audi	Visa Card	1534	25 JD	1.75%	4%	unconditional	A minimum of 4200 JD annually	Debt burden 55%
	MasterCard	727	25 JD	1.75%	4%	unconditional	A minimum of 4200 JD annually	Debt burden 55%
National Bank of Kuwait	Visa Card	53	Free	1.75%	4%, with a minimum of 4 JD	conditional	500 JD	25 thousand JD
BLOM Bank	MasterCard Gold	2726	Free	1.75%	4%, with a minimum of 4 JD	unconditional	350 JD for Public sector 500 JD for Private Sector 1000 JD for others	<ul style="list-style-type: none"> • 30 thousand JD for Public sector • 30 thousand JD for approved Private Sector • 10 thousand JD for unapproved Private Sector • 30 thousand JD for other
	MasterCard Classic	393		1.75%				
	MasterCard Titanium	157		1.75%				
	MasterCard Platinum	116		1.75%				
National Bank of Abu Dhabi	Visa	—	35 JD for Silver cards 65 JD for Gold cards	2%	4% or 4 JD whichever is less	conditional	600 JD	50 thousand JD

- Not Available

B - Personal Loans

Banks operating in Jordan granted more than 181.4 thousand personal loans during 2013, the value of which exceeded 1.52 billion JD, at an interest rate that varied between 4.5% and 13.5%, and at a rate that varied between zero and 1%, and with a settlement period that is between one year and 12 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 2013

Bank	Number of personal loans' applications submitted to Banks during 2013	Number of personal loans Extended by Banks during 2013	value of loans (JD million)
Arab Bank	21,946	14,248	133,536,775
Jordan Ahli Bank	12,569	8,884	90,359,847
Cairo Amman Bank	32,446	28,288 (*)	95,125,000
Bank of Jordan	—	13,595	104,400,000
The Housing Bank for Trade & Finance	30,102	28,191	207,670,879
Jordan Kuwait Bank	4,112	2,938	22,200,000
Arab Jordan Investment Bank	1,341	951	11,484,299
Jordan Commercial Bank	13,000	5,948	71,600,000
Investbank	1,433	989	17,696,760
Arab Banking (Corporation) Jordan	9,148	7,553	43,500,000
Bank Al-Etihad	2,076	1,080	17,213,761
Societe General - Jordan	1,583	937	6,927,898
Capital Bank	1,441	1,026	16,386,007
Jordan Islamic Bank ⁽¹⁾	82,275	55,564	561,600,000
Islamic International Arab Bank ⁽¹⁾	705	626	1,473,595
Jordan Dubai Islamic Bank ⁽¹⁾	1,562	1,332	11,257,545
Al-Rajhi Bank ⁽¹⁾	5,209	3,564	30,404,373
HSBC	—	—	—
Egyptian Arab Land Bank	1,282.0	1,068	10,929,222
Rafidain Bank	0	0	0
Citi Bank	4	4	22,813
Standard Chartered	741	692	8,667,495
Bank Audi	2,840	1,928	28,778,542
National Bank of Kuwait	110	78	906,095
BLOM Bank	3,469	1,688	26,600,000
National Bank of Abu Dhabi	233	203	4,827,472
Total	229,627	181,375	1,523,568,378

- Not available.

(1) represents individuals' personal finances.

* Approved Facilities.

Table (11)
Terms and Characteristics of Personal Loans Extended During 2013

Bank	Salary transfer	required collaterals	maximum amount of loan	Interest rate Murabaha (%)	Annual commission (%)	Payment period (year)
Arab Bank	Conditional	Salary transfer	70000 JD	10.5%	1%	8 years
Jordan Ahli Bank	Conditional	Salary transfer	70000 JD	10.5%-11.5%	1% for the first year	8 years
Cairo Amman Bank	Conditional	Salary transfer	100000 JD	6 month JODIBOR Plus 5%	1% for the first year	8 years
Bank of Jordan	Conditional	Salary transfer	70000 JD	Decreasing, from 9.75% - 12.99%	1% for one tome	7 years
The Housing Bank for Trade & Finance	Unconditional	Salary transfer and/ or Real Estate and/ or guarantor	Undetermined	Daily JODIBOR Plus 2.5%-4%	1%	8 years
Jordan Kuwait Bank	Conditional	Salary transfer	50000 JD	10%-12%	1% for the first year	8 years
Arab Jordan Investment Bank	Conditional	Salary transfer	50000 JD	8.8%-9.9%	1% for the first year	8 years
Jordan Commercial Bank	Conditional	As the case	77000 JD	11%	1%	8 years
Investbank	Conditional	Salary transfer	70000 JD	10%	1% for the first year	8 years
Arab Banking (Corporation) Jordan	Conditional	Salary transfer	50000 JD	9.99%-12.25%	1%	8 years
Bank Al-Etihad	Unconditional	Guarantor, cash margins	55000 JD	10%	1% for the first year	8 years
Societe General - Jordan	Conditional	Salary transfer + other guarantees in some cases	35000 JD	10.499% If the client has Makaseb account the interest lowered to 9.85% for public sector and 9.99% for private sector	0	8 years
Capital Bank	Conditional	Guarantor for not approved companies, Checks for non employee	70000 JD	The lowest interest 10.5% decreasing	1%	8 years
Jordan Islamic Bank	Depends on the client's work	Depends on the type and size of financing	As the monthly installment doesn't exceed 50% of income	6% annually	-	A maximum of 7 years for Murabaha financing, and a maximum of 20 years for lease to own financing
Islamic International Arab Bank	-	-	1000 JD	-	-	One year
Jordan Dubai Islamic Bank	Unconditional	Other Guarantees	50000 JD	11.766% (weighted)	-	7 years
Al-Rajhi Bank	Conditional	Salary transfer, and guarantor in some cases	50000 JD	6.5%-7.0%	-	12 year
HSBC	-	-	-	-	-	-

Continued / Table (11): Terms and Characteristics of Personal Loans Extended During 2013

Bank	Salary transfer	required collaterals	maximum amount of loan	Interest rate Murabaha (%)	Annual commission (%)	Payment period (year)
Egyptian Arab Land Bank	Salary transfer or deduction of salary	Personal guarantees, mortgages, salary transfer, deduction of salary	75000 JD	9.5%-13.5%	1%	6.5 years
Rafidain Bank	-	-	-	-	-	-
Citi Bank	conditional	Salary transfer	7000 JD	4.5%	-	3 years
Standard Chartered	conditional	Salary transfer	60000 JD	10.5%	1%	7 years
Bank Audi	conditional	Salary transfer, and guarantor in some cases	40000 JD, with a maximum of 25 times the salary	10%-13%	1%	6 years
National Bank of Kuwait	Conditional	-	40000 JD	12%	1% for the first year	5 years
BLOM Bank	conditional	Personal guarantees, mortgages, and cars	30000 JD 250000 JD personal loans with mortgage	11%	1%	8 years
National Bank of Abu Dhabi	conditional	salary transfer, guarantor in some cases	50000 JD	11.75%	1%	6 years

- Not Available

C - Car loans

During 2013, banks operating in Jordan granted more than 35900 loans to buy a car, whose value surpassed 363 million JD, so the average funding of car ranged from 8300 JD to about 24.8 thousand JD with a general average of 10120 JD. The interest rate varied between 4.00% and 12.0%, while the commission rate varied between zero and 1%. The settlement period varied between 5 years and 12 years, in addition most banks required pledging the car.

Table (12)
Car Loans Extended During 2013

Bank	Number of car loans' applications submitted to banks during 2013	Number of accepted car loans during 2013	Total value of cars loans extended during 2013 (JD)	Average Finance Per One Car during 2013
Arab Bank	641	298	5,379,022	18,050
Jordan Ahli Bank	79	45	847,030	18,823
Cairo Amman Bank	22	16	250,000	15,625
Bank of Jordan	—	239	4,200,000	17,573
The Housing Bank for Trade & Finance	650	600	8,360,000	13,933
Jordan Kuwait Bank	809	519	8,000,000	15,414
Arab Jordan Investment Bank	-	16	160,828	10,052
Jordan Commercial Bank	50	36	669,000.0	18,583
Investbank	121	58	1,391,141	23,985
Arab Banking (Corporation) Jordan	15	15	372,000	24,800
Bank Al-Etihad	270	123	2,886,008	23,463
Societe General – Jordan	305	279	2,490,711	8,927
Capital Bank	837	643	6,538,638	10,169
Jordan Islamic Bank	19710	18903	181,200,000	9,586
Islamic International Arab Bank	6618	6017	49,938,049	8,299
Jordan Dubai Islamic Bank	1574	1342	15,846,323	11,808
Al-Rajhi Bank	186	86	979,145	11,385
HSBC	—	—	—	—
Egyptian Arab Land Bank	47	39	795,615	20,400
Rafidain Bank	0	0	0	0
Citi Bank	5	5	86,873	17,375
Standard Chartered ⁽¹⁾	0	0	0	0
Bank Audi	1281	833	13,206,420	15,854
National Bank of Kuwait	4	4	73,500	18,375
BLOM Bank	15604	5791	59,800,000	10,326
National Bank of Abu Dhabi	0	0	0	0
Total	48,828	35,907	363,470,303	10,122.5

- Not Available

(1) The Bank does not provide car loans.

Table (13)
Terms and Characteristics of Car Loans Extended During 2013

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 pledge	Up to 100%	5% for new cars 5.5% for used cars	1%	6 years
Jordan Ahli Bank	Salary transfer and car pledge by 100% of the loan	For employees : - New cars: 100% - Used car: 80% For professionals - New cars: 80% - Used cars: 60%	11% for employees, 12% for professionals and business owners	No commission	7 years for employees, 5 years for professionals and business owners
		Without salary transfer: 80% for new cars and 60% for used cars			
Cairo Amman Bank	Car pledge + comprehensive insurance + salary transfer	75%-100%	The average of 6month JODIBOR + 4% - 6%	No commission	8 years
Bank of Jordan	Car pledge, salary transfer in some cases	Up to 95% for new and used cars	Decreasing, from 8.49%- 10.99%	1% for the first time	6 years
The Housing Bank for Trade & Finance	Car pledge + Comprehensive insurance	Up to 100% for transferred salaries, other clients 90% for new cars, and 80% for used cars.	Flat, 4.5% for transferred salaries and 5% otherwise	No commission	8 years
Jordan Kuwait Bank	Car pledge	100% for new cars and 75% for used cars	Decreasing, 10%-10.5% Flat, 5.5%-7.5%	1% for the first year and without commission in the case of flat interest	6 years
Arab Jordan Investment Bank	Car pledge	80%	7.00%	No commission	6 years
Jordan Commercial Bank	Car pledge	Up to 90 for both new and used cars	5.75%	No commission	8 years
Investbank	Car pledge	100% for new cars 70% for used cars	10% for new cars 11% for used cars	1% for the first year	6 years for new cars, 5 years for used cars
Arab Banking (Corporation) Jordan	Car pledge	70%-90% for new cars 60%-80% for used cars	9% annually	0	7 years for new cars, 6 years for used cars
Bank Al-Etihad	Car pledge	Up to 100%	Decreasing, 9%	1% for the first year	8 years
Societe General - Jordan	Car pledge + Comprehensive insurance + Salary transfer or checks under collection in some cases	80% for used cars 90% for new cars	10% for used cars 8.999% for new cars	No commission	7 years

Continued / Table (13) Terms and Characteristics of Car Loans Extended During 2013

Bank	Terms of Car loans	financing ratio (New and used car)	Interest rate/ Murabaha (%) (New and used car)	Annual commission (%)	Payment period (year)
Capital Bank	Car pledge + Salary transfer or checks under collection	50% - 100%	The minimum is 10% decreasing	1%	8 years
Jordan Islamic Bank	Salary transfer + guarantor + car pledge	80% - 100%	6% annually	No commission	5 years
Islamic International Arab Bank	Salary transfer + car pledge + guarantor	Up to 100%	According to client	30 JD execution fees	8 years
Jordan Dubai Islamic Bank	Car pledge	85% - 100%	10.976% (Weighted)	No commission	7 years
Al-Rajhi Bank	Salary transfer + Car pledge	90% for new cars 80% - 90% for used cars	5% - 6%	No commission	12 years
HSBC	-	-	-	-	-
Egyptian Arab Land Bank	car pledge, personal guarantees, checks, insurance policy	50% - 90%	11% - 12%	1%	7 years
Rafidain Bank	-	-	-	-	-
Citi Bank	Salary transfer	100%	4.5%	No commission	5 years
Standard Chartered	-	-	-	-	-
Bank Audi	Car pledge, Comprehensive insurance	75% - 90% for new Cars 75% - 80% for used Cars	5% - 5.75%	1% loan origination fee	6 years for new cars 5 years for used cars
National Bank of Kuwait	Salary transfer and car pledge	85% for new Cars 70% for used Cars	10% or 5% flat for new cars 11.5% or 6% flat for used cars	1% for the first year	7 years for new cars 5 years for used cars
BLOM Bank	Car pledge	85% for new Cars 80% for used Cars	5.5%	1%	6 years
National Bank of Abu Dhabi	-	-	-	-	-

- Not available

D - Syndicated Bank Loans

Seven banks participated in the syndicated bank loans extended in 2013. These banks extended more than 65 million JD to various economic sectors, the most important of which were the services sector.

Table (14)
Syndicated bank loans extended during 2013

Bank	# of loans	Economic Sectors	Volume of Participation		Volume of Participation	
			Million JD	Million USD	(%) Million JD	(%) Million USD
Arab Bank	1	Services sector	10	0	20.2%	0
Bank of Jordan	1	Services sector	2	0	4.0%	0
The Housing Bank for Trade & Finance	2	Services sector and Construction Sector	20	25	40.4%	2.4%
Jordan Kuwait Bank	1	Services sector	5	0	10.1%	0
Jordan Commercial Bank	1	Services sector	3	0	6.1%	0
Investbank	1	Services sector	1.5	0	3.0%	0
Bank Al-Etihad	1	Services sector	5	0	10.1%	0

- Banks that have been listed in the table are only the ones that participated in the syndicated banking loans during 2013.

7 - Deposits at Licensed Banks

The balance of total deposits at licensed banks rose by the end of 2013 to reach 27.593 billion JD, an increase amounting to 2.624 billion JD (10.5%) compared with the deposits' balance at the end of 2012.

This increase in the balance of total deposits during 2012 was due to the increase in the resident private sector's deposits by 2.313 billion JD (9.9%), and the increase in the public sector's deposits by 311 million JD (18.3%), compared to the levels they reached at the end of 2012.

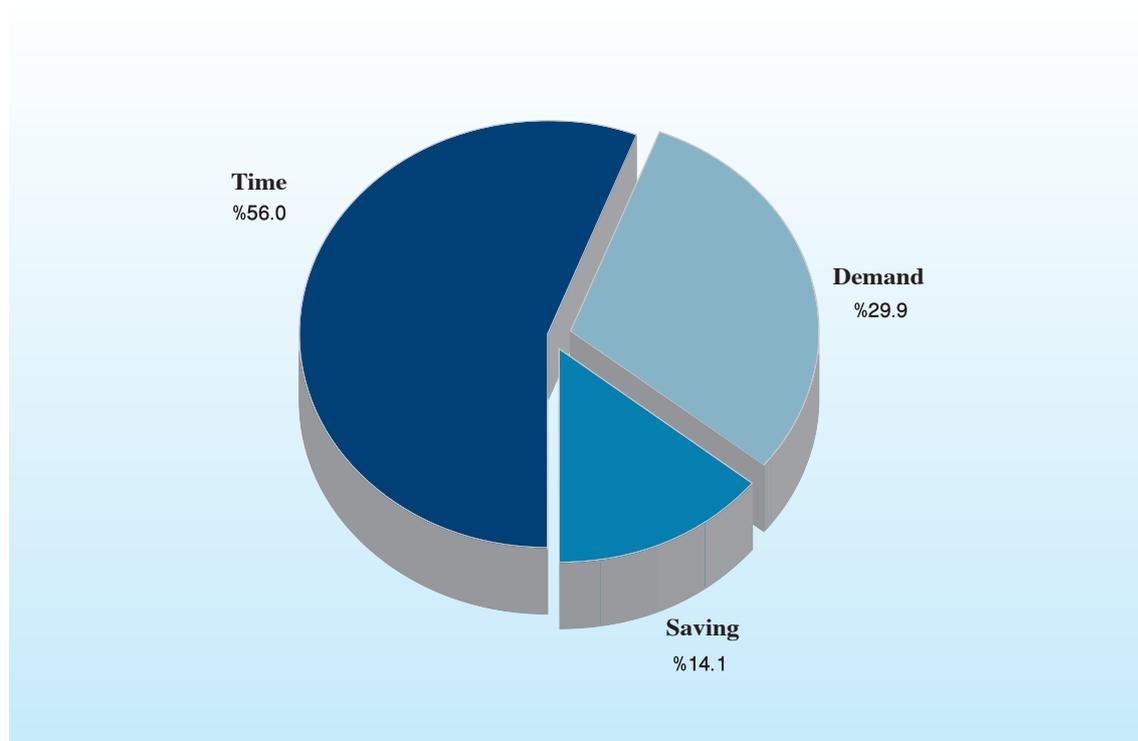
As for the structural development of the main types of deposits (demand, savings, and time deposits), time deposits had the highest percentage among deposits and accounted for 56% of total deposits at the end of 2013, compared to 55.3% in 2012. Demand deposits and savings deposits accounted for 29.9% and 14.1% respectively at the end of 2013.

Table (15)
Distribution of Deposits According to its Major Types as the End of 2013

Deposit Type	2012		2013		Percentage Change %
	JD million	Relative Importance %	JD million	Relative Importance %	
Demand	7452.8	29.8	8237.9	29.9%	10.5%
Saving	3714.4	14.9	3900.4	14.1%	5.0%
Time	13802.5	55.3	15454.9	56.0%	12.0%
Total Deposit	24969.7	100%	27593.2	100%	10.5%

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (6)
Distribution of Deposits According to its Major Types as the end of 2013



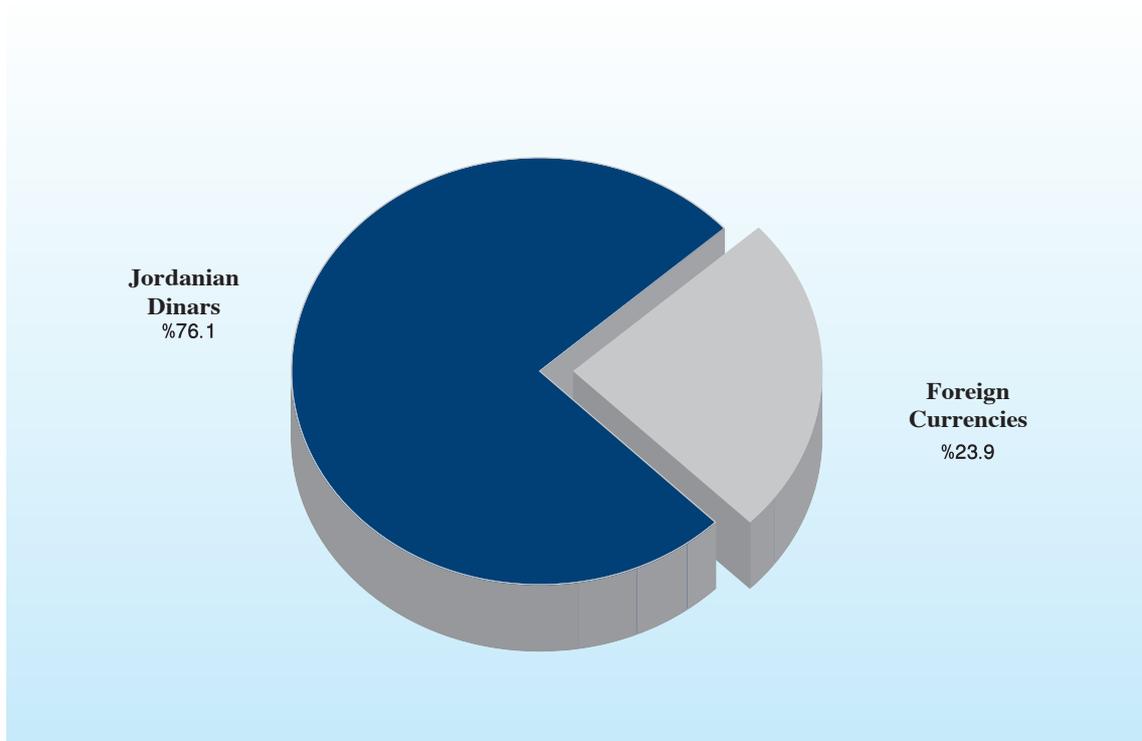
In light of the developments in deposits in terms of the currency types during 2013, a decrease is noticed in the deposits in foreign currencies amounting to 668 million JD, with a percentage of 9.21% of their value at the end of 2012. The item of deposits in Jordanian Dinar increased by 3.292 billion JD, or the percentage of 18.6% of what they registered at the end of 2012.

Table (16)
Distribution of Deposits According to Type of Currency at the end of 2013

Deposits	2012		2013		Percentage Change %
	JD million	Relative Importance %	JD million	Relative Importance %	
Jordanian dinars	17711.1	70.9%	21003.0	76.12%	18.59%
Foreign currencies	7258.6	29.1%	6590.2	23.88%	-9.21%
Total Deposits	24969.7	100%	27593.2	100%	10.51%

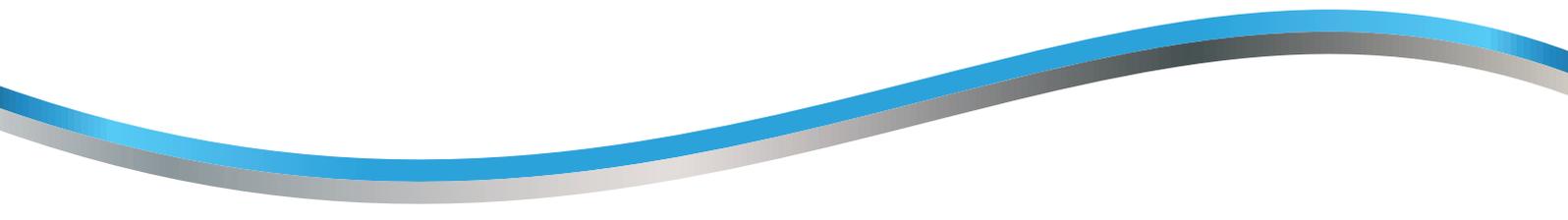
Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (7)
Distribution of Deposits According to Type Currency at the end of 2013



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 2013, 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 742 branches and 79 offices. The banking density indicator (the population to the total number of branches of banks operating in the kingdom) reached about 8800 people for each branch by the end of 2013.

Table (17)

Development of Number of Banks and Branches in Jordan (2005 – 2013)

Year	Number of Jordanian Banks		Number of Foreign Banks		Total	Number of Branches
	Commercial Banks	Islamic Banks	Commercial Banks	Islamic Banks		
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
2013	13	3	9	1	26	742

1 - Development of the Number of Branches

A - Branches opened in 2013

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 2013, new branches were opened by 13 banks; therefore, the number of new branches inside Jordan reached 23 branches.

Table (18)
Opening of Branches During 2013

Bank	New Branches In Jordan		
	#	Branch's Name	City
Jordan Ahli Bank	2	Al Fuhais Branch	Balqa
		Al Rabieh Branch	Amman
Cairo Amman Bank	1	Alnuzha Branch	Amman
The Housing Bank for Trade & Finance	1	Husayniyya Branch	Maan
Jordan Kuwait Bank	2	Al Huson Branch	Irbid
		Galleria Mall Branch	Amman
Arab Jordan Investment Bank	3	Zarqa Al Jadedah Branch	Zarqa
		Mecca Mall Branch	Amman
		Airport Branch	Amman
Investbank	2	Abdoun Branch	Amman
		Emmar Towers Branch	Amman
Bank Al-Etihad	3	Israa Branch	Amman
		Al Rabieh Branch	Amman
		Khalda Branch	Amman
Jordan Islamic Bank	3	Na>our Branch	Amman
		the Islamic Hospital Branch	Amman
		Al Hurria Street Branch	Amman
International Islamic Arab Bank	1	Arabella Mall Branch	Irbid
Jordan Dubai Islamic Bank	2	Alhashmi Alshamali Branch	Amman
		Jabal Al-Hussein Branch	Amman
Bank Audi	1	Abdali Branch	Amman
BLOM Bank	1	Zarqa Branch / Free Zone	Zarqa
National Bank of Abu Dhabi	1	Khalda Branch	Amman
Total	23		

* Banks listed in the table are only those which opened new branches in Jordan, during 2013.

B - the number of Branches inside and Outside Jordan

The number of branches of licensed banks operating all over Jordan reached 742 branches inside Jordan, whereas the number of branches outside Jordan reached 172 at the end of 2013.

Table (19)
Number of Branches Inside and Outside Jordan at the End of 2013

Bank	Number of Branches	
	In Jordan	Abroad
Arab Bank	75	108
Jordan Ahli Bank	53	5
Cairo Amman Bank	70	21
Bank of Jordan	66	15
The Housing Bank for Trade & Finance	111	13
Jordan Kuwait Bank	47	3
Arab Jordan Investment Bank	15	1
Jordan Commercial Bank	28	5
Investbank	11	0
Arab Banking (Corporation) Jordan	27	0
Bank Al-Etihad	35	1
Societe General - Jordan	16	0
Capital Bank	12	0
Jordan Islamic Bank	67	0
International Islamic Arab Bank	37	0
Jordan Dubai Islamic Bank	15	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	13	0
National Bank of Kuwait	3	0
BLOM Bank	12	0
National Bank of Abu Dhabi	3	0
Total	742	172

C. Geographical Distribution of Branches inside Jordan

The 742 local branches of banks are spread to all governorates. The capital Amman has the largest share of the branches with a percentage of 62.4% of the total number of branches. Irbid Governorate follows Amman with 9.6% of the total number; Zarqa governorate accounts for 9.2% of the total branches. The rest, 18.9%, are distributed to the remaining 9 governorates.

Table (20)

Distribution of Branches Among Governorates at the End of 2013

Bank	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafleh	Mafraq
Arab Bank	49	4	7	5	2	1	1	2	1	1	1	1
Jordan Ahli Bank	33	4	4	5	1	1	1	1	1	0	1	1
Cairo Amman Bank	35	10	6	6	2	3	2	1	1	1	1	2
Bank of Jordan	41	9	6	2	1	1	1	1	1	2	0	1
The Housing Bank for Trade & Finance	58	14	13	9	1	4	1	5	1	2	2	1
Jordan Kuwait Bank	34	4	4	3	1	0	1	0	0	0	0	0
Arab Jordan Investment Bank	11	1	2	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	8	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	29	1	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	8	1	2	0	1	0	0	0	0	0	0	0
Jordan Islamic Bank	32	9	9	4	1	4	1	2	1	2	1	1
International Islamic Arab Bank	20	3	5	2	1	1	1	0	1	1	1	1
Jordan Dubai Islamic Bank	13	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	11	1	0	0	1	0	0	0	0	0	0	0
National Bank of Kuwait	3	0	0	0	0	0	0	0	0	0	0	0
BLOM Bank	9	1	1	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	463	71	68	40	22	18	13	12	8	9	7	11

2 - Development of the number of Offices

A - Offices opened during 2013

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. Nine offices were opened inside Jordan by four banks during 2013.

Table (21)
Offices Opened During 2013

Bank	New Offices in Jordan		
	#	Office Name	City
The Housing Bank for Trade & Finance	2	Wasfi Tal Office - Ramtha	Ramtha
		Galleria Mall Office	Amman
Jordan Kuwait Bank	1	TAJ Mall Office	Amman
Arab Jordan Investment Bank	5	Queen Alia International Airport Office (Deploy)	Amman
		Queen Alia International Airport Office (Passports)	Amman
		Queen Alia International Airport Office (Transfer)	Amman
		Queen Alia International Airport Office (Entrance)	Amman
		Queen Alia International Airport Office (Crew Center)	Amman
Egyptian Arab Land Bank	1	Radio and Television Office	Amman
Total	9		

*Banks listed in the table are only those which opened new offices in Jordan during 2013.

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 3 offices outside Jordan by the end of 2013.

Table (22)
Number of Offices Inside and Outside Jordan at the End of 2013

Bank	Number of Offices	
	In Jordan	Abroad
Arab Bank	0	0
Jordan Ahli Bank	2	1
Cairo Amman Bank	15	0
Bank of Jordan	11	1
The Housing Bank for Trade & Finance	8	0
Jordan Kuwait Bank	8	0
Arab Jordan Investment Bank	14	1
Jordan Commercial Bank	3	0
Investbank	0	0
Arab Banking (Corporation) Jordan	0	0
Bank Al-Etihad	0	0
Societe General - Jordan	0	0
Capital Bank	0	0
Jordan Islamic Bank	13	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	3	0
Rafidain Bank	0	0
Citi Bank	0	0
Standard Chartered	0	0
Bank Audi	2	0
National Bank of Kuwait	0	0
BLOM Bank	0	0
National Bank of Abu Dhabi	0	0
Total	79	3

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 39% of the total number of these offices, followed by Irbid Governorate with the percentage of 22.8%, and Aqaba Governorate with 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 2013.

Table (23)

Distribution of Offices Among Governorates at the End of 2013

Bank	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafleh	Mafrq
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	0	5	1	2	2	0	0	0	0	0	0	1
The Housing Bank for Trade & Finance	3	3	0	0	1	0	0	1	0	0	0	0
Jordan Kuwait Bank	6	0	0	0	0	1	0	0	0	0	0	1
Arab Jordan Investment Bank	10	2	1	0	1	0	0	0	0	0	0	0
Jordan Commercial Bank	0	1	1	0	1	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	0	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	4	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	3	0	0	0	0	0	0	0	0	0	0	0
Rafidain Bank	0	0	0	0	0	0	0	0	0	0	0	0
Citi Bank	0	0	0	0	0	0	0	0	0	0	0	0
Standard Chartered	0	0	0	0	0	0	0	0	0	0	0	0
Bank Audi	2	0	0	0	0	0	0	0	0	0	0	0
National Bank of Kuwait	0	0	0	0	0	0	0	0	0	0	0	0
BLOM Bank	0	0	0	0	0	0	0	0	0	0	0	0
National Bank of Abu Dhabi	0	0	0	0	0	0	0	0	0	0	0	0
Total	31	18	7	3	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 2013, the number of ATMs amounted to 1346, compared to 1291 ATMs at the end of 2012. These ATMs are spread in different numbers in all governorates. The capital Amman has the biggest share amounting to 66.7% of the total number of ATMs, followed by the Irbid governorate with the share of 9.6%, then the Zarqa governorate with the share of 6.8% 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 2013

Banks	Amman	Irbid	Zarqa	Balqa	Aqaba	Karak	Madaba	Maan	Jerash	Ajloun	Tafleh	Mafrq	total	of which in the builds of banks branches
Arab Bank	113	6	9	3	3	1	3	2	1	1	1	1	144	93
Jordan Ahli Bank	61	6	4	6	4	1	1	1	1	0	1	1	87	58
Cairo Amman Bank	98	33	12	9	7	5	4	7	2	3	2	4	186	-
Bank of Jordan	73	11	8	5	2	1	2	1	1	2	0	3	109	75
The Housing Bank for Trade & Finance	110	24	19	13	5	10	3	7	1	2	3	2	199	133
Jordan Kuwait Bank	57	4	4	2	3	1	4*	0	0	0	0	1	76	57
Arab Jordan Investment Bank	27	1	2	0	3	0	0	0	0	0	0	0	33	24
Jordan Commercial Bank	23	4	1	3	2	1	1	0	0	0	0	1	36	30
Investbank	14	1	2	0	2	0	0	0	0	0	0	0	19	10
Arab Banking (Corporation) Jordan	40	2	2	1	3	1	2	0	1	0	0	1	53	28
Bank Al-Etihad	36	3	2	1	2	0	2	0	0	0	0	0	46	38
Societe General - Jordan	12	1	1	0	1	1	1	0	0	0	0	0	17	-
Capital Bank	22	4	2	0	2	0	0	0	0	0	0	0	30	11
Jordan Islamic Bank	69	18	13	5	3	6	2	4	4	4	3	3	134	96
International Islamic Arab Bank	30	3	6	1	1	1	1	0	1	1	1	1	47	39
Jordan Dubai Islamic Bank	16	2	1	0	0	0	0	0	0	0	0	0	19	15
Al-Rajhi Bank	21	1	1	0	0	0	0	0	0	0	0	0	23	6
HSBC	21	0	0	0	0	0	0	0	0	0	0	0	21	11
Egyptian Arab Land Bank	9	1	1	0	1	0	0	0	0	0	0	1	13	13
Rafidain Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Citi Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Standard Chartered	6	1	0	0	1	0	0	0	0	0	0	0	8	7
Bank Audi	19	2	0	0	1	0	0	0	0	0	0	0	22	15
National Bank of Kuwait	7	0	0	0	0	0	0	0	0	0	0	0	7	-
BLOM Bank	10	1	1	0	1	0	0	0	0	0	0	0	13	12
National Bank of Abu Dhabi	4	0	0	0	0	0	0	0	0	0	0	0	4	-
Total	898	129	91	49	47	29	26	22	12	13	11	19	1346	771

- Not Available

* Three of them in the Dead Sea area

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 used

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

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, changing the PIN Code, in addition to other services that are available in most ATMs, the most important of which is having a brief account statement, applying for a check book, and other services detailed in the table below.

Table (25)

Services Provided by Banks' ATMs Until the End of 2013

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	Paying credit cards	Cheque book request	Apply for loan	Statement inquiry	Change (PIN)	Eye print	Anti Skimming ⁽¹⁾
Arab Bank	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jordan Ahli Bank	✓		✓			✓	✓		(5)		✓		✓	✓		✓
Cairo Amman Bank	✓	✓		✓		✓	✓	✓	✓		✓		✓	✓	✓	
Bank of Jordan	✓		✓	✓	✓	✓	✓	✓	✓		✓		✓	✓		✓
The Housing Bank for Trade & Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jordan Kuwait Bank	✓	✓	✓	✓	✓ ⁽³⁾	✓	✓		(5)	✓	✓			✓		✓
Arab Jordan Investment Bank	✓	✓				✓	✓		✓	✓	✓		✓	✓		
Jordan Commercial Bank	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓
Investbank	✓		✓			✓	✓		✓	✓	✓			✓		
Arab Banking (Corporation) Jordan	✓		✓		✓	✓			✓		✓		✓	✓		
Bank Al-Etihad	✓		✓	✓	✓	✓	✓								✓	
Societe General - Jordan	✓					✓	✓						✓	✓		✓
Capital Bank	✓		✓	✓	✓	✓	✓		✓	✓	✓		✓	✓		✓
Jordan Islamic Bank	✓		✓			✓	✓		(5)		✓		✓	✓		✓
International Islamic Arab Bank	✓			✓	✓	✓	✓		✓		✓		✓	✓		✓
Jordan Dubai Islamic Bank	✓					✓	✓							✓		✓
Al-Rajhi Bank	✓					✓								✓		✓
HSBC	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓		✓
Egyptian Arab Land Bank	✓					✓	✓		✓	✓	✓			✓		✓
Rafidain Bank ⁽²⁾																
Citi Bank ⁽²⁾																
Standard Chartered	✓			✓	✓	✓	✓		✓	✓	✓		✓	✓		✓
Bank Audi	✓					✓	✓		(5)					✓		✓
National Bank of Kuwait	✓					✓	✓							✓		
BLOM Bank	✓					✓								✓ ⁽⁴⁾		✓
National Bank of Abu Dhabi	✓			✓	✓	✓								✓		

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

(2) Does not have ATMs

(3) Cheques deposit through envelope only.

(4) for debit cards

(5) Cash Transfer within accounts of the same customer

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

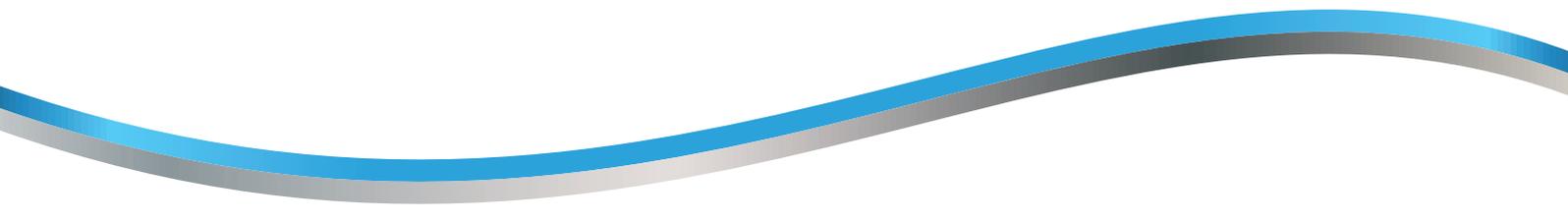
In addition to the afore-mentioned services, there are other services that banks provide through their ATMs as is shown in the table below.

Table (26)
Other Services Provided Through ATMs

Bank	Other services provided through ATMs
Arab Bank	Paying tuition fees through ATMs for Zitouna University students'– Immediate deposit without card
Jordan Ahli Bank	Cash Withdrawals and balance inquire for other banks' clients
Bank of Jordan	Changing PIN for credit cards
The Housing Bank for Trade & Finance	Appling for credit cards
	Foreign currencies exchange to Jordanian Dinar
Jordan Kuwait Bank	Blind Service Selling Zain's scratch cards
Standard Chartered	Free PIN setting

*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 2013



The number of banks listed in Amman stock exchange reached 15 banks by the end of 2013, the closing stock prices of which ranged between 0.89 JD and 8.70 JD. The number of bank shares traded in the stock exchange totaled 112.4 million shares, while the trading volume of these shares reached 289.9 million JD. The following table shows the most important trading indicators of the banks listed in Amman Stock Exchange during 2013.

Table (27)

Some Trading Indicators of Banks Listed at the Amman Stock Exchange During 2013

Banks	Symbol	Closing price At end 2012	High price during 2013	low price during 2013	Closing price At end 2013	Average Price 2013	Value traded thousand JD	Shares traded (thousand)
Arab Bank	ARBK	7.25	8.25	6.50	7.83	7.28	146,676.6	20,159.6
The Housing Bank for Trade & Finance	THBK	8.25	8.95	8.25	8.70	8.55	4,618.8	540.1
Bank of Jordan	BOJX	2.30	2.52	2.13	2.50	2.34	9,553.0	4,083.9
Capital Bank	EXFB	1.13	1.67	1.05	1.60	1.27	3,278.6	2,585.3
Jordan Ahli Bank	AHLI	1.26	1.33	1.07	1.22	1.20	14,374.8	11,935.1
Jordan Islamic Bank	JOIB	2.81	3.5	2.76	3.42	3.11	24,366.7	7,837.5
Bank Al-Etihad	UBSI	1.37	1.68	1.30	1.65	1.46	47,348.4	32,461.2
Societe General - Jordan	SGBJ	0.85	0.9	0.83	0.89	0.87	26.0	29.9
Arab Banking (Corporation) Jordan	ABCO	1.00	1.12	0.97	1.10	1.04	2,842.3	2,721.9
Arab Jordan Investment Bank	AJIB	1.40	2.73	1.30	1.98	1.64	3,458.3	2,104.7
Jordan Kuwait Bank	JOKB	3.03	3.99	3.00	3.89	3.25	3,631.1	1,116.2
Cairo Amman Bank	CABK	2.75	2.94	2.45	2.78	2.68	5,294.6	1,973.6
Investbank	INVB	1.18	1.25	1.04	1.20	1.16	4,724.8	4,083.9
Jordan Dubai Islamic Bank	JDIB	0.92	1.04	0.81	0.84	0.92	11,122.0	12,084.2
Jordan Commercial Bank	JCBK	1.00	1.07	0.88	1.04	0.99	8,608.2	8,675.5

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 up by about 738 points (10.1%), reaching 8035.2 points at the end of 2013, compared with a decline of 245 points (3.2%) in 2012. The price index of the stock exchange in general regressed by 5.6% during 2013 compared with a decline of 1.2% during 2012.

Table (28)

Development of the Share Price Index of Banks Listed on the Amman Stock Exchange (2006 – 2013)

year	The weighted shares prices index (point)	
	Banks	General
2006	10704.7	5518.1
2007	13886.7	7519.3
2008	11380.1	6243.1
2009	9368.0	5520.1
2010	8848.3	5318.0
2011	7542.3	4648.4
2012	7297.4	4593.9
2013	8035.2	4336.7

Source: Amman Stock Exchange

Chart (8)

Annual Development of the share Price Index (2006 - 2013)

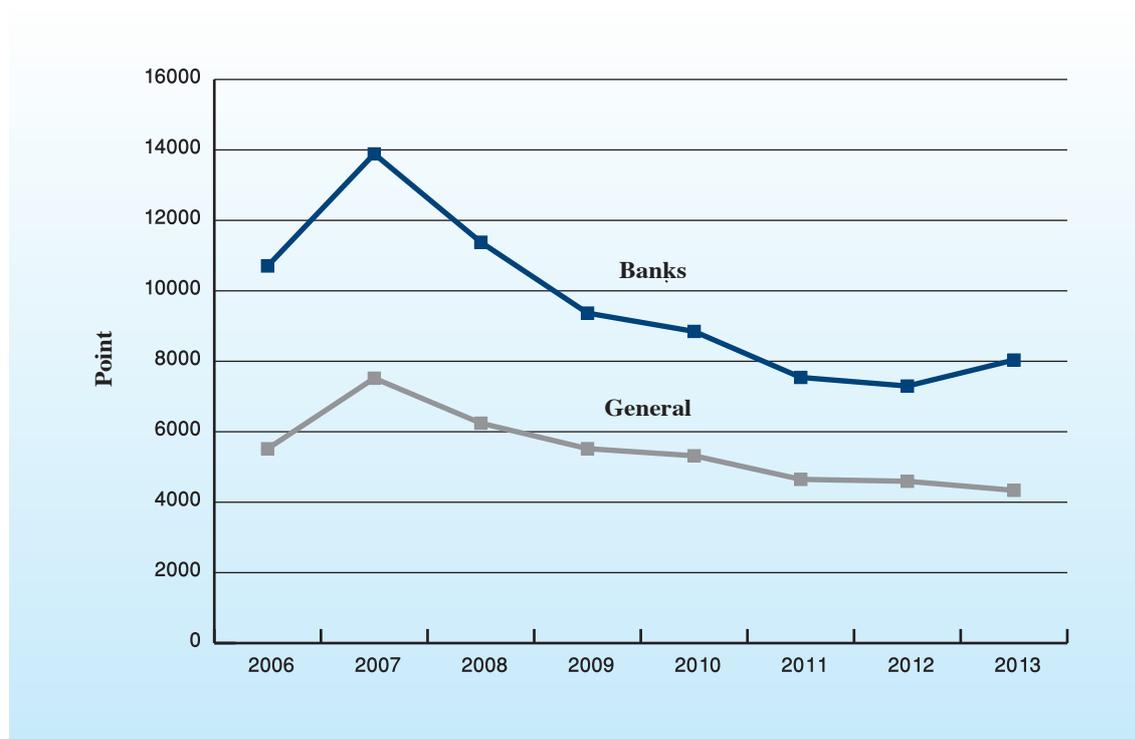


Table (29)

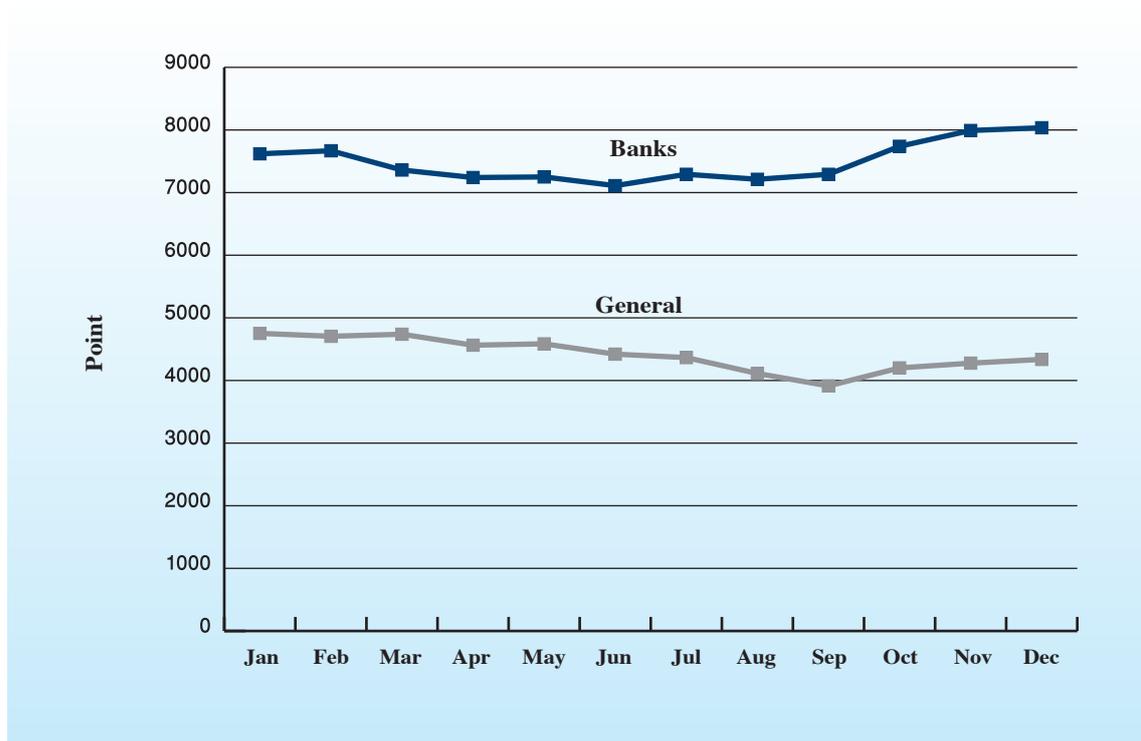
Monthly Development of the Share Price Index of Banks Listed on the Amman Stock Exchange During 2013

Month	The weighted shares prices index (point)	
	Banks	General
January	7619.5	4752.2
February	7667.8	4705.6
March	7360.2	4738.3
April	7240.4	4563.4
May	7249.8	4585.1
June	7110.8	4420.3
July	7292.1	4365.4
August	7212.3	4112.0
September	7291.9	3913.4
October	7739.4	4200.6
November	7991.3	4276.6
December	8035.2	4336.7

Source: Amman Stock Exchange

Chart (9)

Monthly Development of the Share Price Index During 2013



2 - Trading Volume

The trading volume of Amman Stock Exchange registered a notable increase during 2013, reaching to 2.426 billion JD compared with 1.932 billion JD during 2012. While the trading volume of the banks' shares dropped from 303.6 million JD during 2012 to 289.9 million JD in 2013.

Table (30)

Trading Volume of Banks' Shares Listed at the Amman Stock Exchange (2006 – 2013)

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
2013	289.9	2,425.5	11.9

Source: Amman Stock Exchange

Chart (10)

Annual Development of the Trading Volume (2006 - 2013)

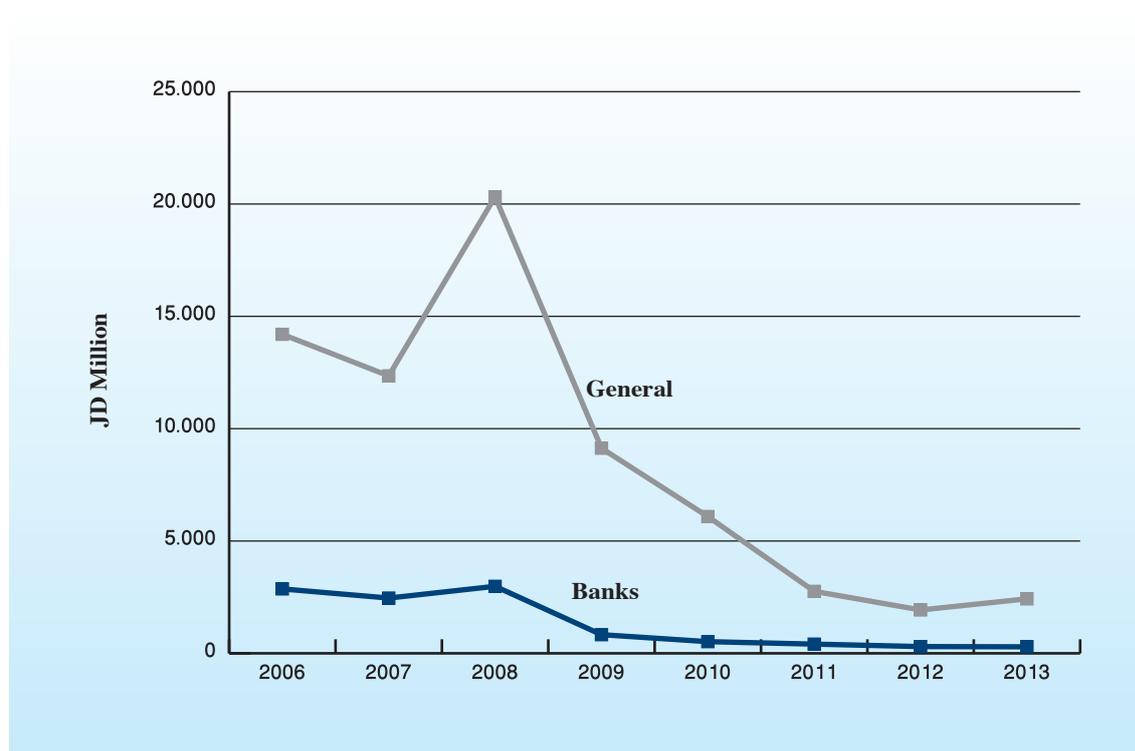


Table (31)

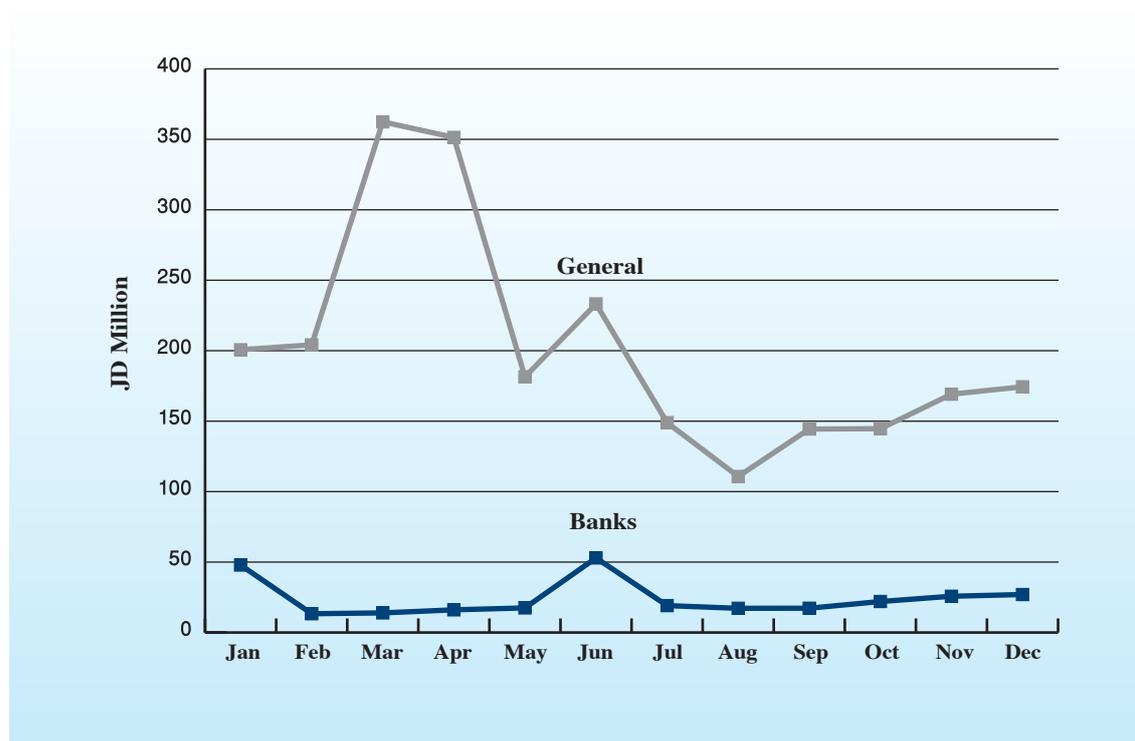
Monthly Trading Volume of Banks' Shares Listed at the Amman Stock Exchange During 2013

MONTH	Value Traded (JD million)		
	Banks	General	Banks/ General (%)
January	47.88	200.68	23.9
February	13.35	204.16	6.5
March	13.93	362.40	3.8
April	16.10	351.38	4.6
May	17.48	181.43	9.6
June	52.93	233.23	22.7
July	19.10	148.93	12.8
August	17.19	110.76	15.5
September	17.25	144.41	11.9
October	22.01	144.64	15.2
November	25.74	169.13	15.2
December	26.96	174.40	15.5
Total	289.92	2,425.54	12.0

Source: Amman Stock Exchange

Chart (11)

Monthly Development of the Trading Volume during 2013



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 2004-2013 comes close to 57.4%; this percentage reached 61% in 2013.

Table (32)

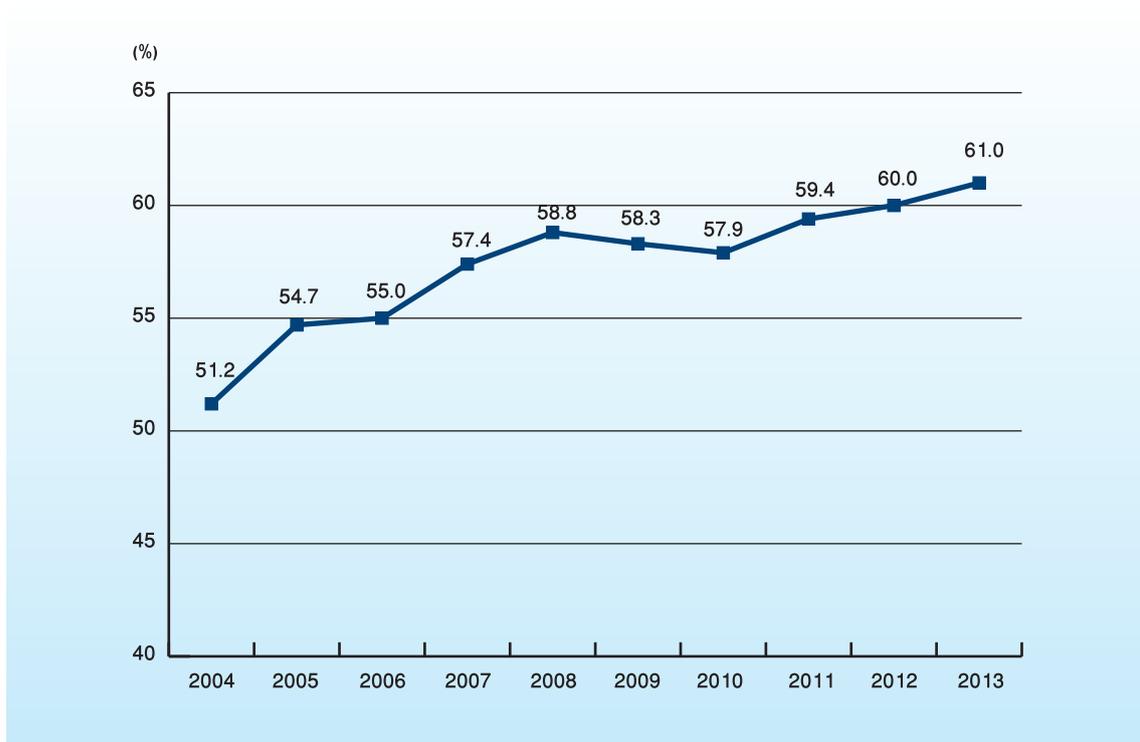
Non-Jordanian Ownership of Banks' Shares Listed at the Amman Stock Exchange (2004-2013)

Year	The Contribution of Non-Jordanians %
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
2013	61.0

Source: Amman Stock Exchange

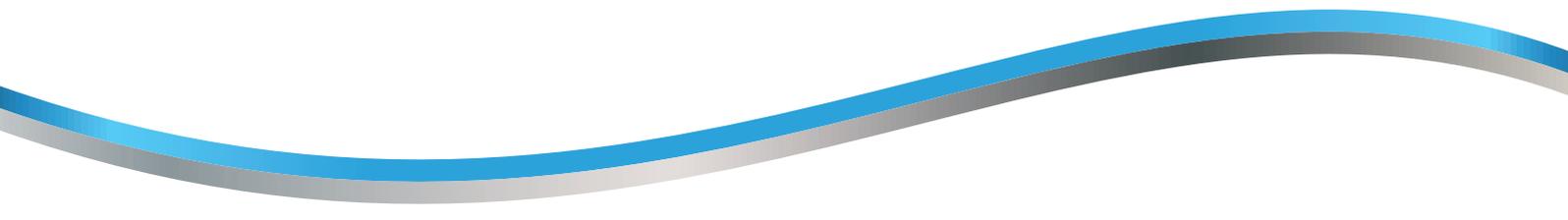
Chart (12)

Share of Non - Jordanian Equity in the Ownership of Banks' Shares (2004 - 2013)



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 2013.

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 2013

The number of checks presented for clearing dropped from 11141.7 thousand checks during 2012 to

10856.8 thousand checks during 2013. However, the value of checks presented for clearing grew from 39808.1 million JD during 2012 to 42851.1 million JD during 2013.

Table (33)

Circulated and Returned Cheques Through the Electronic Clearing (2012 – 2013)

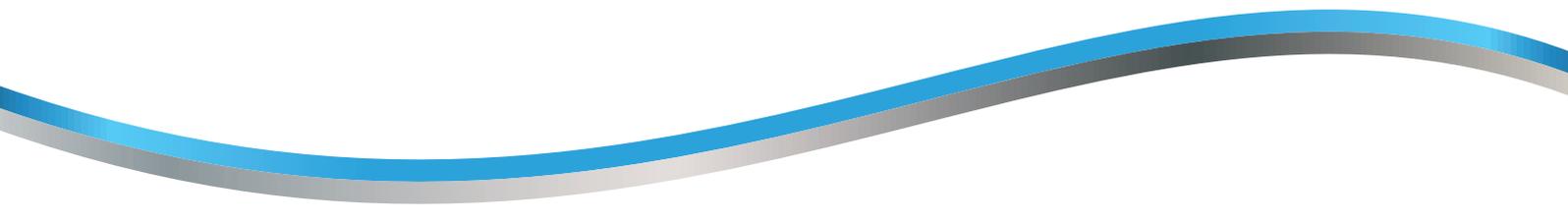
Description	2012	2013	Percentage Change %
Circulated Cheques			
Number (thousand)	11141.7	10856.8	-2.56%
Value(JD million)	39808.1	42851.1	7.64%
Returned Cheques			
Number (thousand)	589.0	537.4	-8.76%
Value(JD million)	1557.7	1524.3	-2.14%
The ratio to the number of Circulated Cheques (%)	5.29%	4.95%	-
The ratio to the value of Circulated Cheques (%)	3.91%	3.56%	-
Returned Cheques for insufficient balance			
Number (thousand)	360.6	323.2	-10.37%
Value(JD million)	915.1	862.8	-5.72%
The ratio to the number of Returned Cheques (%)	61.22%	60.14%	-
The ratio to the value of Returned Cheques (%)	58.75%	56.60%	-
Returned Cheques for another reasons			
Number (thousand)	228.3	214.3	-6.13%
Value(JD million)	642.7	661.5	2.93%
The ratio to the number of Returned Cheques (%)	38.76%	39.88%	-
The ratio to the value of Returned Cheques (%)	41.26%	43.40%	-

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

The number of returned checks also fell during 2013 compared to the year before in terms of both the number and value by 8.76% and 2.14% respectively. The number of returned checks to the total number of checks presented for clearing during 2013 stood at 4.95%, which include 60% returned for the reason of insufficient funds, and 40% returned for other reasons. The value of returned checks to the total value of checks presented for clearing stood at 3.56% during 2013, which include 56.6% returned for the reason of insufficient funds, and 43.4% 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 2013:

- ❖ Demand Deposits: The weighted average of interest rates on demand deposits went down at the end of 2013 by 4 basis points compared to its level at the end of 2012 to reach 0.38%.
- ❖ Saving deposits: The weighted average of interest rates on saving deposits increased by 11 basis points at the end of 2013 compared to the level it registered at the end of 2012 to reach 0.87%.
- ❖ Time deposits: The weighted average of interest rates on time deposits increased at the end of 2013 by 87 basis points compared to its level at the end of 2012 to reach 4.97%.

Table (34)

Weighted Average of Interest Rates on All Types of Deposits (2004-2013)

Year	Demand %	Saving %	Time %
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
2013	0.38	0.87	4.97

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (13)

Weighted Average of Interest Rates on All Types of Deposits (2004 - 2013)

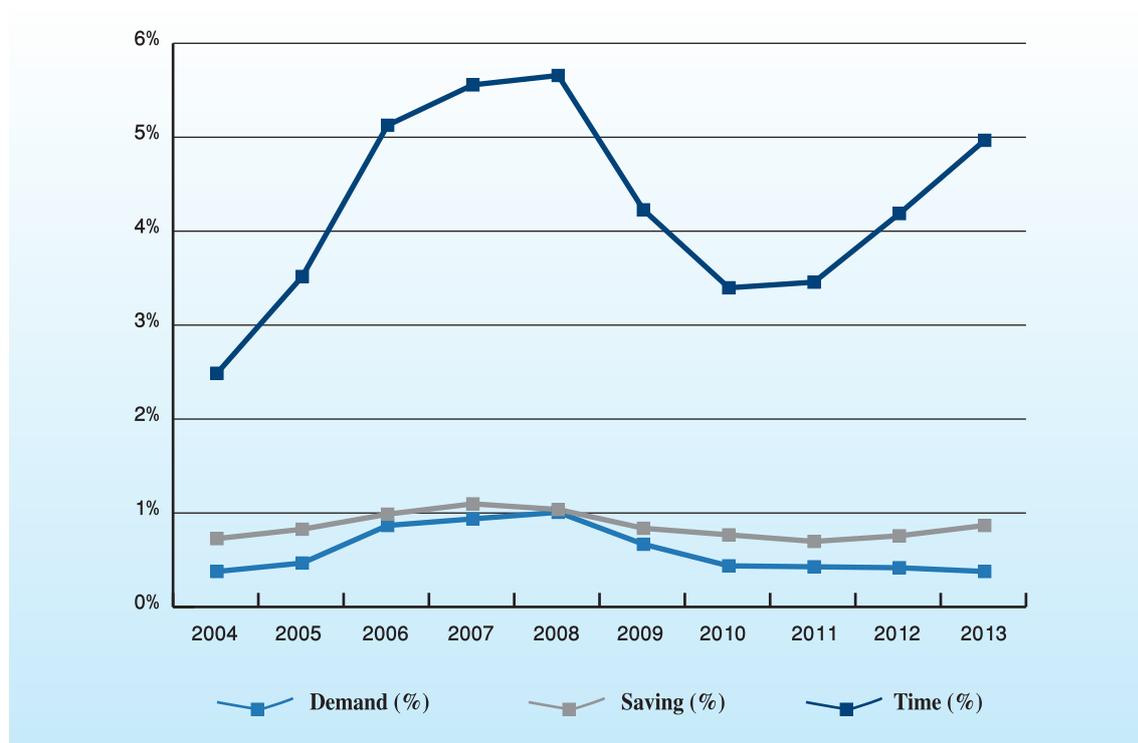


Table (35)

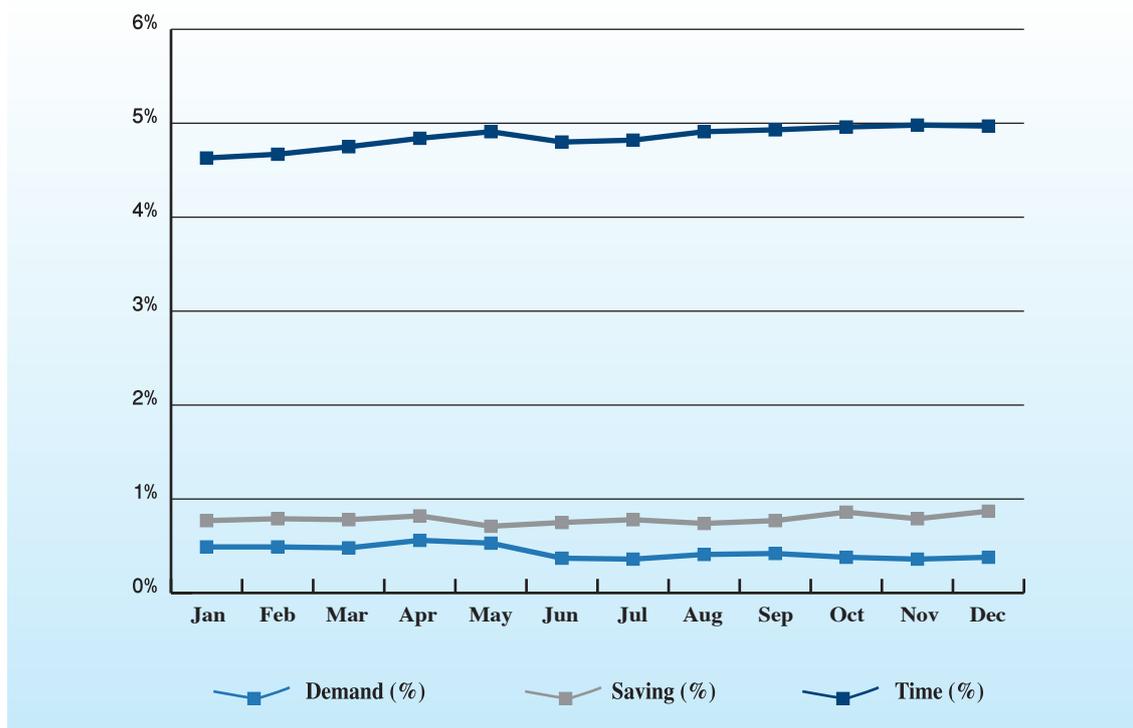
Monthly weighted Average of Interest Rates on All Types of Deposits in 2013

MONTH	Demand %	Saving %	Time %
January	0.49	0.77	4.63
February	0.49	0.79	4.67
March	0.48	0.78	4.75
April	0.56	0.82	4.84
May	0.53	0.71	4.91
June	0.37	0.75	4.80
July	0.36	0.78	4.82
August	0.41	0.74	4.91
September	0.42	0.77	4.93
October	0.38	0.86	4.96
November	0.36	0.79	4.98
December	0.38	0.87	4.97
Average	0.44	0.79	4.85
MAX	0.56	0.87	4.98
MIN	0.36	0.71	4.63

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (14)

Monthly Development of Interest Rates on All Types of Deposits During 2013



2 - Development of Interest Rates on Credit Facilities

Interest rates on the different types of facilities witnessed the following changes during 2013:

- ❖ **Overdrafts:** The weighted average of interest rates on overdrafts decreased at the end of 2013 by 8 basis points from its level at the end of 2012 to become 9.20%
- ❖ **Loans and Advances:** The weighted average of interest rates on loans and advances increased at the end of 2013 by 8 basis points from its level at the end of 2012 to become 9.03%.
- ❖ **Discounted Bills and Bonds:** The weighted average of interest rates on discounted bills and bonds rose at the end of 2013 by 54 basis points from its level at the end of 2012 to become 10.13%
- ❖ **Prime Lending Rate:** The prime lending rate rose at the end of 2013 by 17 basis points from the level it registered at the end of 2012 to reach 8.85%

Table (36)
Weighted Average of Interest Rates on All Types of Credit Facilities (2004-2013)

year	Overdrafts (%)	Loans and Advances (%)	Discounted Bills & Bonds (%)	Prime Lending Rate (%)
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
2013	9.20	9.03	10.13	8.85

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (15)

Weighted Average of Interest Rates on All Types of Credit Facilities (2004 - 2013)

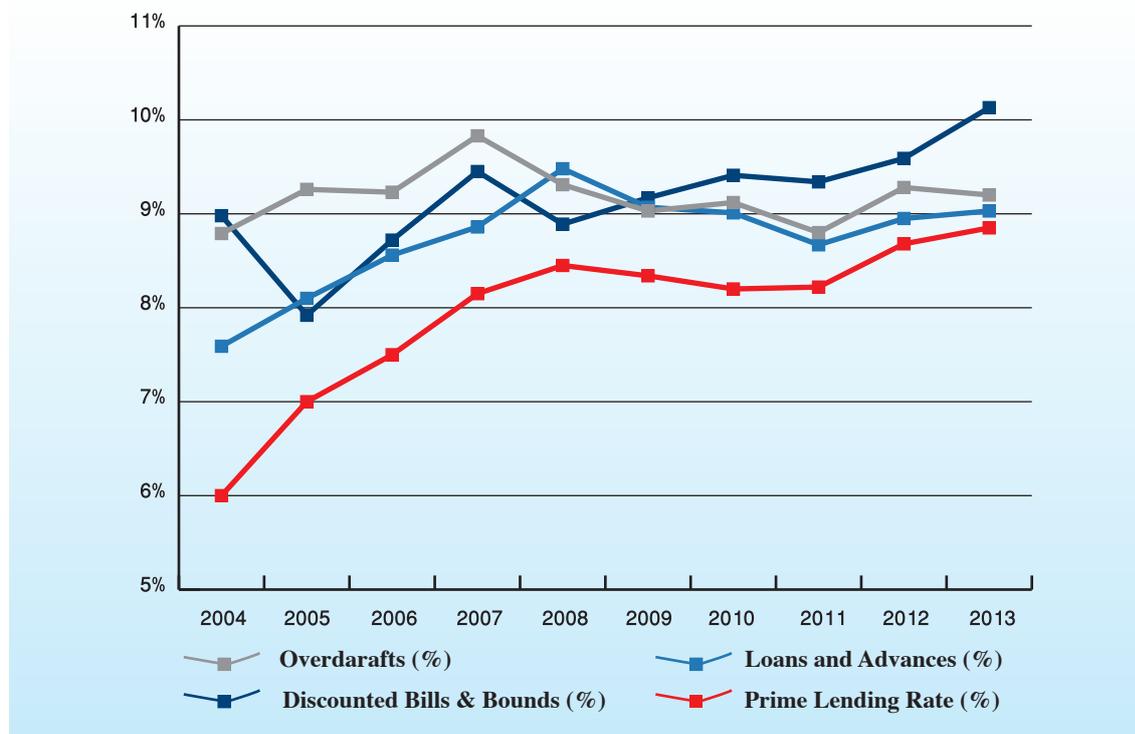


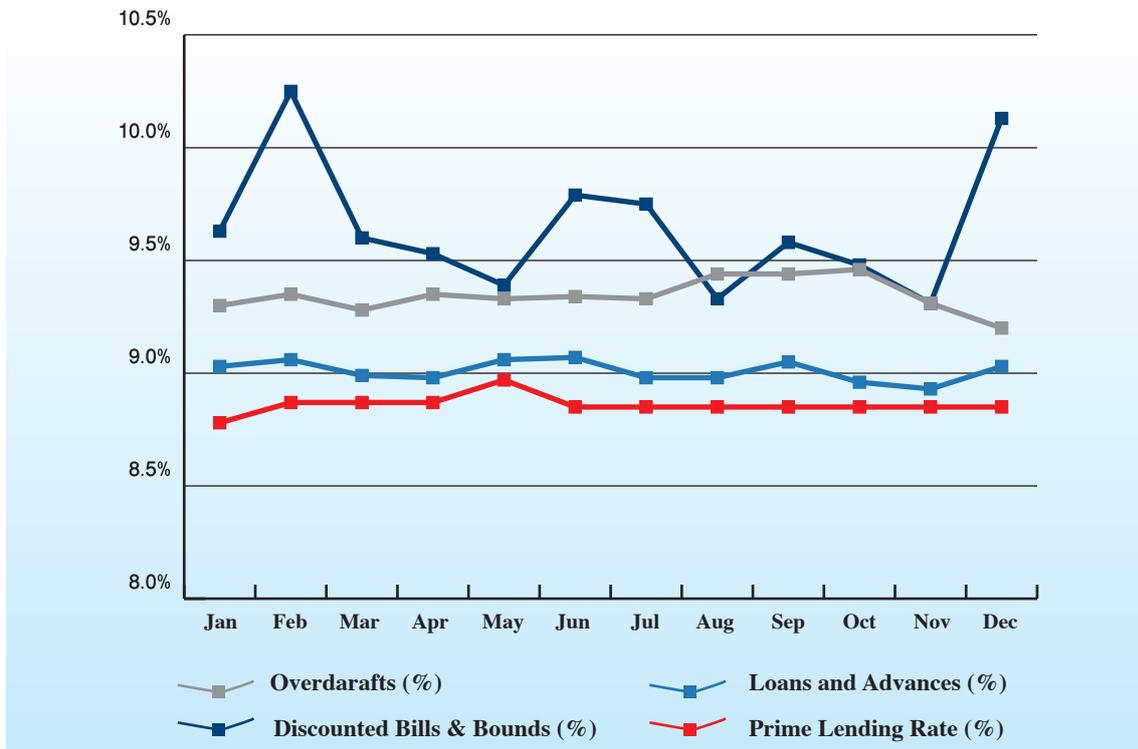
Table (37)**Weighted Average of Interest Rates on All Types of Credit Facilities in 2013**

MONTH	Overdrafts (%)	Loans and Advances (%)	Discounted Bills & Bonds (%)	Prime Lending Rate (%)
January	9.30	9.03	9.63	8.78
February	9.35	9.06	10.25	8.87
March	9.28	8.99	9.6	8.87
April	9.35	8.98	9.53	8.87
May	9.33	9.06	9.39	8.97
June	9.34	9.07	9.79	8.85
July	9.33	8.98	9.75	8.85
August	9.44	8.98	9.33	8.85
September	9.44	9.05	9.58	8.85
October	9.46	8.96	9.48	8.85
November	9.31	8.93	9.31	8.85
December	9.20	9.03	10.13	8.85
Average	9.34	9.01	9.65	8.86
MAX	9.46	9.07	10.25	8.97
MIN	9.20	8.93	9.31	8.78

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Chart (16)

Monghly Development of Rates on All Types of Credit Facilities during 2013



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 regressed during 2013 by 70 basis points to reach 4.06% in comparison with a margin of 4.76% in 2012. This setback happened as a result of the increase in the interest rates on time deposits by 78 basis points, and the increase in the interest rates on loans and advances by 8 basis points only.

Chart (17)

Annual Development of Interest Rate Margin (2004 - 2013)

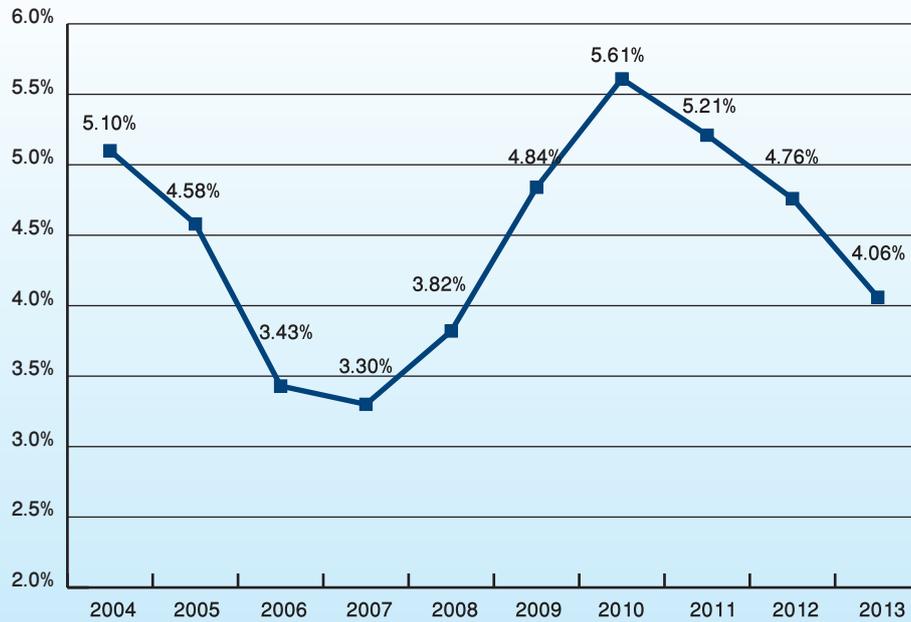


Chart (18)

Monthly Development of Interest Rate Margin during 2013



4 - Development of Interest Rates on Monetary Policy Tools

The Central Bank of Jordan lowered interest rates on monetary policy tools two times in 2013 to become as follows:

- ❖ **Rediscount Rate:** It was lowered by 50 basis points to reach 4.5%, compared with 5.0% at the end of 2012.
- ❖ **Interest rate on Overnight Repurchase Agreements:** It was lowered by 50 basis points to become 4.25% instead of 4.75% at the end of 2012.
- ❖ **Interest rate on Overnight Window Deposit:** It was lowered by 50 basis points to become 3.5% instead of 4.0% at the end of 2012.

Table (38)

Interest Rates on Monetary Policy Tools (2004 - 2013)

Year	Rediscount Rate %	Repurchase Agreements %	Certificates of Deposit		Certificates of Deposit
			(3) Months %	(3) Months %	
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	5.000	4.750	-	-	4.000
2013	4.500	4.250	-	-	3.500

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

Table (39)

Interest Rates on Monetary Policy Tools during 2013

MONTH	Rediscount Rate %	Repurchase Agreements %	Deposit Window (One Night) %
January	5.00	4.75	4.00
February	5.00	4.75	4.00
March	5.00	4.75	4.00
April	5.00	4.75	4.00
May	5.00	4.75	4.00
June	5.00	4.75	4.00
July	5.00	4.75	4.00
August	4.75	4.50	3.75
September	4.75	4.50	3.75
October	4.50	4.25	3.50
November	4.50	4.25	3.50
December	4.50	4.25	3.50

Source: Central Bank of Jordan/ Monthly Statistical Bulletin

5 - Interbank Lending Interest Rates (JODIBOR)

Interbank lending rates (JODIBOR) during 2013 points out to the following:

- An increase in the average overnight lending interest rates in 2013 compared to 2012 by 47 basis points, reaching 4.131%.
- An increase in the average lending interest rates for one week in 2013 compared with 2012 by 46 basis points to become 4.581%.
- An increase in the average lending interest rates for one month in 2013 compared with 2012 by 55 basis points to become 5.046%.
- An increase in the average lending interest rates for three months during 2013 compared with its average in 2012 by 76 basis points to reach 5.574%.
- An increase in the average lending interest rates for six months during 2013 compared with its average in 2012 by 85 points to reach 6.076%.
- An increase in the average lending interest rates for one year during 2013 compared with its average in 2012 by 90 basis points to reach 6.660%.

Table (40)
Average Inter-Bank Lending Interest Rates (JODIBOR – Declared Rates) (2006 – 2013)

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
2013	4.131	4.581	5.046	5.574	6.076	6.660

Source: The declared rates in the JODIBOR daily bulletin issued by Association of banks in Jordan.

The table below shows the monthly developments on interbank average lending interest rates during 2013. It reveals that all maturities registered their highest rates during the first four months of the year, and their lowest rates during the last two months of the year.

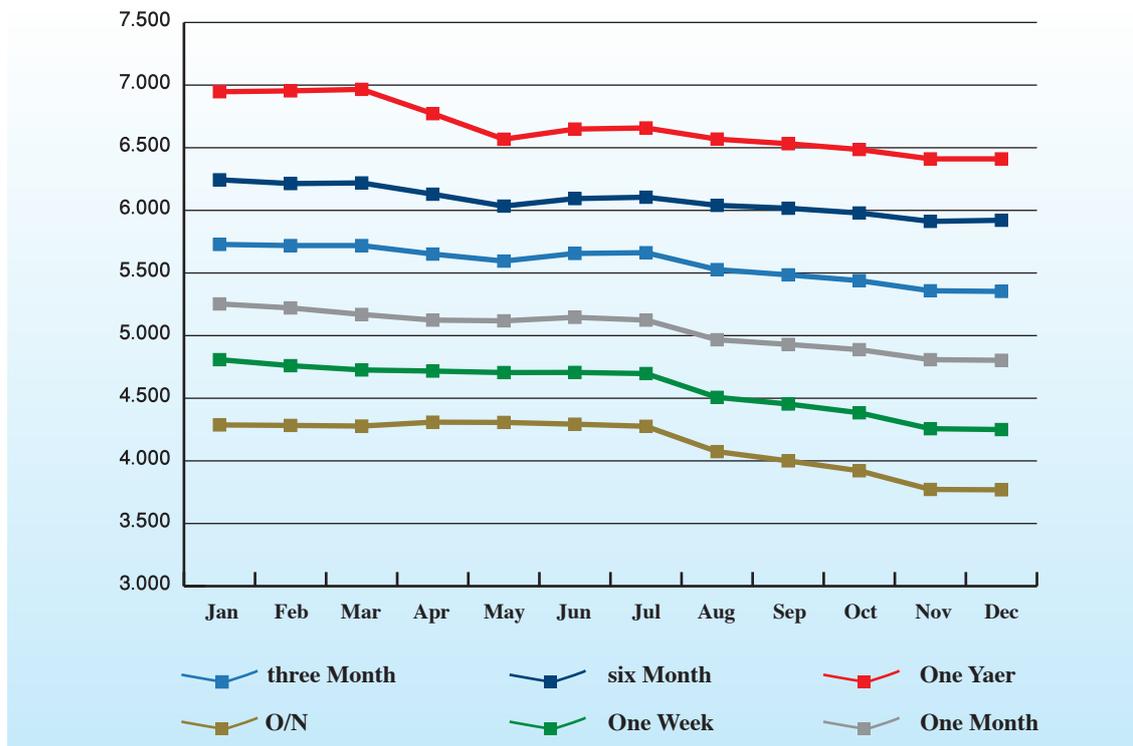
Table (41)
Average Inter-Bank Lending Interest Rates (JODIBOR – Declared Rates) in 2013

MONTH	O/N	ONE WEEK	ONE MONTH	THREE MONTHS	SIX MONTHS	ONE YEAR
January	6.947	6.244	5.728	5.253	4.808	4.287
February	6.954	6.214	5.719	5.221	4.760	4.283
March	6.966	6.219	5.719	5.169	4.726	4.278
April	6.772	6.129	5.651	5.124	4.717	4.309
May	6.568	6.034	5.595	5.118	4.705	4.307
June	6.649	6.094	5.656	5.146	4.706	4.293
July	6.658	6.105	5.662	5.124	4.697	4.276
August	6.569	6.040	5.527	4.967	4.507	4.074
September	6.532	6.017	5.485	4.930	4.454	4.000
October	6.486	5.979	5.439	4.888	4.384	3.921
November	6.411	5.912	5.358	4.808	4.257	3.772
December	6.411	5.921	5.353	4.803	4.250	3.769
Average	6.660	6.076	5.574	5.046	4.581	4.131
MAX	6.966	6.244	5.728	5.253	4.808	4.309
MIN	6.411	5.912	5.353	4.803	4.250	3.769

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

Chart (19)

Monthly Development of the Interbank Lending Rates (JODIBOR) during 2013



As for the volume of overnight interbank activity during 2013, 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 September (0.001%), and the highest margin in July (0.044%).

Table (42)
Volume of Overnight Inter-Bank Activity During 2013

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	233	1,073.25	4.287%	4.248%	0.039%
February	377	1,978.75	4.283%	4.264%	0.019%
March	420	2,318.00	4.278%	4.259%	0.019%
April	414	2,209.50	4.309%	4.294%	0.015%
May	317	1,946.00	4.307%	4.271%	0.036%
June	368	2,208.25	4.250%	4.293%	0.043%
July	216	1,274.50	4.276%	4.232%	0.044%
August	188	942.15	4.074%	4.053%	0.021%
September	201	1,293.15	4.000%	3.999%	0.001%
October	360	1,685.60	3.921%	3.907%	0.014%
November	336	1,872.50	3.772%	3.768%	0.004%
December	411	2,536.55	3.769%	3.764%	0.005%

* 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)

Development of the Number of Overnight Interbank Lending and Borrowing Transaction During 2013

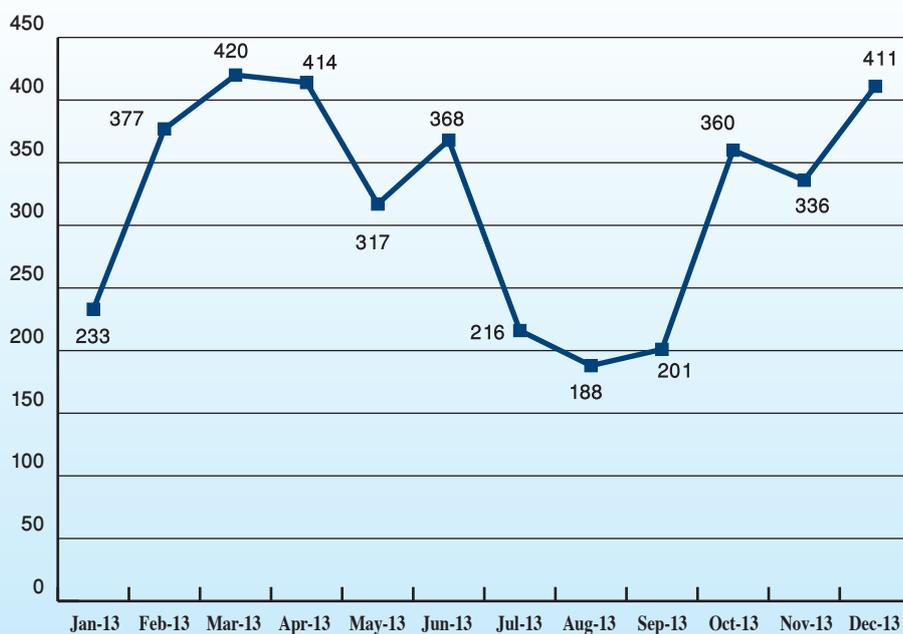


Chart (21)

Development of the Total Amount of Overnight Interbank Lending During 2013



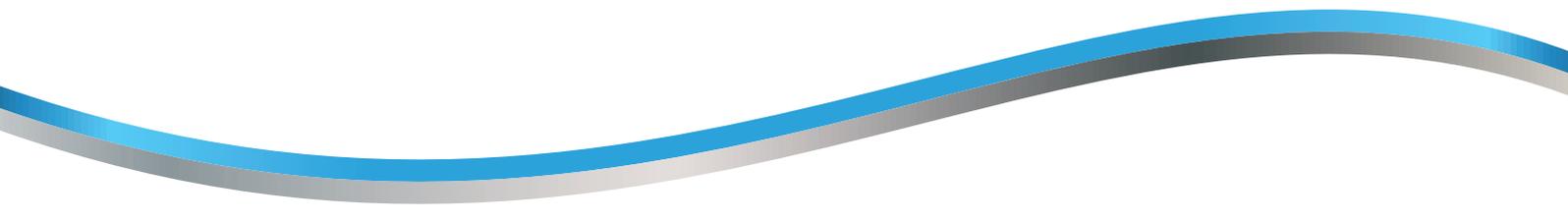
Chart (22)

Weighted Overnight Inyrtbank Lending Rates (JODIBOR) (Declared and Actual) during 2013



Chapter Eight

Analysis of the Comparative Performance of Banks Operating in Jordan During 2013



This chapter contains a full summary of the overall developments experienced by banks operating in Jordan during 2013. 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 2013. 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 2013.

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 at the end of 2013

The total assets of licensed banks operating in Jordan increased by 9.15 at the end of 2013, reaching to 40.8 billion JD, distributed as follows: 30.6 billion JD for Jordanian commercial banks (75% of the total assets of banks operating in Jordan); 5.7 billion JD for the Islamic banks (14.1% of total assets) and 4.4 billion JD for foreign banks (10.9% of total assets).

Table (43)
Total Assets of Banks Operating in Jordan at the end of 2012 and 2013

	Bank	2013			2012			Change percentage (%)
		Ranking 2013	Assets (JD million)	Ratio to Total % Assets	Ranking 2012	Assets (JD million)	Ratio to Total % Assets	
Jordanian Commercial Banks	Arab Bank	1	8,624.00	21.16%	1	7,858.00	21.05%	9.75%
	The Housing Bank for Trade & Finance	2	6,082.00	14.92%	2	5,857.00	15.69%	3.84%
	Jordan Kuwait Bank	3	2,484.20	6.10%	3	1,992.90	5.34%	24.65%
	Jordan Ahli Bank	4	1,971.00	4.84%	4	1,979.00	5.30%	-0.40%
	Bank Al-Etihad	5	1,912.59	4.69%	5	1,727.00	4.63%	10.75%
	Cairo Amman Bank	6	1,774.00	4.35%	7	1,583.00	4.24%	12.07%
	Bank of Jordan	7	1,729.60	4.24%	6	1,600.10	4.29%	8.09%
	Capital Bank	8	1,594.44	3.91%	8	1,460.00	3.91%	9.21%
	Arab Jordan Investment Bank	9	1,060.00	2.60%	9	877.70	2.35%	20.77%
	Jordan Commercial Bank	10	989.98	2.43%	11	775.01	2.08%	27.74%
	Arab Banking (Corporation) Jordan	11	939.00	2.30%	10	813.00	2.18%	15.50%
	Investbank	12	767.70	1.88%	12	693.63	1.86%	10.68%
	Societe General _ Jordan	13	642.00	1.58%	13	480.14	1.29%	33.71%
Total Assets of Jordanian Commercial Banks			30,570.50	75.02%		27,696.48	74.18%	10.38%
Islamic Banks	Jordan Islamic Bank *	1	3,522.40	8.64%	1	3,275.60	8.77%	7.53%
	International Islamic Arab Bank	2	1,348.24	3.31%	2	1,174.180	3.14%	14.82%
	Jordan Dubai Islamic Bank	3	529.00	1.30%	3	475.22	1.27%	11.32%
	Al Rajhi Bank**	4	346.87	0.85%	4	274.97	0.74%	26.15%
Total Assets of Islamic Banks			5,746.51	14.10%		5,199.97	13.93%	10.51%
Foreign Commercial Banks	Bank Audi	1	881.00	2.16%	2	822.94	2.20%	7.06%
	HSBC	2	808.00	1.98%	1	1,035.46	2.77%	-21.97%
	BLOM Bank	3	745.92	1.83%	3	709.01	1.90%	5.21%
	Standard Chartered	4	513.52	1.26%	4	488.60	1.31%	5.10%
	Egyptian Arab Land Bank	5	485.89	1.19%	5	457.43	1.23%	6.22%
	Citi Bank	6	294.95	0.72%	7	278.17	0.75%	6.03%
	National Bank of Kuwait	7	288.90	0.71%	6	311.70	0.83%	-7.31%
	National Bank of Abu Dhabi	8	284.30	0.70%	8	188.61	0.51%	50.73%
	Rafidain Bank	9	132.00	0.32%	9	148.00	0.40%	-10.81%
Total Assets of Foreign Commercial Banks			4,434.47	10.88%		4,439.92	11.89%	-0.12%
Total Assets of Banks Operating in Jordan			40,751.49	100%		37,336.37	100%	9.15%

Source: Banks' financial data

* Including the restricted investments accounts and the Muqaradah bonds.

** Foreign Banks

B - Banks' Ranking According to the Total Credit facilities at the end of 2013

The balance of credit facilities granted by the banks operating in Jordan increased by 5.2% at the end of 2013, reaching to 18.3 billion JD, distributed as follows: 12.94 billion JD were granted by Jordanian commercial banks (70.7% of the total credit facilities); 3.84 billion JD by Islamic banks (21% of total credit facilities) and 1.53 billion JD by foreign banks (8.3% of total credit facilities).

Table (44): Credit Facilities Extended By Banks Operating in Jordan at the end of 2012 and 2013

	Bank	2013			2012			Change percentage (%)
		Ranking 2013	Credit Facilities (JD million)	Ratio to total Credit Facilities %	Ranking 2012	Credit Facilities (JD million)	Ratio to total Credit Facilities %	
Jordanian Commercial Banks	Arab Bank	1	2,912.00	15.91%	1	2,687.00	15.45%	8.37%
	The Housing Bank for Trade & Finance	2	2,200.00	12.02%	2	2,171.00	12.48%	1.34%
	Jordan Kuwait Bank	3	1,191.30	6.51%	3	1,292.10	7.43%	-7.80%
	Jordan Ahli Bank	4	1,140.00	6.23%	4	1,088.00	6.25%	4.78%
	Bank Al-Etihad	5	1,074.20	5.87%	6	822.40	4.73%	30.62%
	Bank of Jordan	6	971.90	5.31%	6	822.40	4.73%	18.18%
	Cairo Amman Bank	7	813.00	4.44%	5	852.00	4.90%	-4.58%
	Capital Bank	8	656.29	3.59%	8	618.00	3.55%	6.20%
	Jordan Commercial Bank	9	543.14	2.97%	9	453.71	2.61%	19.71%
	Arab Banking (Corporation) Jordan	10	463.00	2.53%	10	443.00	2.55%	4.51%
	Investbank	11	438.29	2.39%	11	411.94	2.37%	6.40%
	Arab Jordan Investment Bank	12	306.00	1.67%	12	337.80	1.94%	-9.41%
	Societe General _ Jordan	13	233.00	1.27%	13	211.12	1.21%	10.36%
Total Credit Facilities Extended By Jordanian Commercial Banks			12,942.12	70.71%		12,210.47	70.19%	5.99%
Islamic Banks	Bank	Ranking 2013	Credit Facilities (JD million)	Ratio to total Credit Facilities %	Ranking 2012	Credit Facilities (JD million)	Ratio to total Credit Facilities %	Change percentage (%)
	Jordan Islamic Bank*	1	2,495.20	13.63%	1	2,461.20	14.15%	1.38%
	International Islamic Arab Bank	2	642.06	3.51%	2	564.05	3.24%	13.83%
	Jordan Dubai Islamic Bank	3	413.00	2.26%	3	392.43	2.26%	5.24%
	Al Rajhi Bank**	4	284.42	1.55%	4	221.90	1.28%	28.18%
Total Credit Facilities Extended By Islamic Banks			3,834.69	20.95%		3,639.58	20.92%	5.36%
Foreign Commercial Banks	Bank	Ranking 2013	Credit Facilities (JD million)	Ratio to total Credit Facilities %	Ranking 2012	Credit Facilities (JD million)	Ratio to total Credit Facilities %	Change percentage (%)
	Bank Audi	1	390.00	2.13%	1	329.93	1.90%	18.21%
	BLOM Bank	2	320.74	1.75%	3	310.42	1.78%	3.32%
	HSBC	3	268.00	1.46%	2	312.14	1.79%	-14.14%
	Egyptian Arab Land Bank	4	215.59	1.18%	4	220.45	1.27%	-2.21%
	Standard Chartered	5	145.68	0.80%	5	205.80	1.18%	-29.21%
	National Bank of Abu Dhabi	6	88.50	0.48%	6	73.18	0.42%	20.93%
	National Bank of Kuwait	7	55.70	0.30%	7	63.30	0.36%	-12.01%
	Citi Bank	8	42.80	0.23%	8	30.39	0.17%	40.83%
Rafidain Bank	9	0.20	0.00%	9	0.15	0.00%	33.33%	
Total Credit Facilities Extended By Foreign Commercial Banks			1,527.20	8.34%		1,545.76	8.89%	-1.20%
Total Credit Facilities Extended By Banks Operating in Jordan			18,304.01	100%		17,395.81	100%	5.22%

Source: Banks' financial data

*Includes restricted investment accounts and bonds Muqarada.

**Foreign bank.

C - Banks' Ranking according to the Total Deposit at the end of 2013

The total deposit at the banks operating in Jordan increased by 5.52% at the end of 2013, reaching to 29.2 billion JD. These deposit are divided as follows: 21.1 billion JD at Jordanian commercial banks (72.5% of total deposit), 4.8 billion JD at Islamic banks (16.4% of total deposit), and 3.2 billion JD for foreign commercial banks (11.1% of total deposit).

Table (45): Total Deposits at Banks Operating in Jordan at the end of 2012 and 2013

	Bank	2013			2012			Change percentage (%)
		Ranking 2013	Deposits (JD million)	Ratio to Total Deposits %	Ranking 2012	Deposits (JD million)	Ratio to Total Deposits %	
Jordanian Commercial Banks	Arab Bank	1	5,832.00	20.00%	1	6,906.00	24.93%	-15.55%
	The Housing Bank for Trade & Finance	2	4,359.00	14.95%	2	3,944.00	14.24%	10.52%
	Jordan Kuwait Bank	3	1,950.40	6.69%	3	1,408.49	5.08%	38.47%
	Jordan Ahli Bank	4	1,418.00	4.86%	4	1,208.00	4.36%	17.38%
	Bank Al-Etihad	5	1,205.59	4.13%	7	946.80	3.42%	27.33%
	Bank of Jordan	6	1,160.10	3.98%	5	1,174.80	4.24%	-1.25%
	Cairo Amman Bank	7	1,009.00	3.46%	6	999.00	3.61%	1.00%
	Capital Bank	8	981.45	3.37%	8	870.00	3.14%	12.81%
	Arab Jordan Investment Bank	9	784.00	2.69%	9	706.82	2.55%	10.92%
	Arab Banking (Corporation) Jordan	10	735.00	2.52%	10	579.00	2.09%	26.94%
	Jordan Commercial Bank	11	695.54	2.39%	11	578.08	2.09%	20.32%
	Investbank	12	613.05	2.10%	12	526.58	1.90%	16.42%
	Societe General _ Jordan	13	397.00	1.36%	13	327.44	1.18%	21.24%
Total Deposits at Jordanian Commercial Banks			21,140.13	72.50%		20,175.01	72.82%	4.78%
Islamic Banks	Bank	Ranking 2013	Deposits (JD million)	Ratio to Total Deposits %	Ranking 2012	Deposits (JD million)	Ratio to Total Deposits %	Change percentage (%)
	Jordan Islamic Bank*	1	2,957.50	10.14%	1	2,952.00	10.65%	0.19%
	International Islamic Arab Bank	2	1,156.00	3.96%	2	996.94	3.60%	15.96%
	Jordan Dubai Islamic Bank	3	383.00	1.31%	3	306.91	1.11%	24.79%
Al Rajhi Bank**	4	296.33	1.02%	4	230.33	0.83%	28.65%	
Total Deposits at Islamic Banks			4,792.83	16.44%		4,486.18	16.19%	6.84%
Foreign Commercial Banks	Bank	Ranking 2013	Deposits (JD million)	Ratio to Total Deposits %	Ranking 2012	Deposits (JD million)	Ratio to Total Deposits %	Change percentage (%)
	Bank Audi	1	750.00	2.57%	2	669.20	2.42%	12.07%
	HSBC	2	639.00	2.19%	1	762.62	2.75%	-16.21%
	BLOM Bank	3	537.77	1.84%	3	463.39	1.67%	16.05%
	Egyptian Arab Land Bank	4	366.43	1.26%	5	292.33	1.06%	25.35%
	Standard Chartered	5	341.15	1.17%	4	312.20	1.13%	9.27%
	Citi Bank	6	216.91	0.74%	6	195.26	0.70%	11.09%
	National Bank of Abu Dhabi	7	160.40	0.55%	8	117.96	0.43%	35.98%
	National Bank of Kuwait	8	128.30	0.44%	7	149.60	0.54%	-14.24%
Rafidain Bank	9	87.00	0.30%	9	82.00	0.30%	6.10%	
Total Deposits at Foreign Commercial Banks			3,226.95	11.07%		3,044.56	10.99%	5.99%
Total Deposits at Banks Operating in Jordan			29,159.91	100%		27,705.75	100%	5.25%

Source: Banks' financial data

*Includes restricted investment accounts and bonds Muqarada.

**Foreign bank.

D - Banks' Ranking According to Shareholders' Equity at the end of 2013

Shareholders' Equity in the banks operating in Jordan increased 6.1% billion JD at the end of 2013, reaching to 5.25 billion JD. These are distributed as follows: 4.02 billion JD in Jordanian commercial banks (76.6% of total shareholders' equity), 549 million JD in Islamic banks (10.5% of total shareholders' equity), and 682 million JD in foreign commercial banks (13% of total shareholders' equity).

Table (46) Shareholders' Equity of Banks Operating in Jordan at the end of 2012 and 2013

	Bank	2013			2012			Change percentage (%)
		Ranking 2013	Equity Rights (JD million)	Ratio to total Equity Rights %	Ranking 2012	Equity Rights (JD million)	Ratio to total Equity Rights %	
Jordanian Commercial Banks	The Housing Bank for Trade & Finance	1	895.00	17.05%	1	879.00	17.76%	1.82%
	Arab Bank	2	844.00	16.08%	2	790.00	15.97%	6.84%
	Jordan Kuwait Bank	3	383.70	7.31%	3	355.40	7.18%	7.96%
	Bank of Jordan	4	315.80	6.02%	4	267.58	5.41%	18.02%
	Jordan Ahli Bank	5	248.00	4.73%	5	259.00	5.23%	-4.25%
	Bank Al-Etihad	6	246.40	4.70%	6	229.60	4.64%	7.32%
	Cairo Amman Bank	7	236.00	4.50%	7	216.00	4.37%	9.26%
	Capital Bank	8	232.77	4.44%	8	202.00	4.08%	15.23%
	Arab Jordan Investment Bank	9	136.00	2.59%	9	132.50	2.68%	2.64%
	Investbank	10	133.12	2.54%	10	130.58	2.64%	1.95%
	Arab Banking (Corporation) Jordan	11	124.00	2.36%	11	122.00	2.47%	1.64%
	Societe General _ Jordan	12	112.00	2.13%	12	104.88	2.12%	6.79%
	Jordan Commercial Bank	13	110.49	2.11%	13	98.58	1.99%	12.09%
Shareholders' Equity of Jordanian Commercial Banks			4,017.28	76.55%		3,787.11	76.53%	6.08%
Islamic Banks	Jordan Islamic Bank	1	255.50	4.87%	1	228.50	4.62%	11.82%
	Jordan Dubai Islamic Bank	2	130.00	2.48%	2	127.06	2.57%	2.31%
	International Islamic Arab Bank	3	116.96	2.23%	3	100.91	2.04%	15.91%
	Al Rajhi Bank*	4	46.07	0.88%	4	42.89	0.87%	7.43%
Shareholders' Equity of Islamic Banks			548.53	10.45%		499.35	10.09%	9.85%
Foreign Commercial Banks	HSBC	1	123.00	2.34%	1	114.71	2.32%	7.23%
	Bank Audi	2	91.00	1.73%	3	79.21	1.60%	14.89%
	Standard Chartered	3	85.23	1.62%	2	82.30	1.66%	3.56%
	National Bank of Kuwait	4	75.60	1.44%	4	74.50	1.51%	1.48%
	Rafidain Bank	5	67.00	1.28%	7	62.00	1.25%	8.06%
	BLOM Bank	6	66.91	1.27%	5	70.49	1.42%	-5.09%
	Citi Bank	7	64.81	1.23%	6	62.75	1.27%	3.28%
	National Bank of Abu Dhabi	8	57.70	1.10%	9	55.22	1.12%	4.49%
	Egyptian Arab Land Bank	9	50.95	0.97%	8	60.66	1.23%	-16.00%
Shareholders' Equity of Foreign Commercial Banks			682.19	13.00%		661.84	13.38%	3.08%
Shareholders' Equity of Banks Operating in Jordan			5,248.00	100%		4,948.30	100%	6.06%

Source: Banks' financial data

*Foreign bank.

E - Banks' Ranking According to Capital at the end of 2013

The total capital of banks operating in Jordan increased by 1.6% at the end of 2013, reaching to 2.92 billion JD, distributed as follows: 2.08 billion JD at Jordanian commercial banks (71.3% of total capital), 375 million JD at Islamic banks (12.9% of total capital), and 461 million JD at foreign banks (15.8% of total capital).

Table (47): Capital of Banks Operating in Jordan at the end of 2012 and 2013

	Bank	2013			2012			Change percentage (%)
		Ranking 2013	Capital (JD million)	Ratio to Total Capital %	Ranking 2012	Capital (JD million)	Ratio to Total Capital %	
Jordanian Commercial Banks	Arab Bank	1	534.00	18.30%	1	534.00	18.60%	0.00%
	The Housing Bank for Trade & Finance	2	252.00	8.64%	2	252.00	8.78%	0.00%
	Jordan Ahli Bank	3	165.00	5.66%	4	150.00	5.22%	10.00%
	Capital Bank	4	165.00	5.66%	4	150.00	5.22%	10.00%
	Bank of Jordan	5	155.10	5.32%	3	155.10	5.40%	0.00%
	Bank Al-Etihad	6	110.00	3.77%	6	100.00	3.48%	10.00%
	Cairo Amman Bank	7	100.00	3.43%	6	100.00	3.48%	0.00%
	Jordan Kuwait Bank	7	100.00	3.43%	6	100.00	3.48%	0.00%
	Arab Jordan Investment Bank	7	100.00	3.43%	6	100.00	3.48%	0.00%
	Jordan Commercial Bank	7	100.00	3.43%	13	93.34	3.25%	7.14%
	Investbank	7	100.00	3.43%	6	100.00	3.48%	0.00%
	Arab Banking (Corporation) Jordan	7	100.00	3.43%	6	100.00	3.48%	0.00%
	Societe General _ Jordan	7	100.00	3.43%	6	100.00	3.48%	0.00%
	Capital of Jordanian Commercial Banks			2,081.10	71.33%		2,034.44	70.87%
Islamic Banks	Jordan Islamic Bank	1	125.00	4.28%	1	125.00	4.35%	0.00%
	International Islamic Arab Bank	2	100.00	3.43%	2	100.00	3.48%	0.00%
	Jordan Dubai Islamic Bank	2	100.00	3.43%	2	100.00	3.48%	0.00%
	Al Rajhi Bank*	4	50.00	1.71%	4	50.00	1.74%	0.00%
	Capital of Islamic Banks			375.00	12.85%		375.00	13.06%
Foreign Commercial Banks	Standard Chartered	1	61.43	2.11%	1	61.40	2.14%	0.05%
	HSBC	2	50.00	1.71%	2	50.00	1.74%	0.00%
	Egyptian Arab Land Bank	2	50.00	1.71%	2	50.00	1.74%	0.00%
	Rafidain Bank	2	50.00	1.71%	2	50.00	1.74%	0.00%
	Citi Bank	2	50.00	1.71%	2	50.00	1.74%	0.00%
	Bank Audi	2	50.00	1.71%	2	50.00	1.74%	0.00%
	National Bank of Kuwait	2	50.00	1.71%	2	50.00	1.74%	0.00%
	BLOM Bank	2	50.00	1.71%	2	50.00	1.74%	0.00%
	National Bank of Abu Dhabi	2	50.00	1.71%	2	50.00	1.74%	0.00%
Capital of Foreign Commercial Banks			461.43	15.82%		461.40	16.07%	0.01%
Capital of Banks Operating in Jordan			2,917.53	100%		2,870.84	100%	1.63%

Source: Banks' financial data

*Foreign bank.

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

A - Banks' Ranking According to Pre-Tax Profit in 2013

The total pre-tax profit of banks operating in Jordan increased by 22.2% at the end of 2013 reaching to 718.1 million JD, of which 546.8 million JD went to Jordanian commercial banks (76.1% of total pre-tax profit); 91.7 million JD for Islamic banks (12.8% of total pre-tax profit) and 79.7 million JD for foreign banks (11.1% of total pre-tax profit).

Table (48): Pre-Tax Profit of Banks Operating in Jordan at the end of 2012 and 2013

	Bank	2013			2012			Change percentage (%)
		Ranking 2013	pretax profit (JD million)	% of Total pretax profit	Ranking 2012	pretax profit (JD million)	% of Total pretax profit	
Jordanian Commercial Banks	Arab Bank	1	134.00	18.66%	2	93.00	15.82%	44.09%
	The Housing Bank for Trade & Finance	2	110.00	15.32%	1	105.00	17.86%	4.76%
	Bank of Jordan	3	56.10	7.81%	3	48.09	8.18%	16.66%
	Jordan Kuwait Bank	4	55.30	7.70%	4	47.60	8.10%	16.18%
	Cairo Amman Bank	5	48.00	6.68%	5	40.00	6.81%	20.00%
	Capital Bank	6	36.52	5.09%	8	18.00	3.06%	102.89%
	Bank Al-Etihad	7	31.73	4.42%	7	20.40	3.47%	55.53%
	Arab Jordan Investment Bank	8	18.00	2.51%	9	16.20	2.76%	11.11%
	Arab Banking (Corporation) Jordan	9	16.00	2.23%	10	16.00	2.72%	0.00%
	Jordan Ahli Bank	10	15.00	2.09%	6	29.00	4.93%	-51.97%
	Investbank	11	13.93	1.94%	11	11.77	2.00%	27.43%
	Societe General _ Jordan	12	10.00	1.39%	12	6.54	1.11%	52.95%
	Jordan Commercial Bank	13	2.21	0.31%	13	1.34	0.23%	64.84%
Pre-Tax Profit of Jordanian Commercial Banks			546.79	76.14%		452.94	77.06%	20.72%
Islamic Banks	Jordan Islamic Bank	1	64.70	9.01%	1	51.20	8.71%	26.37%
	International Islamic Arab Bank	2	22.51	3.13%	2	16.42	2.79%	37.11%
	Al Rajhi Bank*	3	2.34	0.33%	4	-0.34	-0.06%	-784.36%
	Jordan Dubai Islamic Bank	4	2.10	0.29%	3	0.76	0.13%	175.59%
Pre-Tax Profit of Islamic Banks			91.65	12.76%		68.04	11.58%	34.71%
Foreign Commercial Banks	HSBC	1	23.00	3.20%	5	6.27	1.07%	266.83%
	Bank Audi	2	17.00	2.37%	1	15.31	2.61%	11.02%
	Standard Chartered	3	16.74	2.33%	2	14.50	2.47%	15.44%
	BLOM Bank	4	11.15	1.55%	3	13.16	2.24%	-15.30%
	Citi Bank	5	9.25	1.29%	4	7.41	1.26%	24.84%
	National Bank of Kuwait	6	6.40	0.89%	7	3.90	0.66%	64.10%
	National Bank of Abu Dhabi	7	3.70	0.52%	6	4.68	0.80%	-20.97%
	Rafidain Bank	8	3.00	0.42%	8	2.60	0.44%	15.38%
	Egyptian Arab Land Bank	9	-10.56	-1.47%	9	-1.02	-0.17%	931.77%
Pre-Tax Profit of Foreign Commercial Banks			79.68	11.10%		66.81	11.37%	19.26%
Pre-Tax Profit of Banks Operating in Jordan			718.12	100%		587.79	100%	22.17%

Source: Banks' financial data

* Foreign bank.

B. Banks' Ranking According to the After-Tax Net Profit in 2013

The total after tax net profit of banks operating in Jordan increased by 21.2% at the end of 2013, reaching to 502 million JD, of which 390.2 million JD went to Jordanian commercial banks (77.7% of the total net profit), 63.9 million JD went to Islamic banks (12.7% of the total net profit) and 47.9 million JD for foreign banks (9.5% of the total net profit).

Table (49): Net After-Tax Profit of Banks Operating in Jordan at the end of 2012 and 2013

	Bank	2013			2012			Change percentage (%)
		Ranking 2013	Net After Tax Profit (JD million)	Ratio to Total Net After Tax Profit %	Ranking 2012	Net After Tax Profit (JD million)	Ratio to Total Net After Tax Profit %	
Jordanian Commercial Banks	Arab Bank	1	95.00	18.93%	2	63.00	15.21%	50.79%
	The Housing Bank for Trade & Finance	2	78.00	15.54%	1	74.00	17.87%	5.41%
	Bank of Jordan	3	40.90	8.15%	3	34.51	8.33%	18.52%
	Jordan Kuwait Bank	4	38.68	7.71%	4	32.33	7.81%	19.64%
	Cairo Amman Bank	5	34.00	6.77%	5	29.00	7.00%	17.24%
	Capital Bank	6	26.99	5.38%	8	13.00	3.14%	107.65%
	Bank Al-Etihad	7	22.25	4.43%	7	14.80	3.57%	50.33%
	Arab Jordan Investment Bank	8	13.00	2.59%	9	11.30	2.73%	15.04%
	Arab Banking (Corporation) Jordan	9	12.00	2.39%	10	11.00	2.66%	9.09%
	Investbank	10	10.18	2.03%	11	9.82	2.37%	3.71%
	Jordan Ahli Bank	11	10.00	1.99%	6	20.00	4.83%	-50.00%
	Societe General _ Jordan	12	7.00	1.39%	12	4.73	1.14%	48.09%
	Jordan Commercial Bank	13	2.21	0.44%	13	1.34	0.32%	64.84%
Net After-Tax Profit of Jordanian Commercial Banks			390.21	77.74%		318.82	77.00%	22.39%
Islamic Banks	Jordan Islamic Bank	1	45.10	8.98%	1	36.50	8.81%	23.56%
	International Islamic Arab Bank	2	15.75	3.14%	2	11.49	2.78%	37.02%
	Al Rajhi Bank*	3	1.53	0.31%	4	-0.34	-0.08%	-548.12%
	Jordan Dubai Islamic Bank	4	1.50	0.30%	3	2.14	0.52%	-29.74%
Net After-Tax Profit of Islamic Banks			63.88	12.73%		49.79	12.02%	28.31%
Foreign Commercial Banks	HSBC	1	12.00	2.39%	5	4.71	1.14%	154.56%
	Bank Audi	1	12.00	2.39%	1	10.67	2.58%	12.48%
	Standard Chartered	3	10.68	2.13%	3	7.60	1.84%	40.53%
	BLOM Bank	4	7.96	1.59%	2	9.53	2.30%	-16.47%
	Citi Bank	5	6.35	1.27%	4	5.06	1.22%	25.58%
	National Bank of Kuwait	6	4.10	0.82%	7	2.60	0.63%	57.69%
	National Bank of Abu Dhabi	7	2.50	0.50%	6	3.11	0.75%	-19.59%
	Rafidain Bank	8	2.00	0.40%	8	1.80	0.43%	11.11%
	Egyptian Arab Land Bank	9	-9.71	-1.93%	9	0.39	0.09%	-2576.29%
Net After-Tax Profit of Foreign Commercial Banks			47.88	9.54%		45.47	10.98%	5.31%
Net After-Tax Profit of Banks Operating in Jordan			501.98	100%		414.08	100%	21.23%

Source: Banks' financial data

*Foreign bank.

Third: Banks' Ranking According to most Important Profitability Indicators

A. Banks' Ranking According to the Average Return on Assets in 2013

The average return on the assets of all banks operating in Jordan increased from 1.14% at the end of 2012 to 1.30% at the end of 2013. The average for Jordanian commercial banks was 1.36%, 0.87% for Islamic banks and 1.41% for foreign commercial banks.

Table (50) Average Return on Assets for the Banks Operating in Jordan at the end of 2012 and 2013

	Bank	2013		2012		Change percentage (%)
		Ranking 2013	Average Return on Assets %	Ranking 2012	Average Return on Assets %	
Jordanian Commercial Banks	Bank of Jordan	1	2.50%	1	2.16%	15.74%
	Cairo Amman Bank	2	2.00%	2	1.80%	11.11%
	Capital Bank	3	1.77%	10	0.94%	88.30%
	Jordan Kuwait Bank	4	1.70%	3	1.75%	-2.86%
	Investbank	5	1.39%	5	1.42%	-2.39%
	Arab Jordan Investment Bank	6	1.35%	6	1.40%	-3.57%
	Arab Banking (Corporation) Jordan	7	1.33%	4	1.43%	-6.99%
	The Housing Bank for Trade & Finance	8	1.30%	7	1.30%	0.00%
	Societe General _ Jordan	9	1.24%	8	1.12%	10.42%
	Bank Al-Etihad	10	1.22%	11	0.93%	31.18%
	Arab Bank	11	1.10%	12	0.77%	42.86%
	Jordan Ahli Bank	12	0.49%	9	1.00%	-51.00%
	Jordan Commercial Bank	13	0.25%	13	0.18%	42.05%
Average Return on Assets for Jordanian Commercial Banks			1.36%	1.25%	8.87%	
Islamic Banks	Bank	Ranking 2013	Average Return on Assets %	Ranking 2012	Average Return on Assets %	Change percentage (%)
	Jordan Islamic Bank	1	1.43%	1	1.23%	16.26%
	International Islamic Arab Bank	2	1.25%	2	1.00%	25.00%
	Al Rajhi Bank*	3	0.49%	4	-0.01%	-5000.00%
Jordan Dubai Islamic Bank	4	0.30%	3	0.52%	-42.31%	
Average Return on Assets for Islamic Banks			0.87%	0.69%	26.64%	
Foreign Commercial Banks	Bank	Ranking 2013	Average Return on Assets %	Ranking 2012	Average Return on Assets %	Change percentage (%)
	National Bank of Kuwait	1	4.10%	7	0.85%	382.35%
	Citi Bank	2	2.30%	1	1.73%	32.95%
	Standard Chartered	3	2.12%	3	1.60%	32.50%
	Rafidain Bank	4	1.40%	6	1.30%	7.69%
	Bank Audi	4	1.40%	5	1.36%	2.94%
	HSBC	6	1.33%	8	0.46%	189.13%
	BLOM Bank	7	1.10%	4	1.50%	-26.67%
	National Bank of Abu Dhabi	8	1.00%	2	1.71%	-41.52%
Egyptian Arab Land Bank	9	-2.06%	9	0.09%	-2386.75%	
Average Return on Assets for Foreign Commercial Banks			1.41%	1.18%	19.74%	
Average Return on Assets for the Banks Operating in Jordan			1.30%	1.14%	14.42%	

Source: Banks' financial data

*Foreign bank.

B - Average Return on Equity in Banks Operating in Jordan in 2013

The average return on equity of all banks operating in Jordan regressed from 8.24% at the of 2012 to 8.20% at the end of 2013. The average reached 9.5% for Jordanian commercial banks, 9.0% for Islamic banks and 6.2% for foreign commercial banks.

Table (51)
Average Return on Shareholders' Equity for the Banks
Operating in Jordan at the end of 2012 and 2013

	Bank	2013		2012		Change percentage (%)
		Ranking 2013	Average Return on Equity %	Ranking 2012	Average Return on Equity %	
Jordanian Commercial Banks	Cairo Amman Bank	1	15.20%	1	13.80%	10.14%
	Bank of Jordan	2	14.00%	2	13.38%	4.63%
	Capital Bank	3	12.42%	10	6.70%	85.37%
	Arab Bank	4	11.60%	8	8.00%	45.00%
	Jordan Kuwait Bank	5	10.50%	3	10.07%	4.27%
	Arab Jordan Investment Bank	6	9.77%	5	8.70%	12.30%
	Arab Banking (Corporation) Jordan	7	9.44%	4	9.65%	-2.18%
	Bank Al-Etihad	8	9.35%	11	6.59%	41.88%
	The Housing Bank for Trade & Finance	9	8.80%	6	8.50%	3.53%
	Investbank	10	7.73%	9	7.57%	2.09%
	Societe General _ Jordan	11	6.44%	12	5.74%	12.16%
	Jordan Ahli Bank	12	3.98%	7	8.10%	-50.86%
	Jordan Commercial Bank	13	2.12%	13	1.44%	47.22%
Average Return on Shareholders' Equity for Jordanian Commercial Banks			9.33%		8.33%	12.11%
Islamic Banks	Jordan Islamic Bank	1	18.63%	1	16.74%	11.29%
	International Islamic Arab Bank	2	12.91%	2	12.00%	7.57%
	Al Rajhi Bank*	3	3.38%	4	-0.79%	-527.85%
	Jordan Dubai Islamic Bank	4	1.17%	3	1.76%	-33.52%
Average Return on Shareholders' Equity for Islamic Banks			9.02%		7.43%	21.47%
Foreign Commercial Banks	Bank Audi	1	14.00%	2	14.44%	-3.05%
	Standard Chartered	2	12.70%	4	9.10%	39.56%
	BLOM Bank	3	11.76%	3	14.00%	-16.00%
	HSBC	4	10.32%	7	4.04%	155.45%
	Citi Bank	5	10.00%	5	8.33%	20.05%
	National Bank of Kuwait	6	5.60%	8	3.68%	52.17%
	National Bank of Abu Dhabi	7	4.30%	6	5.79%	-25.73%
	Rafidain Bank	8	3.19%	1	16.19%	-80.30%
	Egyptian Arab Land Bank	9	-15.99%	9	0.65%	-2559.50%
Average Return on Shareholders' Equity for Foreign Commercial Banks			6.21%		8.47%	-26.68%
Average Return on Shareholders' Equity for the Banks Operating in Jordan			8.20%		8.24%	-0.40%

Source: Banks' financial data

*Foreign bank

Fourth: Banks' ranking According to Bank Branching

A - Banks' Ranking According to the number of Branches inside Jordan as at the end of 2013

The total number of bank branches inside Jordan increased from 722 branches at the end of 2012 to 742 branches at the end of 2013. These are distributed as follows: 556 branches of Jordanian commercial banks (76.3% of total number of branches), 122 branches of Islamic banks (constituting 16.4% of total branches) and 54 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 and 2013

	Bank	2013			2012			Change percentage (%)
		Ranking 2013	Number of Branches In Jordan	Ratio to Total Number of Branches %	Ranking 2012	Number of Branches In Jordan	Ratio to Total Number of Branches %	
Jordanian Commercial Banks	The Housing Bank for Trade & Finance	1	111	14.96%	1	110	15.24%	0.91%
	Arab Bank	2	75	10.11%	2	77	10.66%	-2.60%
	Cairo Amman Bank	3	70	9.43%	3	69	9.56%	1.45%
	Bank of Jordan	4	66	8.89%	4	67	9.28%	-1.49%
	Jordan Ahli Bank	5	53	7.14%	5	51	7.06%	3.92%
	Jordan Kuwait Bank	6	47	6.33%	6	44	6.09%	6.82%
	Bank Al-Etihad	7	35	4.72%	7	30	4.16%	16.67%
	Jordan Commercial Bank	8	28	3.77%	8	28	3.88%	0.00%
	Arab Banking (Corporation) Jordan	9	27	3.64%	9	27	3.74%	0.00%
	Societe General _ Jordan	10	16	2.16%	10	16	2.22%	0.00%
	Arab Jordan Investment Bank	11	15	2.02%	12	12	1.66%	25.00%
	Capital Bank	12	12	1.62%	11	13	1.80%	-7.69%
	Investbank	13	11	1.48%	13	9	1.25%	22.22%
The Number of Branches of Jordanian Commercial Banks			566	76.28%		553	76.59%	2.35%
Islamic Banks	Bank	Ranking 2013	Number of Branches In Jordan	Ratio to Total Number of Branches %	Ranking 2012	Number of Branches In Jordan	Ratio to Total Number of Branches %	Change percentage (%)
	Jordan Islamic Bank	1	67	9.03%	1	64	8.86%	4.69%
	International Islamic Arab Bank	2	37	4.99%	2	36	4.99%	2.78%
	Jordan Dubai Islamic Bank	3	15	2.02%	3	13	1.80%	15.38%
Al Rajhi Bank*	4	3	0.40%	4	3	0.42%	0.00%	
The Number of Branches of Islamic Banks			122	16.44%		116	16.07%	5.17%
Foreign Commercial Banks	Bank	Ranking 2013	Number of Branches In Jordan	Ratio to Total Number of Branches %	Ranking 2012	Number of Branches In Jordan	Ratio to Total Number of Branches %	Change percentage (%)
	Bank Audi	1	13	1.75%	1	12	1.66%	8.33%
	BLOM Bank	2	12	1.62%	2	11	1.52%	9.09%
	Egyptian Arab Land Bank	3	9	1.21%	3	9	1.25%	0.00%
	Standard Chartered	4	6	0.81%	4	6	0.83%	0.00%
	HSBC	5	4	0.54%	5	4	0.55%	0.00%
	National Bank of Kuwait	6	3	0.40%	5	4	0.55%	-25.00%
	National Bank of Abu Dhabi	6	3	0.40%	7	3	0.42%	0.00%
	Rafidain Bank	8	2	0.27%	8	2	0.28%	0.00%
Citi Bank	8	2	0.27%	8	2	0.28%	0.00%	
The Number of Branches of Foreign Commercial Banks			54	7.28%		53	7.34%	1.89%
The Number of Branches of Banks Operating in Jordan			742	100%		722	100%	2.77%

Source: Banks' financial data

*Foreign bank

B - Banks' Ranking According to the Number of ATMs inside Jordan as at the end of 2013

The total number of ATMs at banks inside Jordan increased from 1291 machine at the end of 2012 to 1346 machine at the end of 2013. These are distributed as follows: 1035 machines belonging to Jordanian commercial banks (constituting 76.9% of the total number of ATMs), 223 machines belonging to Islamic banks (16.6% of total ATMs), and 88 ATMs belonging to foreign commercial banks (6.5% of the total number of ATMs).

Table (53) : The Number of ATMs of Banks Operating in Jordan at the end of 2012 and 2013

	Bank	2013			2012			Change percentage (%)
		Ranking 2013	Number of ATMs	Ratio to Total Number of ATMs %	Ranking 2012	Number of ATMs	Ratio to Total Number of ATMs %	
Jordanian Commercial Banks	The Housing Bank for Trade & Finance	1	199	14.78%	1	194	15.03%	2.58%
	Cairo Amman Bank	2	186	13.82%	2	188	14.56%	-1.06%
	Arab Bank	3	144	10.70%	3	143	11.08%	0.70%
	Bank of Jordan	4	109	8.10%	4	110	8.52%	-0.91%
	Jordan Ahli Bank	5	87	6.46%	5	82	6.35%	6.10%
	Jordan Kuwait Bank	6	76	5.65%	6	72	5.58%	5.56%
	Arab Banking (Corporation) Jordan	7	53	3.94%	7	51	3.95%	3.92%
	Bank Al-Etihad	8	46	3.42%	8	39	3.02%	17.95%
	Jordan Commercial Bank	9	36	2.67%	9	36	2.79%	0.00%
	Arab Jordan Investment Bank	10	33	2.45%	11	24	1.86%	37.50%
	Capital Bank	11	30	2.23%	10	34	2.63%	-11.76%
	Investbank	12	19	1.41%	13	16	1.24%	18.75%
	Societe General _ Jordan	13	17	1.26%	12	17	1.32%	0.00%
The Number of ATMs of Jordanian Commercial Banks			1035	76.89%		1006	77.92%	2.88%
Islamic Banks	Jordan Islamic Bank	1	134	9.96%	1	123	9.53%	8.94%
	International Islamic Arab Bank	2	47	3.49%	2	41	3.18%	14.63%
	Al Rajhi Bank*	3	23	1.71%	3	17	1.32%	35.29%
	Jordan Dubai Islamic Bank	4	19	1.41%	4	16	1.24%	18.75%
The Number of ATMs of Islamic Banks			223	16.57%		197	15.26%	13.20%
Foreign Commercial Banks	Bank Audi	1	22	1.63%	2	20	1.55%	10.00%
	HSBC	2	21	1.56%	1	23	1.78%	-8.70%
	Egyptian Arab Land Bank	3	13	0.97%	3	14	1.08%	-7.14%
	BLOM Bank	3	13	0.97%	4	11	0.85%	18.18%
	Standard Chartered	5	8	0.59%	5	8	0.62%	0.00%
	National Bank of Kuwait	6	7	0.52%	5	8	0.62%	-12.50%
	National Bank of Abu Dhabi	7	4	0.30%	7	4	0.31%	0.00%
	Rafidain Bank	8	0	0.00%	8	0	0.00%	-
Citi Bank	8	0	0.00%	8	0	0.00%	-	
The Number of ATMs of Foreign Commercial Banks			88	6.54%		88	6.82%	0.00%
The Number of ATMs of Banks Operating in Jordan			1346	100%		1291	100%	4.26%

Source: Banks' financial data

*Foreign bank

Fifth: Human Resources of Banks Operating in Jordan

A - Banks' Ranking According to the Number of Employees as at the end of 2013

The total number of employees in all banks operating in Jordan increased from to 17866 employees at the end of 2012 to 18423 employees at the end of 2013. Of the total, 13631 employees in Jordanian commercial banks (74% of the total number of employees), 3176 employees in Islamic banks (17.2% of the total number of employees), and 1616 employees in foreign commercial banks (8.8% of the total number of employees).

Table (54) : Number of Employees at Banks Operating in Jordan at the end of 2012 and 2013

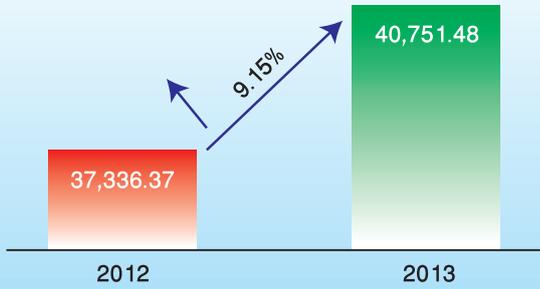
	Bank	2013			2012			Change percentage (%)
		Ranking 2013	Number Of Employees	Ratio to Total Employees %	Ranking 2012	Number Of Employees	Ratio to Total Employees %	
Jordanian Commercial Banks	Arab Bank	1	2817	15.29%	1	2754	15.41%	2.29%
	The Housing Bank for Trade & Finance	2	2199	11.94%	2	2124	11.89%	3.53%
	Cairo Amman Bank	3	1546	8.39%	3	1524	8.53%	1.44%
	Bank of Jordan	4	1422	7.72%	4	1409	7.89%	0.92%
	Jordan Ahli Bank	5	1318	7.15%	5	1311	7.34%	0.53%
	Jordan Kuwait Bank	6	941	5.11%	6	899	5.03%	4.67%
	Bank Al-Etihad	7	728	3.95%	7	659	3.69%	10.47%
	Jordan Commercial Bank	8	600	3.26%	8	572	3.20%	4.90%
	Capital Bank	9	508	2.76%	10	411	2.30%	23.60%
	Arab Banking (Corporation)	10	502	2.72%	9	489	2.74%	2.66%
	Jordan Arab Jordan Investment Bank	11	421	2.29%	11	392	2.19%	7.40%
	Investbank	12	399	2.17%	12	356	1.99%	12.08%
	Societe General _ Jordan	13	230	1.25%	13	228	1.28%	0.88%
Number of Employees at Jordanian Commercial Banks			13631	73.99%		13128	73.48%	3.83%
Islamic Banks	Bank	Ranking 2013	Number Of Employees	Ratio to Total Employees %	Ranking 2012	Number Of Employees	Ratio to Total Employees %	Change percentage (%)
	Jordan Islamic Bank	1	1979	10.74%	1	2000	11.19%	-1.05%
	International Islamic Arab Bank	2	758	4.11%	2	712	3.99%	6.46%
	Jordan Dubai Islamic Bank	3	333	1.81%	3	310	1.74%	7.42%
	Al Rajhi Bank*	4	106	0.58%	4	85	0.48%	24.71%
Number of Employees at Islamic Banks			3176	17.24%		3107	17.39%	2.22%
Foreign Commercial Banks	Bank	Ranking 2013	Number Of Employees	Ratio to Total Employees %	Ranking 2012	Number Of Employees	Ratio to Total Employees %	Change percentage (%)
	BLOM Bank	1	387	2.10%	1	358	2.00%	8.10%
	Egyptian Arab Land Bank	2	291	1.58%	2	301	1.68%	-3.32%
	HSBC	3	249	1.35%	3	259	1.45%	-3.86%
	Bank Audi	4	240	1.30%	5	221	1.24%	8.60%
	Standard Chartered	5	208	1.13%	4	244	1.37%	-14.75%
	National Bank of Kuwait	6	103	0.56%	6	113	0.63%	-8.85%
	Citi Bank	7	56	0.30%	7	55	0.31%	1.82%
	National Bank of Abu Dhabi	8	55	0.30%	8	51	0.29%	7.84%
Rafidain Bank	9	27	0.15%	9	29	0.16%	-6.90%	
Number of Employees at Foreign Commercial Banks			1616	8.77%		1631	9.13%	-0.92%
Number of Employees at Banks Operating in Jordan			18423	100%		17866	100%	3.12%

Source: Banks' financial data

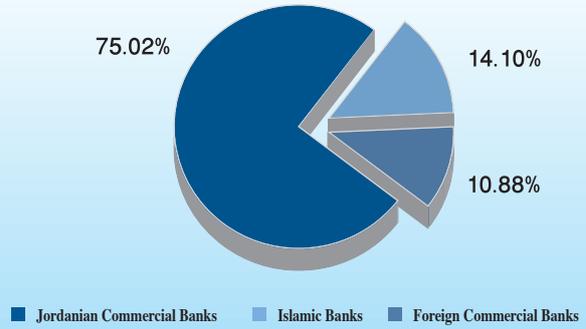
*Foreign bank

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

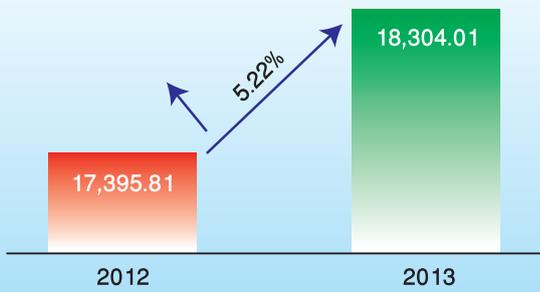
Total Assets of Banks Operating in Jordan (JD Million)



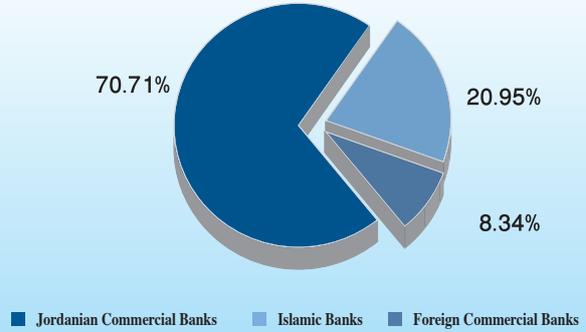
Distribution of Total Assets of Banks Operating in Jordan at the End of 2013



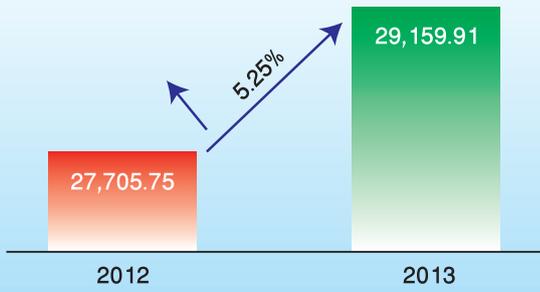
Total Credit Facilities Extended by Banks in Jordan (JD Million)



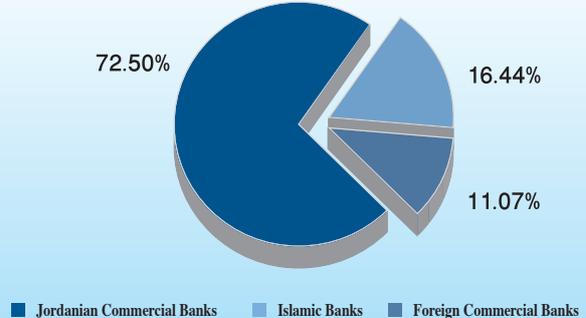
Distribution of Total Credit Facilities Extended at the End of 2013



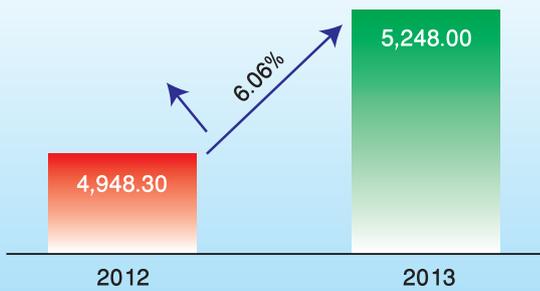
Total Deposits at Banks Operating in Jordan (JD Million)



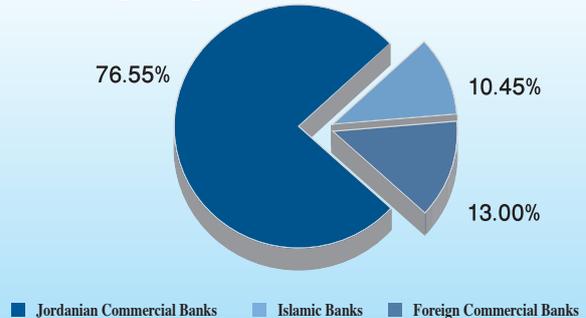
Distribution of Total Deposite at Banks Operating in Jordan at the End of 2013



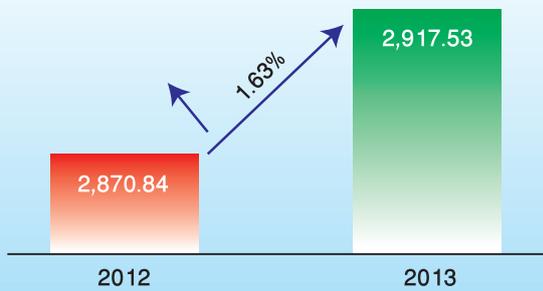
Total Shareholders' Equity of Banks Operating in Jordan (JD Million)



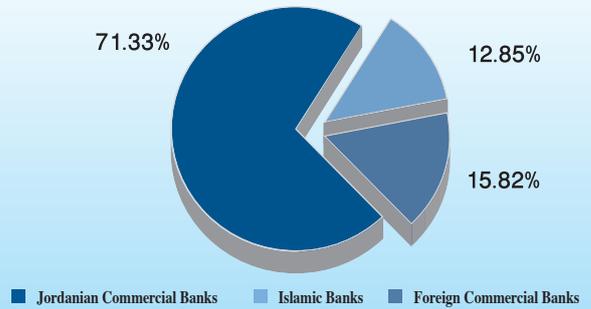
Distribution of Shareholders' Equity of Banks Operating in Jordan at the End of 2013



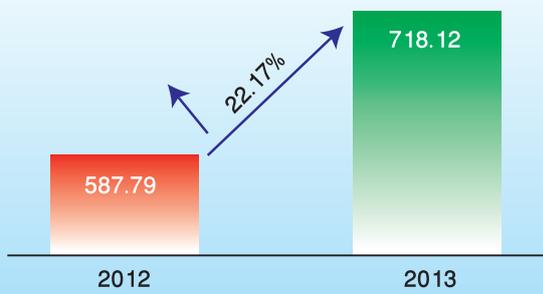
Total Capital of Banks Operating in Jordan (JD Million)



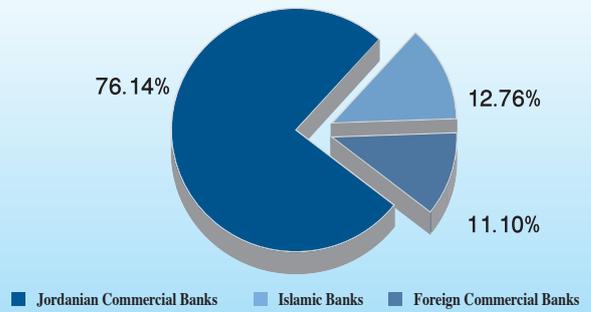
Distribution of Capital of Banks Operating in Jordan at the End of 2013



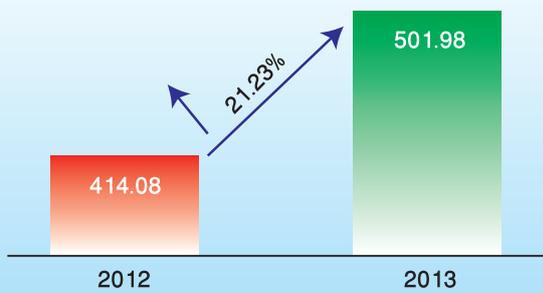
Total Pre-Tax Profit of Banks Operating in Jordan (JD Million)



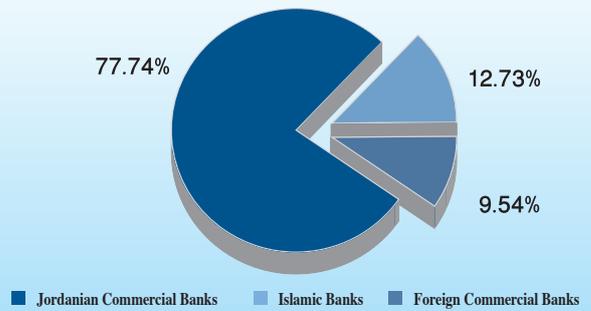
Distribution of Pre-Tax Profit of Banks Operating in Jordan at the End of 2013



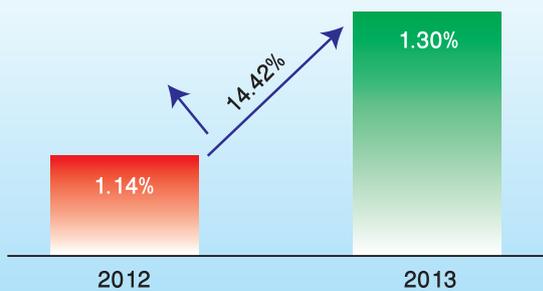
Total After Tax Profit of Banks Operating in Jordan (JD Million)



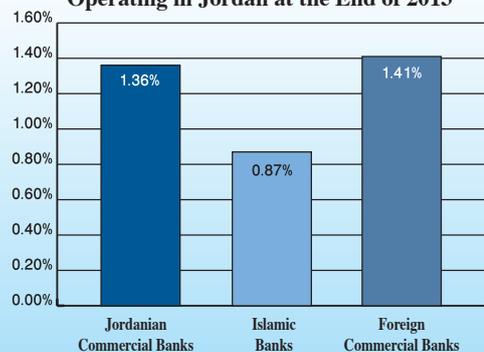
Distribution of After Tax Profit of Banks Operating in Jordan at the End of 2013



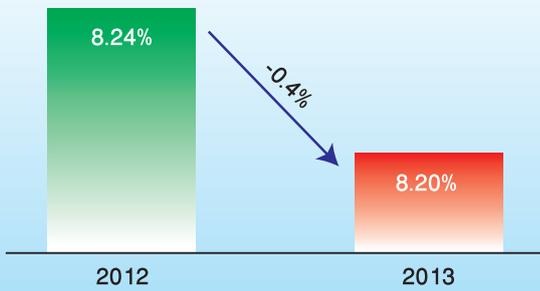
Return on Assets for Banks Operating in Jordan (JD Million)



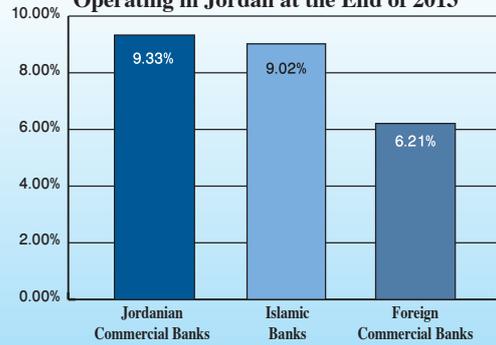
Distribution of Return on Assets for Banks Operating in Jordan at the End of 2013



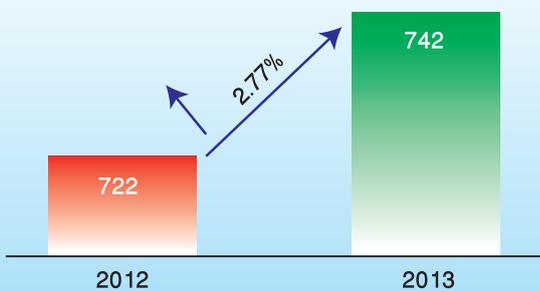
Return on Shareholders' Equity for Banks Operating in Jordan (JD Million)



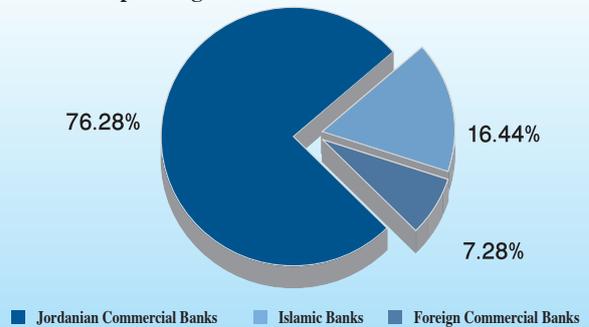
Distribution Return on Shareholders' Equity for Banks Operating in Jordan at the End of 2013



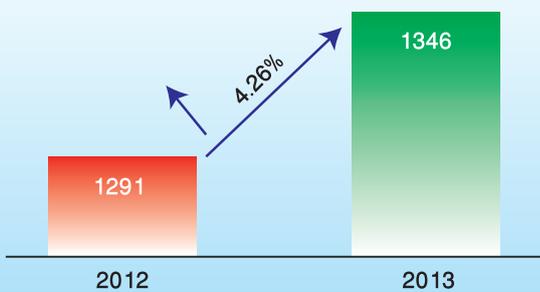
Total Number of Branches of Banks Operating in Jordan (JD Million)



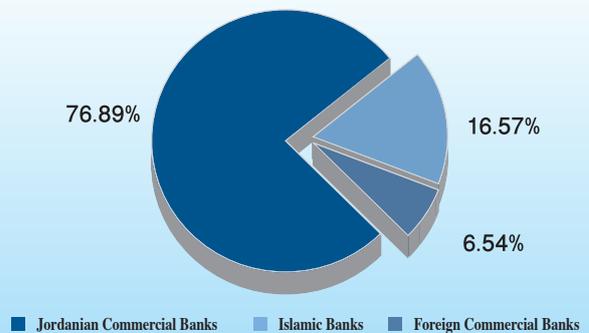
Distribution of Number of Branches of Banks Operating in Jordan at the End of 2013



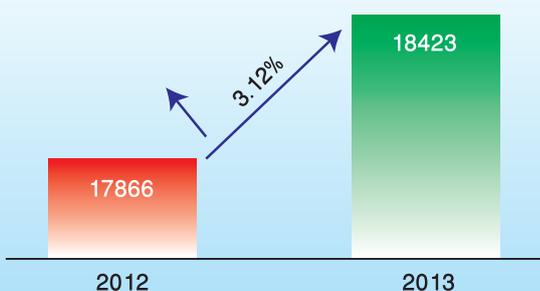
Total Number of ATMs of Banks Operating in Jordan (JD Million)



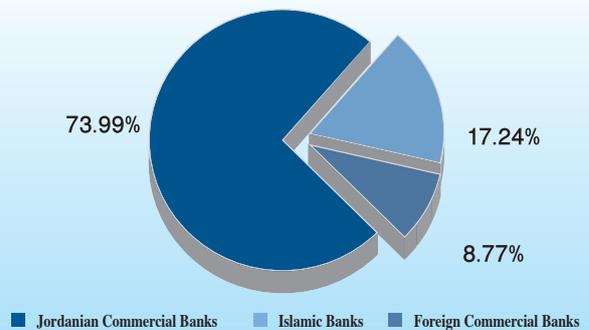
Distribution of Number of ATMs of Banks Operating in Jordan at the End of 2013



Total Number of Employees in Banks Operating in Jordan (JD Million)

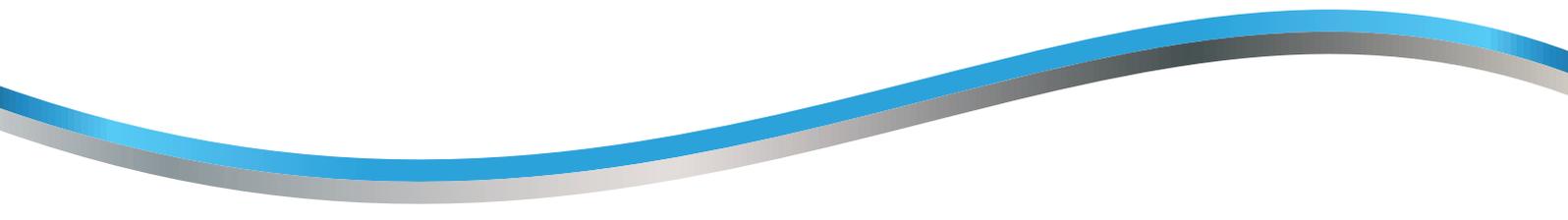


Distribution of Number of Employees in Banks Operating in Jordan at the End of 2013



Chapter Nine

New Banking Services



In the context of their incessant strive to improve and upgrade their services to be in line with new developments in the world of banking services, banks working in Jordan introduced a set of new banking services into their service segments. The table hereunder showcases the most important new services introduced by banks in Jordan during the year 2013.

Table (55)

New banking services introduced by banks in 2013

Bank	Service	Service description	Service Provider
Arab Bank	Arabi Mobile	Browsing accounts, balances & credit cards; settling bills & credit cards payments; inter accounts transfers & transfers to other beneficiaries by Arabi Mobile application operated through IOS, Android smart phones.	Sybase
	Deposits without ATM cards	Accepting the deposits of Zaitouna University students to settle their college fees without ATM card. Instant deposit.	Joint efforts through internal upgrading and ACI
	Visa Electron with EMV	Issuing Visa Electron cards with EMV electronic SIM card.	Joint efforts through internal upgrading and XPI
	Offering engine application	Interactive software that links ABL electronic channels together. It will become a central source for future communications with clients by sending offers especially designed for each client regarding his usage of any electronic channel or cashier software in branches.	Internal upgrading
	Arabi Premium	A set of financial and non financial products especially designed to distinguish the client's status & enhance his relationship with the bank. This program is offered for individual clients whose salaries are transferred to ABL (existing or new clients) or those have balances (current or savings accounts) at the ABL.	Internal upgrading

Continued / Table (55) New banking services introduced by banks in 2013

Bank	Service	Service description	Service Provider
Jordan Ahli Bank	Environment friendly loan	<p>The first of its kind in Jordan. It funds environment friendly products in cooperation with big companies to meet the needs of individuals & small companies at a zero % interest in all sectors. It targets raising awareness to use green products that save energy and costs.</p> <ul style="list-style-type: none"> • 100% funding of the product's value at zero % interest. • Funding of up to JD 10.000 to individuals & up to JD 40.000 to small companies. • Settlement term up to 48 months. 	Internal
	Credit cards rewards program, "Ahli rewards you"	<p>"Ahli rewards you" program of credit cards offers you a world of advantages, discounts and free rewards for using Visa and Master Card. All you have to do is using all kinds of Ahli credit cards to pay for your daily purchases that can be replaced with:</p> <ul style="list-style-type: none"> • Add free points to credit cards and get: <ol style="list-style-type: none"> 1. Purchase coupons from our partners in stores. 2. Bank products & services (savings accounts, discounts on bank insurance products, discount of issuance of checkbooks, and other rewards). 3. Cash refund into the client's account (pre paid credit cards & savings accounts). • Instant discounts of all Ahli bank cards: clients get instant discounts from the network of contracted stores and malls. 	MEPS + EMP

Continued / Table (55) New banking services introduced by banks in 2013

Bank	Service	Service description	Service Provider
Jordan Ahli Bank	Personal loans	<p>Amendment on advantages of personal loans against salary transfer:</p> <ul style="list-style-type: none"> - Increase the loan ceiling to JD 70.000 instead of JD 50.000. - Increase private sector's debt burden to 50%. 	Internal
	Real estate loans	<p>Amendment on advantages of real estate loans:</p> <ul style="list-style-type: none"> - Increase funding purchase to 90% instead of 80%. - Amend interest rate according to salary segments. 	Internal
	Issuance of prepaid cards of WFP distributed to beneficiaries of WFP programs.	<p>A UN non-profit program that targets fighting hunger, analyzing food security, nutrition and logistic support to find the best solutions to hunger problems all over the world. The WFP feeds more than 90 million refugees in over 70 countries. In Jordan, WFP provides food support to some 40.000 Syrian families & 130.000 refugees in different camps. It deals with 40 merchants to provide food support to refugees. (It is expected to increase as political conditions worsen).</p>	MEPS
	Issuance of prepaid cards of Save the Children organization distributed to beneficiaries of their different programs.	<p>A non-profit organization working in Jordan since 1985. It aims at developing, implementing and supporting programs aiming at improving living conditions & opportunities for children, youth, women and households. It provides 2 programs in Jordan: respond to any humanitarian demands in the field of child protection, education, food & basic living requirements, as well as developing special programs to save children & train NGOs to be sustainable & independent. Other programs & projects are planned.</p>	MEPS

Continued / Table (55) New banking services introduced by banks in 2013

Bank	Service	Service description	Service Provider
Jordan Ahli Bank	Increasing the daily ceiling of instant discount cards drawings	Increasing the daily ceiling of cash drawings from JD500 to JD1000. Increasing the purchase ceiling to JD 5000 up from JD 2000.	CR2
	Issuance of subsidiary discount cards	Owners of individual accounts can ask for issuance of max.5 subsidiary discount cards, free of charge and for first degree relatives.	CR2
	Soft loan	Loan granted to SMEs at a low interest rate to back growth in SMEs sector. Funding is done through purchase of goods or fixed assets. It is either a reducing or renewable loan.	Jordan Ahli Bank
	OPIC- guaranteed loan	Loan granted to promising SMEs through proper cash flows. Those SMEs don't have proper collaterals.	Jordan Ahli Bank
	SMART COMPANY	The only magazine specialized in SMEs in Jordan. Issued periodically in Arabic and English. It includes: 1. Experiences; 2. Expertise perspective; 3. Practical tips; 4. Management; 5. Documents, articles, guidelines on setting up and develop enterprises; 6. Money and more subjects. In addition to printed editions, e-copy of the magazine can be downloaded through: 1. Google Play or I Tunes through smart phones; 2. www.ahli.com 3. Jordan.SMEtoolkit.org	Jordan Ahli Bank
	More activation of Ahli Bank Academy	Comprehensive training programs, seminars, workshops and acquaintance in different fields of SMEs running & developing by the best experts in the field. Academic specialization & domains. Consultative, training seminars and lectures by specialists to provide technical and training assistance to SMEs clients. Providing entrepreneurs with the basic information & steps to develop their business. Facilitating contact between existing SMEs clients and enabling them to build mutual benefit relationship and to benefit of acquired experience. Inaugurating fairs and specialized acquainting workshops for the banks' products and services to create opportunities of trade & marketing among clients & to be acquainted with their specializations. Training small businesses on management systems that are appropriate to their unique nature. Acquainting investors of funding windows and lending terms and advantages. Distribution of specialized publications on services and products relevant to all business aspects. Lectures, training programs and seminars.	Jordan Ahli Bank

Continued / Table (55) New banking services introduced by banks in 2013

Bank	Service	Service description	Service Provider
Jordan Ahli Bank	Greater activation of Jordan.SMEToolkit.org	The program provides SMEs around the clock internet access to specialized information & interactive tools & educational resources that enable them to carry out proper practices, getting funding & enter new markets. It also showcases hundreds of free business activities that include: accounting & funding; human resources; local & international business activities; legal aspects & insurance; marketing, sales, processes and technologies. It also provides a vast set of information necessary to raise the SMEs owners' awareness of market developments that include: articles, news, local events, tenders, legal forms, interactive tools, models of business activities, programs, etc.	Jordan Ahli Bank & IFC
	Activating the integrated time model to serve SMEs clients via business centers	Business centers represent the front line of services presented by the banking services group to SMEs. This reflects a positive image of the Ahli Bank as the incubator of businesses in the markets where it exists. It is able to deal with these sectors' needs through professional employees present in the business centers to provide a variety of banking services relevant to the business sector. This is in addition to non-profit services that take into consideration the needs of all clients of SMEs segments in the different economic sectors.	
Cairo Amman Bank	ATM for the visually impaired	ATM cards for cash withdrawals particularly made for this segment of clients.	Internal
	Asset management through E-Private Banking	A product that permits managing assets through an electronic system and according to investment standards defined by the client on the trading place.	Swissquote
	Prepaid Visa card	Prepaid cards that enable the client to make cash withdrawals from ATMs and purchase processes via selling points.	Internal
Bank of Jordan	Banking cards	5 banking sets that provide banking solutions and services to clients.	Internal
	Visa Electron cards in new designs	5 Visa Electron cards presented in new distinctive designs to clients of new banking sets.	
	My points program	The program is for clients of banking sets. It is one of a kind in banks. It enables client to collect points through most of his transactions with the bank in addition to purchase movements on his credit card.	Internal
	Change credit card password on machines	The client can via ATM change the password of his visa credit card. This facilitates banking service to clients as they are given a password they choose by themselves so that they don't forget it. They have the possibility to change the password more than once.	

Continued / Table (55) New banking services introduced by banks in 2013

Bank	Service	Service description	Service Provider
The Housing Bank for Trade & Finance	Business vehicles product	A loan that provides clients from the segment of companies, enterprises, professionals and business owners, proper funding to buy new or second-hand vehicles for their work. Pick-ups, vans, big cars, buses and trucks of all sizes that are used for business purposes to enable clients to carry out their work and increase the project's productivity.	Internally developed.
	MasterCard product	A credit card of renewable credit ceiling that provides their holders the possibility to fund personal and family funding and cash withdrawals at the local or international levels around the clock. The used balance is settled at monthly installments and at rates ranging from 5%-75% or full settlement of the balance at once.	Internally developed.
	MasterCard for direct payment	A credit card issued that provides its holder the possibility of making personal and family purchases and cash withdrawals at the local or international levels within the available balance.	Internally developed
Jordan Kuwait Bank	MasterCard	Issuance of MasterCard in all its categories: classical, golden, platinum.	MasterCard Inc
	MasterCard direct discount	Issuance of MasterCard direct discount in all its categories: classical, golden, platinum.	MasterCard Inc
	Black card. The American Express Centurion Card	The bank issued the Black Card for the first time in Jordan and the region.	American Express
	Prepaid cards for Syrian refugees	The bank cooperated with a number of charity organizations to issue prepaid cars to Syrian refugees and Jordanian families in need.	Internally developed
Arab Jordan Investment Bank	Visa Electron cards	Old cards using magnetic ribbon were replaced by a smart card	EMP
Jordan Commercial Bank	Tijari loan	A product for personal loans that has standards to attract wider segments, in addition to other competitive advantages that distinguish Jordan Commercial Bank.	
	Tijari tawfeeri	A product for savings accounts that aims at attracting different segments of society and addressing all segments. It also has standards to grant gifts all the time such as lottery each three working hours, mid-month lottery and special lotteries.	

Continued / Table (55) New banking services introduced by banks in 2013

Bank	Service	Service description	Service Provider
Invest Bank	Signature Visa Card	Card for Prime clients that enables them to enjoy a set of life privileges, including an excellent expenditure capacity with high credit limit. Signature Visa is accepted in tens of millions of centers around the world, including 1.9 million ATMs.	Visa International
	Cash rewards program	The program enables clients to have 2% refund of the total local and international purchases done by his visa credit card. All credit card holders in the bank are considered subscribers in the program without submitting an application.	EMP
	Pay as you wish	<ul style="list-style-type: none"> By this flexible program, the client can pay the value of his local and international purchases in installments He can also enjoy paying at equal installments for 6 months at zero % interest. 	EMP
	Balance transfer	The client can transfer his outstanding credit card balance from any bank into the INVESTBANK credit card and get a zero % interest for 3 months followed by 1% until the whole amount is settled.	EMP
	VIP Prime service	INVESTBANK started a center that caters for PRIME clients' needs by providing them with exceptional services. This includes banking solutions anywhere around the clock to all your requirements via a set of services that are in line with your personal needs.	Internally developed
Arab Banking Corporation-Jordan	Call center	This service helps clients by answering their inquiries regarding their banking transactions.	Internally developed
Bank Al-Etihad	Savings accounts product	Three current accounts that allow clients to save and entitle him to enter the lottery on valuable cash and in kind prizes. Each account targets a specific segment: <ol style="list-style-type: none"> My son account: children from one day to 17 years old. Champion account: sports lovers. Tharaa account: all clients whether employees or self-employed, in addition to Jordanian expatriates. 	Internally developed
	Real estate loan linked to savings account	This is done to make use of the credit interest amounts accumulated on the savings account for the partial settlement of the real estate loan granted to the client. This way, whenever the client makes a deposit into his account and his balance increases monthly, the value of accumulated interest will be credited to the loan as a monthly settlement of the principal amount.	Internally developed

Continued / Table (55) New banking services introduced by banks in 2013

Bank	Service	Service description	Service Provider
Societe General - Jordan	Gains account	One account with doubled advantages. Clients can get exceptional set of advantages, banking products and services to achieve the maximum profit and comfort. The account allows clients to get many services and products for a monthly subscription fee of 5.70 JD only.	
Capital Bank	SMS Banking for corporate clients	Follow up of financial movements done via text messages.	Access 2 Arabia
	Capital center for client services	A simple and prompt way to answer clients' inquiries 7 days a week.	United Telecom Services Co. Ltd
	Website for smart phones	The website was launched with a version for smart phones in English and Arabic.	Dat.jo
	Website for I Pad	The website was launched with a version for I Pads in English and Arabic.	Dat.jo
	Main membership from MasterCard	The bank achieved the major membership from Master Card Inc.	Master Card .Inc
	Capital residential offers 100%	The product offers a set of preferential advantages, the most important is the possibility of 100% funding of the real estate value.	Internally developed
	Agreement with French Development Agency (AFD)	The agreement aims at providing medium to long term facilities at interest rates for existing and future bank clients working in the field of environment.	In cooperation with AFD
	Advances to manufacturing, tourism and renewable energy sectors	The said sectors are funded by up to 10 million JDs at preferential and fixed interest rates for 5 years	Internally
	Loan guarantees facilities with Cooperative Housing Foundation	Funding loans of SMEs are granted with a guarantee from OPIC.	In cooperation with OPIC

Continued / Table (55) New banking services introduced by banks in 2013

Bank	Service	Service description	Service Provider
Jordan Islamic Bank	Labbayk product	A product to fund costs of pilgrimage (Haj and Omrah), by land and air transport.	Future Applied Computers Technology Co (FACT)
	Iqraa product	A product to fund the academic costs of university and school students	Future Applied Computers Technology Co (FACT)
	Application of IBAN	Application of IBAN	Future Applied Computers Technology Co (FACT)
	Expansion in ATM network	The bank's ATMs amounted to 134 machines by the end of 2013, spread all over the kingdom.	Diebold, NCR, Wincor
	Client's complaints' unit	Activation system of clients' complaints	Business Consultation co.
	Call center	Receiving clients' complaints	Business Consultation co.
	Instant cash deposit- ATM	Introducing acceptance of instant cash deposit via ATMs without an envelope.	Hi-Teck payment Systems (HPS)
	Money transfers between client's accounts- ATM	Transfers between the accounts of the same client.	Hi-Teck payment Systems (HPS)
	International Islamic Arab Bank	Credit card in installments	Visa card paid in installments without any additional profits or commissions on the amount paid in installments, with the possibility to flexibly choose settlement rates starting from 5% of the outstanding balance.

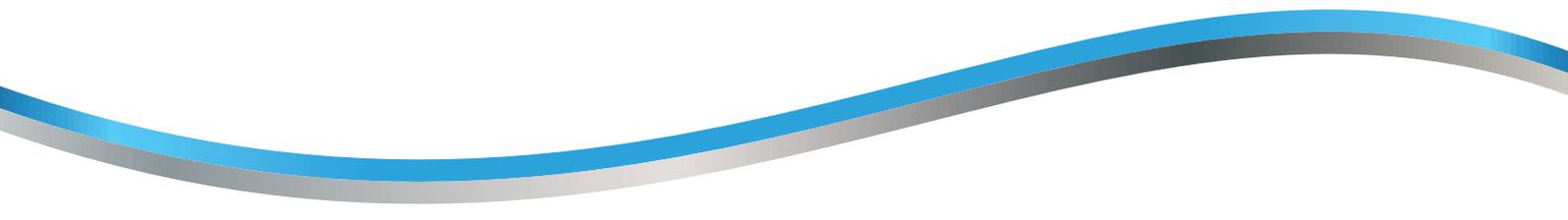
Continued / Table (55) New banking services introduced by banks in 2013

Bank	Service	Service description	Service Provider
Jordan Dubai Islamic Bank	Mobile banking	This service permits subscribers to access their accounts all the time and at all places through their smart phones of APP STORE/ ANDROID STORE, in a secure and quick way.	External (Arab Internet Services Co)
	e-bank statement	This service permits subscribers to receive bank statements at their emails.	External (Arab Internet Services Co)
	Launching the 2nd level of IBS	A free of charge service around the clock that allows clients to see their accounts, balances, movements, inter accounts transfers, apply for check books, see currency exchange rates and information on branches and other various advantages.	External (Arab Internet Services Co)
	VIP clients' service	It allows VIP clients to reserve their place through the smart phone before they arrive at the bank.	External (Arab Internet Services Co)
Al-Rajhi Bank	Credit Cards/ Visa Cards	The card entitles the client to withdraw cash, purchase a product or a service at a limited ceiling granted to clients. The whole used amount is settled at its due date at the end each month according to credit card terms without profits.	SANAD CO
HSBC	Secure Key	A unique and distinguished tool designed specially to provide clients with the greatest security and protection against fraud. It makes a new password each time the client uses it to register entry to personal banking services through the internet.	
Egyptian Arab Land Bank	e-bank statements and notices	Clients are able to receive their monthly bank statements electronically via internet bank or emails.	Access to Arabia
	IBAN	The IBAN is applied in e-payments locally and internationally.	Central bank of Jordan
	FATCA	US tax compliance act for foreign accounts that ensures American tax payers pays his dues and does not evade taxes.	IRS

Continued / Table (55) New banking services introduced by banks in 2013

Bank	Service	Service description	Service Provider
Citibank	E-Swift	A service to enable clients to get copies of the Swift incoming and out coming messages of financial transfers relevant to their accounts via the e-system of Citibank.	Internally developed
	TABLET	Introducing e-payment services via tablets.	Internally developed
	DIRECT PRESENTATION	Electronic system used solely for incoming documentary credits relevant to the exchange and proofreading of documents between the bank and the client.	Internally developed
	Standing instructions	The service permits clients through the electronic system of Citibank to make standing instructions that concern transfers among accounts of the same client for a fixed period and at a fixed amount.	Internally developed
BLOM Bank	MasterCard Platinum	A credit card issued to VIP clients at a limit of 7000 JDs or more. It includes many advantages like entering airport lounges, life & accident insurance during travel, specifying warrantee time limit of purchases and other services that the bank offers its clients free of charge.	CSC Bank
	MasterCard Titanium	A distinctive credit card with its external design. It grants many advantages like entering lounges of some airports, setting the warrantee time limit and other services that the bank offers its clients free of charge.	CSC Bank
	3D Secure Service	A service that protects purchases done through credit cards on the internet through a onetime password (OTP) for the client's smart phone once buying through the internet.	CSC Bank
National Bank of Abu Dhabi	e-banking services	Banking services via the internet that enable the client to make inter account transfers, international transfers, settling financial obligations by the credit card issued by NBAD.	

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 2013 by 3.1% compared with 2012, thus reaching the number of 18423 employees of both genders.

Table (56)

Distribution of Bank Employees by Gender (2005 – 2013)

Year	Males	Relative Distribution %	Females	Relative Distribution %	Total	Change percentage (%)
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
2013	12188	66.16	6235	33.84	18423	3.1

Source: Banks' data

As for the distribution of bank employees according to gender, the percentage of males dropped from 69.3% in 2005 to 66.2% at the end of 2013. As such, the percentage of females went up from 30.7% in 2005 to 33.8% at the end of 2013. 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 72% of the total number of employees at the end of 2013 compared to 55.7% in the year 2005. The number of diploma holders declined reaching 13.8% at the end of 2013. In addition, The percentage of workers who hold Tawjihi certificates or less drop to 14.3% at the end of 2013.

Table (57)

Distribution of Bank Employees by Education Level (2005 – 2013)

year	Doctorate		Master		Bachelor and higher diploma		Diploma		Tawjihi		Without Tawjihi		Total
	#	%	#	%	#	%	#	%	#	%	#	%	
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
2013	42	0.2	1189	6.5	12035	65.3	2535	13.8	1046	5.7	1576	8.6	18423

Source: Banks' data

3 - Distribution of Bank Employees by Age Groups

The percentage of employees aged less than 25 years decreased from 13.6% in 2012 to 12.1% in 2013, whereas the percentage of employees aged between 25 years and 39 years increased from 59.8% in 2012 to 61.1% in 2013. In addition the percentage of those aged between 40 and 59 years of age increased from 26.1% in 2012 to 26.4% in 2013. The percentage of those above 60 years of age and still employed remained unchanged at 0.5%.

Table (58)

Distribution of Bank Employees By Age Group (2005 -2013)

Year	Less than 25 years		25-39 years		40-59 years		More than 60 years		Total
	#	%	#	%	#	%	#	%	
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
2013	2232	12.1	11252	61.1	4856	26.4	83	0.5	18423

Source: Banks' data

4 - Marital Status of Employees

The percentage of single employees to the total number of workers in banks went down to 37.5% in 2013 compared with 38% in 2012, while the percentage of married employees went up to 62.5% of the total employees, compared to 62.5% in 2012.

Table (59)

Distribution of Bank Employees By Social Status (2005 -2013)

Year	Singles		Married		Total
	#	%	#	%	
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
2013	6901	37.5	11522	62.5	18423

Source: Banks' data

5 - Geographical Distribution of Bank Employees by Governorate

The number of employees in banks in the governorate of the capital totaled 15393 male and female workers, or 83.55% percent of the total number of bank employees. The Irbid governorate accounted for 4.74% of the total number of bank workers followed by the Zarqa governorate which accounted for 3.69%. The Balqaa Governorate contributed with 1.74% of bank employees; the Aqaba Governorate with 1.32%; the Karak Governorate with 1.26%, 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 2013

Governorate	Number Of Employees	Geographical distribution of employees (%)
Amman	15393	83.55%
Irbid	874	4.74%
Zarqa	679	3.69%
Balqa'	321	1.74%
Aqaba	244	1.32%
Al Karak	233	1.26%
Madaba	134	0.73%
Maan	125	0.68%
Jerash	106	0.58%
Ajloun	106	0.58%
Tafleh	75	0.41%
Mafraq	133	0.72%
Total	18423	100.00%

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 2013

Banks	Amman	Irbid	Zarqa	Aqaba	Balqa	Karak	Madaba	Maan	Jerash	Ajloun	Tafleh	Mafraq
Arab Bank	2624	35	56	21	27	9	9	11	5	6	6	8
Jordan Ahli Bank	1115	45	35	19	39	13	11	12	10	0	11	8
Cairo Amman Bank	1157	96	54	31	53	38	19	25	16	23	10	24
Bank of Jordan	1222	80	50	11	9	7	9	6	10	8	0	10
The Housing Bank for Trade & Finance	1706	166	106	27	42	42	13	32	11	21	17	16
Jordan Kuwait Bank	818	36	36	11	22	5	8	0	0	0	0	5
Arab Jordan Investment Bank	383	14	13	11	0	0	0	0	0	0	0	0
Jordan Commercial Bank	491	31	15	11	24	10	9	0	0	0	0	9
Investbank	377	8	7	7	0	0	0	0	0	0	0	0
Arab Banking (Corporation) Jordan	452	7	6	7	5	7	5	0	6	0	0	7
Bank Al-Etihad	664	25	16	12	4	0	7	0	0	0	0	0
Societe General - Jordan	208	5	5	5	0	4	3	0	0	0	0	0
Capital Bank	477	8	15	8	0	0	0	0	0	0	0	0
Jordan Islamic Bank	1186	229	186	22	71	89	27	39	38	40	23	29
International Islamic Arab Bank	612	32	38	10	15	9	8	0	9	8	8	9
Jordan Dubai Islamic Bank	303	9	11	0	9	0	0	0	1	0	0	0
Al-Rajhi Bank	106	0	0	0	0	0	0	0	0	0	0	0
HSBC	230	9	5	0	0	0	5	0	0	0	0	0
Egyptian Arab Land Bank	255	9	11	8	0	0	0	0	0	0	0	8
Rafidain Bank	27	0	0	0	0	0	0	0	0	0	0	0
Citi Bank	56	0	0	0	0	0	0	0	0	0	0	0
Standard Chartered	198	5	0	5	0	0	0	0	0	0	0	0
Bank Audi	226	8	0	6	0	0	0	0	0	0	0	0
National Bank of Kuwait	103	0	0	0	0	0	0	0	0	0	0	0
BLOM Bank	346	16	13	12	0	0	0	0	0	0	0	0
National Bank of Abu Dhabi	51	1	1	0	1	0	1	0	0	0	0	0
Total	15393	874	679	244	321	233	134	125	106	106	75	133

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 34314 male and female employees took part in 2013. The number of participants in training courses held in local training centers reached 5442 male and female employees, while the numbers of employees participating in training courses held abroad amounted to 315 male and female employees.

Table (62)

Number of Employees who attended training courses in 2013

Bank	training centers of the banks		local training centers		training courses abroad	
	Males	Females	Males	Females	Males	Females
Arab Bank	3029	2267	373	142	17	5
Jordan Ahli Bank	1498	1172	264	128	7	4
Cairo Amman Bank	1828	1303	528	268	13	7
Bank of Jordan	5571	3558	42	29	3	1
The Housing Bank for Trade & Finance	2300	1390	334	260	32	7
Jordan Kuwait Bank	1175	640	140	42	15	2
Arab Jordan Investment Bank	188	95	46	21	0	0
Jordan Commercial Bank	582	383	320	148	25	5
Investbank	51	23	52	28	3	0
Arab Banking (Corporation) Jordan	282	127	79	39	7	2
Bank Al-Etihad	531	504	151	96	16	10
Societe General - Jordan	115	56	36	8	2	1
Capital Bank	117	80	119	65	16	3
Jordan Islamic Bank	2967	253	666	7	41	0
International Islamic Arab Bank	195	57	264	98	12	2
Jordan Dubai Islamic Bank	813	302	81	27	0	0
Al-Rajhi Bank	110	10	36	11	1	0
HSBC	-	-	-	-	-	-
Egyptian Arab Land Bank	135	119	40	20	0	0
Rafidain Bank	0	0	0	0	0	0
Citi Bank	0	0	15	9	11	4
Standard Chartered	40	39	21	12	11	7
Bank Audi	80	55	100	80	8	3
National Bank of Kuwait	0	0	13	10	4	1
BLOM Bank	135	89	106	41	4	3
National Bank of Abu Dhabi	22	28	12	15	0	0
Total	21764	12550	3838	1604	248	67

* 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 2706 male and female employees during 2013, compared to 2426 in 2012. The number of those who quit for all kinds of reasons reached 2024 male and female employees in 2013 compared to 1975 workers during 2012.

The 2013 staff turnover (total resignations / total employees x 100%) decreased slightly to 10.99% at the end of 2013 compared to 10.05% in 2012.

Table (63)
Appointments and Resignations (2005 – 2013)

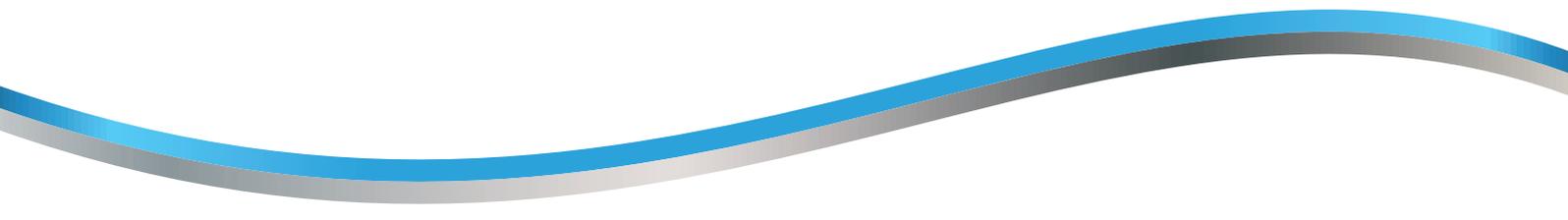
Year	Resignations*	Appointments	Staff Turnover Rate %
2005	1341	2094	10.17
2006	1778	2761	12.55
2007	2131	3168	14.15
2008	2200	2857	13.86
2009	2229	2026	14.12
2010	2240	3202	13.48
2011	1909	2774	11.00
2012	1975	2426	11.05
2013	2024	2706	10.99

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

Source: Banks' data

Chapter Eleven

ABJ's Activities in 2013



The ABJ carried on exercising its mandate of discussing and following up the different issues submitted by member banks. Those issues were thoroughly and profoundly discussed by the association's specialized technical committees as they raised banks' remarks to concerned authorities whose response was highly earnest; many remarks and suggestions that the ABJ raised on behalf of its member banks concerning different issues were taken into consideration as a result.

In the field of training, the ABJ held in 2013 a number of meetings, seminars, workshops, training sessions and lectures on issues and subjects of concern to the banking system.

As regards studies, the ABJ published in 2013 a number of publications, reports and studies on the Jordanian banking system. The following are the most outstanding ABJ activities during 2013.

A - Public Policy Issues

❖ The ABJ discusses instructions on fair and transparent treatment of clients

The ABJ held an extended meeting attended by experts from the CBJ, the ABJ and banks working in Jordan on March 27th, 2013 to discuss the banks' remarks and inquiries regarding the instructions on fair and transparent treatment of clients (56/2012), issued by the CBJ.

The meeting came as a result of the ABJ receiving many inquiries regarding some terms of the instructions and the way they can be implemented, especially as the instructions were already issued and will come into force for all banks working in Jordan 180 days after the publication in the official gazette, which means that they will be enforced in May 2013.

Director of ABJ's Studies Department Fadi Mashharawi welcomed attendees from the CBJ and member banks, saying that the purpose of this meeting is to answer the banks' questions and queries regarding the instructions, as well as to give the CBJ a clear picture of the challenges and difficulties that banks might face in implementing those instructions.

On his part, assistant executive manager of CBJ's Banking Supervision Department Arafat Al Fayyumi stressed the CBJ's deep interest in those instructions and its seriousness in implementing the same as they have a great influence on regulating the banks-clients relationship. This is in the interest of banks themselves and those who deal with banks, he said.

He went on to say that the CBJ discussed in advance the draft instructions with banks before they were issued; that most remarks submitted by banks were taken into consideration when the instructions were discussed between ABJ representatives and the CBJ's higher management, and that their remarks were taken into consideration.

Therefore, he emphasized that there will be no postponement for the enforcement date of those instruction. Fayyumi added that the CBJ had not backed off the policy of unfixed commission rates; rather, higher ceilings were calculated from the commission rates already there in banks. The annual percentage rate (APR) reflects all costs borne by the client in one rate.

Fayyumi explained that the objective of those instructions is to manage risks and ensure fairness, transparency and equal opportunities and protecting banks from some excesses, thus guaranteeing the bank's and the client's rights alike.

Sawsan Jarrar, of the CBJ, said she received many inquiries from banks about the implementation, as well as the APR calculation. She explained that APR calculation is a technical issue done through a computerized formula. The APR, she said, is required from both conventional as well as Islamic banks.

Representatives of member banks came up with a number of remarks and inquiries that were answered by CBJ representatives. A proposition by the CBJ explaining how to deal with dormant accounts was given to attendees to consider it and give necessary feedback before it is officially adopted.

Those present at the meeting reached an agreement that banks should directly provide the CBJ with any legal remarks they have on the instructions; they also asked CBJ representatives to discuss the adjournment of instructions' enforcement date with their higher management for two months at least, as this is the demand of all banks. CBJ representatives were also asked to list all questions and inquiries regarding the instructions on the CBJ website so that all banks can browse and benefit of answers thereto.

At the same day, a meeting was held between the CBJ representative Teremmah El Ramahi, Licensing and Capacity Senior Specialist at CBJ National Payments Council, and technicians of member banks to discuss instructions of having fair and transparent dealings with clients.

B - ABJ committees' meetings

❖ ABJ considers protecting checks against forgery

The ABJ held on Jan. 21st, 2013 a meeting that comprised of 53 representatives of member banks and representatives of Central Bank to discuss the issue of forged checks. The meeting was attended by the ABJ general director and the ABJ's financial and administrative director Bassem Adi.

The ABJ Director General Dr. Adli Kandah welcomed attendees, saying that check forgery is witnessing a nonstop increase. This propelled CBJ Governor Dr. Ziyad Fareez to raise it at the most recent session of the National Payments Council. The ABJ board of directors also brought this subject up and decided to invite banks concerned to elaborately discuss the issue to come out with definite recommendations to overcome the problem.

Attendees suggested that adding any new security marks will not curb check forgery, but rather it will increase the burden on the check examiner. The lesser the security markers, the easier it is to detect forgery.

They suggested that the CBJ and banks reconsider the possibility of restoring the original legal status of the check as an unconditional payment order that it is not reused as a credit instrument, and to apply the digit check that is due to be compulsory implemented by the end of this month.

They called for new security marks that can be detected through ECC-based systems as well as resorting to the best choice in check forgery which is the termination date for the check validity which does not exceed five years.

They also suggested adding a magnetic ribbon on the bottom of the check containing account number, bank code and branch code, as is the case in Visa Cards. Furthermore, they demanded equipment that detects security marks just as is the case with banknotes. They also demanded reconsideration of the

collection date of T+0 so that the deposit date is given an additional day to examine those checks. T+1, they said, will allow banks to communicate better with their clients.

They also called for the activation of the fingertip system on the check by being linked to an information center of the banking system as a whole. This, they claim, would create, on the medium and long terms, a data and information base that will make banks highly secure in ECC transactions.

Banks' representatives were asked to provide the ABJ with their feedback on the subject of forged checks.

❖ The ABJ holds a meeting for Information Safety and Risks Committee

The ABJ held on July 8th, 2013 a meeting on the Information Safety and Risks' Committee. The meeting was opened by the ABJ Director General who welcomed members of the Information Safety and Risks' Committee, and stressed the necessity to finalize the ad campaign on the information safety and risks to be promptly presented in full detail to the ABJ's board of directors.

The committee's head Ayman Ghannoum gave a briefing on past meetings, the campaign's theme and the most important points achieved in this regard. He said that the only point of disagreement concerns the campaign's funding: should it be divided equally among banks or should the costs be in proportion with the size of the bank? He proposed in this regard that the campaign be funded by the ABJ's fund and opened the floor for more discussions by the committee members.

Ghannoum underlined the fact that the estimated cost of the campaign for each bank does not exceed 10 thousand dinar. "This is a relatively insignificant amount as banks usually pay higher price for equipment and services to enhance the security and protection of information and reduce their risks," he said.

He also stressed that "one attack could cost the targeted bank much more money, let alone the damage to the bank's reputation."

CBJ representative suggested that the committee agree on available choices and write down their recommendations as a preliminary step to be submitted to the ABJ's board of directors which will choose one of them. He also suggested that the ABJ organizes an event with international companies working in Jordan so that these companies sponsor the event and cover some costs of the ad campaign.

Participants also discussed the possibility of issuing appropriate recommendations. Some of these suggestions included meeting banks' managers to put them in light of the campaign's subject, or that the campaign subject is included in the special agenda of the periodic meeting of banks' managers at the ABJ.

After intensive discussions, recommendations to provide the required budget were provided; namely, that the committee chooses one of the following recommendations for funding:

1. Increasing the participation amount by all banks at the same participation rate decided for each bank, so that the total increase is equal to the budget required for the next year.
2. Launching a project run by the ABJ to provide funding and sponsorship of the campaign by private sector companies that support the campaign's goals.
3. Dividing the required amount equally among all banks.

4. Dividing the required amount into banks in proportion with the size of the bank.

Ghannoum opened the floor to discussing the idea of sponsoring a conference on information safety and risks at Jordan's banking sector. Committee members agreed to this.

❖ **ABJ discusses new banks join the JODIBUR**

The ABJ held on Wednesday, Aug. 28th, 2013 a meeting for representatives of the ten banks currently participating in the pricing of inter-bank lending rates (JODIBUR). A representative of banks desiring to join the JODIBUR attended the meeting.

The meeting was held to discuss some banks' requests to join the JODIBUR, as the ABJ had previously held a preliminary meeting of the representatives of all banks working in Jordan on July 16th, 2013 which recommended referring this issue to a smaller committee that comprises banks currently participating at the JODIBUR and a representative of banks that want to participate in the pricing process.

Attendees discussed a number of issues, such as the present pricing efficiency and the extent to which the joining of new members would affect it. They recommended that the same pricing mechanism continue to be used, by eliminating the highest and lowest rates from pricing, regardless of the number of banks joining the JODIBUR.

Attendees also underlined some criteria and conditions that should be available in banks endorsed to join the JODIBUR, including diversity, which means having Jordanian and non-Jordanian banks, as well as small and big banks. Some judgment will be made regarding banks wanting to join, as the bank with higher activity volume will be accepted.

❖ **ABJ holds a meeting of the legal committee**

The ABJ organized on 19-20 Aug. 2013 a two-day meeting of the legal committee at the ABJ headquarters which comprised of 13 representatives of member banks. The new draft of the bill on collaterals was reviewed to come out with unified feedback and recommendations for banks.

❖ **Legal committee's meeting**

The ABJ held a meeting of its legal committee on Wednesday, Oct. 23rd, 2013, attended by the ABJ Director General and 14 members of the legal committee as representatives of member banks.

Attendees discussed assignments to the Ministry of Public Works where the ministry accepts one draft of assignments but excludes judicial sequestration and any penalties or claims against the contractor, although it is willing to accept any approach that does not prejudice the rights of banks and at the same time safeguards the ministry's rights against contractors and does not contradict judicial judgments.

Participants also discussed acknowledgment of members of board of directors to have attended meetings and voted in call conferences, video conferences and via Skype, as these technological advancements made it possible for people to attend meetings and vote while abroad at the time the meeting was held, or because of their inconvenient travelling schedule.

Attendees also discussed the issue of powers of attorney (POA) issued by Jordanian courts to banks working in Jordan to carry out banking transactions by virtue of these POAs. Currently, they argued, there is no one official and unified way to verify the POAs' validity or the validity of data contained therein, or to verify whether they are still valid or had been revoked as is the case in the Civil Status system or the website of the Companies Control Department, where information can be verified through these systems. There is no such linking system through which banks can verify data contained in the POAs presented.

The committee also discussed the draft law on business restructuring and bankruptcy and liquidation procedures for the year 2012, in addition to the issue of bad debts and prolonged legal procedures of collection, which no longer make the desired pressure that banks want to settle the accounts of their bad clients.

❖ Legal committee meeting

The ABJ held a meeting of the legal committee on Wednesday, Dec. 4th, 2013 attended by the ABJ's Director General and 18 legal committee members as representatives of member banks.

Attendees discussed the issue of board of directors' members having the choice to attend meetings via conference call, Skype and video conference as was decided by the board of directors' meeting held on Oct. 28th, 2013.

The subject of debtors asking for debt restructuring arrangements to hinder execution on bonds securing their debts was discussed as well as the issue of check endorsements.

❖ Banks carry out an awareness campaign on information security and risks and banking technologies

Participants at the Information risks and security committee decided to nominate some bank marketing managers as team members of the media campaign recommended by the committee to raise awareness on information risks, security and its technologies and electronic fraud.

The team comprised of Tareq Haj Hassan of the Arab bank, Hani Khadher of Cairo Amman Bank, Iman Afanah of Jordan Dubai Islamic Bank, Hoda Al Khateeb of Al Ittihad Bank, Khaldoon Rababaah of Capital Bank, Rawan Saeed of Standard Chartered Bank and Basheer Omar of the Housing Bank.

The committee's meeting was held in Jan. 16th at the ABJ headquarters, where the ABJ's Director General stressed the necessity to continue the work to achieve the committee's goals.

He added that the campaign belongs to all banks which might lack the necessary resources to do this job as best as possible. So, he said, a recommendation was made to seek help from specialized parties to do this job for the banking sector and to prepare a presentation to be submitted to the ABJ's board of directors for review.

Head of Committee Ayman Ghannoum had prepared a working paper in cooperation with the media campaign team which comprises of Abeer Batayneh, the Committee's vice-president, the committee coordinator Rami Shaheen and committee members Riyadh Jazmawi, Hisham Shamali, Yanal Sunna' and Ali Kabariti. The draft working paper, which contains proposals on the awareness media campaign

targeting citizens on security information and the working mechanism of the campaign, was distributed before the beginning of the meeting.

Ghannoum gave a short briefing on the importance of spreading awareness and security culture as regards banks and clients dealing with information and risks pertaining thereto. He pointed out that awareness messages were prepared previously targeting clients with the approval of all banks. As information security specialists are not experts in marketing, advertisement and public relations, help was sought from marketing experts to reach an appropriate working mechanism to enhance the level of bank clients' awareness and convey these messages in a clear and easy way to be understood and to spare them falling victims to fraud, hacking and revealing sensitive information.

Ghannoum said that the team suggested a group of marketing directors are nominated to join the team so that work will be done on clarifying the scope and costs of the media campaign, to identify the required scope of work, the requirements and to agree on the appropriate assessments and recommendations, provided that these costs, estimated at less than 10 thousand JOD for each bank, are distributed among all banks.

C - Seminars, Lectures and Training Courses

1 - Workshops

The ABJ organized in 2013 a number of workshops that can be summarized as follows:

❖ ABJ holds a workshop on renewable energy

The ABJ, in cooperation with Electricity Regulatory Commission (ERC), held a workshop on renewable energy on Feb. 25th, 2013 in which representatives from member banks participated. The workshop aimed at shedding light on a number of renewable energy projects, especially the solar and wind energy projects that can make efficient energy consumption and reduce the costs of fossil fuel.

Participants highlighted the fact that their managements are considering the shift from conventional energy into renewable energy as a way to curb the increasing costs of electric power bills.

ERC's representative said that solar power generating plants consist of photovoltaic cells that convert sun rays directly into electric power supplied to the electric grid via special connection systems.

He pointed out that the ERC issued regulations to regulate selling electric power generated from renewable energy to the main grid. These regulations, he added, enable all categories of consumers to install a generation system of power out of renewable resources and link it to the electric grid.

Regulations also provide for the company to install a meter to record consumption rates from both sides. The consumer consumes energy generated through this system and supplies the excess power to the electric grid. This will be registered at the import registry and an offset will be done between the power generator and the power consumer until a financial settlement is reached by paying for the supplied amount according to rates specified by the regulations.

❖ ABJ, Visa hold a workshop on e-payment

The ABJ, in cooperation with Visa Inc, organized a workshop on e-payment, its effect on and role in Jordanian economy on 27 March 2013.

ABJ Director General said that e-payment systems recently witnessed accelerating technological developments that will have distinct prints on the payment conduct, markets' structures and the relationship between this and the fiscal policy. He stressed the importance of developing the capacities and skills of bank employees to cope up with developments in the e-payments market to serve people and the private sector alike.

On her part, Maha Bahoo of the CBJ said the central bank developed legislations on e-payment supervision and the inclusion of new provisions that enable the CBJ to assume this role.

Azzam Alameddin, Senior Director of e-payment at Visa MENA & Francophone Africa briefed attendees on the latest developments that this sector had in the region as well as its positive effects on economies, its role in facilitating issues for clients, businessmen and service providers.

E-payment expert at Visa Violina Shahetiba discussed issues related to the economic and social benefits of e-payments, services of banks and an overview of e-payment systems around the world, the basic requirements of these services, risks of e-payments and fraud.

❖ ABJ holds workshop on Focus Solutions for Compliance Departments

The ABJ, in cooperation with Focus Solutions and Microsoft Jordan, held on Apr.23rd, 2013 a briefing workshop on the Focus Power Compliance in banks, designed to fulfill the needs of compliance departments and meet the risks related thereto.

Imad El Fares of Microsoft Jordan briefed participants on the new mechanism used in international banks and the importance of compliance and risks departments in banking and financial processes.

The workshop also reviewed the recent requirements of the compliance departments, the system and how to use it by applying some procedures.

Rami Qottaineh, the managing partner of Focus Solutions lectured about the importance of identifying the components of compliance risks through identifying all laws, regulations, instructions, orders, criteria, conduct standards and the proper banking practices (the best standards for application) that the bank has to adhere to through its compliance director.

He also explained how the system works by identifying supervision systems based on compliance risks to make sure they are within the acceptable risks, amending or increasing supervision systems so that risks are within acceptable limits, and to specify the party that should be in compliance and to identify the management strategy of those risks.

The technical advisor Ziyad Al Ashram presented the system's role in helping banks and financial institutions in identifying supervision systems and the strategy of managing compliance risks through self assessment and the monthly assessment of compliance risks according to the test's date, as the bank's compliance to components of compliance risks is assessed by the person in charge of it.

He also discussed the system's recognition of the bank's level of compliance at all levels, in addition

to recognizing the extent and level of compliance for each type of compliance risks in a quantitative way, and reviewing the reports relevant to each employee, directorate, group or bank, or according to the components of compliance risks so that weaknesses are identified as well as those responsible for the weaknesses. This will also specify the supervision systems which are insufficient to cover compliance risks, review the bank's strategy on risk management, and provide reports to all administrative levels according to details that the bank wants.

❖ **ABJ, MENAITECH, organize workshop on cloud Computing Systems**

The ABJ, in cooperation with MENAITECH, organized a workshop on Cloud Computing Systems on Nov. 6th, 2013 which was attended by a number of banks' representatives.

MENAITECH representative explained the concept of cloud computing, where all systems are totally operated through the internet in a way that provide clients with reduced operation costs, operation fees, database licensing fees and the accessibility to the database at any time. All systems are governed by security and protection units, accessibility mandates, and flexibility in integration with a number of planning systems. They can also work independently of those systems as the user wants.

He also gave a briefing on MENAITECH products that can benefit the banking sector, such as the personnel management system; the payroll and employees' affairs system; the system of employees' assessment and feedback analysis; the system of self services of manager/ employee on the internet; the system of human resources performance indexes; the system of technical backup unit; and the salaries and self services system with the cloud computing technology.

❖ **Workshop on Basel II, Basel III in cooperation with KPMG**

The ABJ organized on July 2nd, 2013 a workshop on Basel II and Basel III in which Mr. Steven Hall lectured.

The lecturer reviewed the objectives of Basel III and the implementation timetable and explained the elements of liquidity and capital, including the definitions of capital and its instruments, the countercyclical capital buffers, systematically important financial institutions, net stable funding ratio, financial leverage ratio, liquidity coverage ratio, and liquidity risks requirements.

Afterwards, challenges and remarks were discussed.

The workshop also focused on interaction between Basel III, stress testing requirements, the third pillar of disclosure requirements, governance agreements and reflections on management.

Furthermore, it handled the credit risks in view of Basel III regulations, including the cost of modified credit, collaterals management and intermediaries.

❖ **ABJ, IFC hold workshop on international principles of out of court restructuring**

The ABJ, in cooperation with the International Finance Corporation (IFC), organized a workshop on international guidelines for out of court restructuring of staggering companies, ways of implementation, and the most important international practices.

The workshop, which is part of the IFC's project to help Jordanian government to draw general guidelines to facilitate the out of court restructuring of staggering companies and corporations, also discussed practical cases and genuine examples.

The IFC study on arbitration or out of court restructuring, presented in the workshop, said that out of court settlements have many advantages: they enable relevant parties to negotiate a plan without causing a stoppage of the debtor's business; they evade the social and economic results of businesses' failure; they alleviate pressure on courts; and, they help the business community to build confidence in the integrity and transparency of insolvency procedures.

The study said that in many countries that do not apply the rules and principles of out of court restructuring or settlement, you can find a number of businesses that could have continued to work were forced to close down because of the lack of possible and available choices to restructure.

The Reports on the Observance of Standards and Codes (ROSC), prepared by the World Bank to the Jordanian government in 2009, recommended that the Jordanian legislation for insolvency and creditors' rights should include a set of published guidelines that are based on the international best practices so that the out of court restructuring is made easier, as this choice can best maintain the economic value and jobs.

The IFC said the rules of Jordanian laws relevant to insolvency and creditors' rights did not change. Furthermore, it said that the last draft of the law on restructuring, bankruptcy and liquidation for the year 2011 (the draft bill) does not handle the issue of out of court restructuring.

2 - Training courses and programs

The ABJ organized a number of training courses and programs in 2013 on the following subjects:

❖ ABJ holds a course on bank credits' risks

The ABJ held a training course on the "Legal and Financial Risks Facing Bank Credits".

❖ ABJ holds program on instructions on banking transactions

The ABJ organized a training program on "Instructions and Orders issued by the CBJ on Bank Transactions." The program, held from Apr. 8th -10th, 2013, was attended by a number of directors, heads of units and sections, and employees at the departments of operations and banking credits, banking facilities, contracts, corporate credits, and employees of internal auditing and revision at the legal departments of banks.

The program, lectured by Mr. Salem Khazaleh, reviewed the rules and the legal, organizational and procedural aspects of the Central Bank of Jordan's Law # 23 for the year 1971 and its amendments, as well as the Banks' Law # 28 for the year 2000 and its amendments relevant to bank transactions. It also handled the procedural, practical and legal aspects provided for in the instructions, orders, circulars and memos issued by the CBJ related thereto that the bank and its employees should abide by before conducting any bank transactions and credits, or signing, renewing, implementing, or terminating bank contracts whether for companies or individuals in the field of fiscal policy as regards mandatory

cash reserves, interest rates, commission rates, repurchase agreements and banks' issuance of deposit certificates and investment portfolios in Jordanian Dinar.

The program also handled some aspects relevant to organization and banking supervision such as bank capital, capital adequacy, liquidity, concentrations of credit, guarantees and bills, banking risks, and not to blame the CBJ for refusing facilities.

Issues relevant to investment and possession were also discussed in terms of banks' possession of shares and stakes in some companies' capital, banks' ownership of insurance companies and real estate ownerships.

In addition to this, the program dealt with bank operations and services such as the bonded services; conducting operations electronically; banks' financial statements; financial statements of Islamic banks; classification and making of allocations; monthly, quarterly bank statements and the quarterly financial statements; correction procedures; penalties on banks' breaches of law; combating money laundering, funding of terrorism; government seizure of monies lost by limitations and administering frozen deposits; dividing legacies deposited in banks; information on the ownership and trading of financial instruments; adopting the ID card in banking transactions; and, cooperating with diplomatic missions.

The program also focused on the national payment system in the field of checks and clearance; the general conditions for bank accounts in Jordanian Dinar; cancellation of manual signature; information service from the Customer Information Service; Real time gross settlement systems (RTGS); dealing with banknotes, counterfeited banknotes; and, ministries and government entities' accounts at licensed banks.

Khazaleh clarified in this program the legal, contractual and supervisory consequences, as well as the obligations and duties borne by banks and their employees, and the penalties and fines arising from breaches. He also focused on the means and ways of dealing with instructions, memos and orders issued by the CBJ.

❖ **ABJ holds training program on managing SMEs' credit risks**

The ABJ organized a training program on managing credit risks for small and medium sized enterprises (SMEs), in which Fareed Hirzallah lectured a number of representatives of banks working in Jordan.

The program discussed the concept and definition of risks; sources of risks for banks; types of risks that they face, including credit, market and operational risks, in addition to other banking risks. The program also handled the definition of SMEs; ways of getting information about them and defining their funding needs; and, the role of Jordan Loan Guarantee Corporation in funding SMEs.

The program also defined credit risks and ways of assessing them according to CBJ's instructions to classify credit facilities, calculate reserves for general banking risks and the provision for impairment of facilities, and other negative consequences of non operating facilities and credit risks according to the resolutions of Basel II committee; and the overall calculations of bank's organizational capital; the ratio of capital adequacy, and linking the concept of the bank's organizational capital to credit concentrations.

The program also reviewed types of credit risks that include risks relevant to the funding process itself,

including those relevant to the nature of the borrower's business in terms of its character, reputation and eligibility to borrow, and to analyze its capacities, qualifications and expertise, and to analyze a set of relevant accounts and its relationship with the bank; the risks of short, medium and long termed facilities; the guarantees' risks in terms of the concept of bank collaterals as an element of analyzing the credit trustworthiness of the client; the difference between collaterals and back-ups; the advantages and merits of the bank's getting collaterals; the cases in which banks resort to demanding collaterals; types of bank collaterals; assessing and documenting bank collaterals, and the constant supervision of collaterals.

In addition to these, the program reviewed risks of settlement sources in terms of assessing the main sources of settlement of the funded enterprise and the extent of their adequacy; assessing alternative settlement sources; analyzing the extent of concord between the value and due dates of installments with the dates of cash flows; the risks of financial statements in terms of reading financial statements and their clarifications and the basis of their making; any reservations thereon; analyzing financial statements for some period by using the recognized instruments of financial analysis; reading the main financial indicators relevant to the client's sector; analyzing and reading the feasibility studies of new enterprises and funding structure; risks of legal documentation of the granted credit, along with giving examples on the risks of legal documentation of credits; and, the procedures to curb risks of documenting collaterals.

The program also handled other risks that are irrelevant to the very funding process but rather resulting from the economic and political circumstances; the set of risks resulting from factors relevant to the bank; and, the set of risks relevant to the funding process.

Several topics were discussed with participants that included beautifying financial statements and its effect on their credibility; the companies whose financial data should be audited according to the Jordanian Companies' Law; should banks lend all their deposits at a rate of 100%; types of collaterals accepted for calculating the allocation for impaired assets according to CBJ instructions.

❖ ABJ holds training course on CBJ's instructions and orders on credit facilities

The ABJ organized a 16 training hours' course on CBJ's instructions and orders on credit facilities.

The course, in which Salem Khaza'leh lectured, was attended by a number of directors, heads of units and sections, and employees at the departments of bank credits, credit facilities, bank contracts, corporate credits, and employees of internal auditing and revision at the legal departments of member banks.

The program reviewed the rules and the legal, organizational and procedural aspects of the Central Bank of Jordan's Law # 23 for the year 1971 and its amendments, as well as the Banks' Law # 28 for the year 2000 and its amendments relevant to granting bank credits. It also handled the procedural, practical and legal aspects provided for in the instructions, orders, circulars and memos issued by the CBJ relevant to credit facilities that the bank and its employees should abide by before conducting any bank transactions and granting credits, or signing, renewing, implementing, or terminating bank contracts whether for companies or individuals in a number of fields that include the requirements of granting credit facilities whether upon granting, extending, termination, maturity, or claim; and the technical, supervisory and legal conditions necessary for interest and commission rates, credit concentrations, guarantees, bills, banking risks, not to blame the CBJ for refusing investment facilities and possession; conducting bank

operations electronically; classification of facilities and making of allocations; correction procedures; penalties on banks' breaches of law; combating money laundering and funding of terrorism relevant to credit facilities.

The course explained the legal, contractual and supervisory effects and the obligations and duties borne by banks and their employees; the breaches and penalties resulting from breaches; clarifying means and ways of dealing with CBJ's instructions, memos and orders.

3 - Forums and round-tables

The ABJ organized the following forums and round-tables in 2013:

❖ ABJ holds course on e-fraud in banks

The ABJ organized a specialized course on e-fraud in banks between 19-20 Aug. 2013, in which Hossam El Abed, the ABJ advisor on combating financial, banking and electronic crimes, lectured.

A number of directors of risks and compliance departments, information security, combating fraud, electronic channels, security, supervision, auditing, and legal departments at member banks took part in the course.

The first day of the course focused on the fraud in internet banking services. The fraud mechanism and steps were reviewed, in addition to the theft of customers' bank data; the role of money carriers in fraud and the geographical distribution of fraud operations. Also reviewed were a number of cases and actual cases of fraud in banking services via internet, smart phones and pre-paid cards at the regional and international levels, in addition to the international best practices to be protected from fraud in internet banking, dealing with it and raising the awareness of bank customers of fraud.

The second day handled fraud in teller machines and selling points, where banks' procedures to protect ATMs and their users were reviewed, in addition to the types of fraud, security of ATMs, fraudulent methods of ATMs and how to combat stealing and copying of cards, stopping and combating ATM fraud and the important role played by raising awareness of customers and card holders.

❖ ABJ hosts international seminar on FATCA

The ABJ, in cooperation with Primus Jordan, organized on Sep. 5th, 2013 a seminar on the American Foreign Accounts Tax Compliance Act (FATCA), relevant to compliance with American tax laws.

The seminar was attended by ABJ's Director General Dr. Adli Kandah and Vice President /Chief Marketing Officer at Primus Amer Nasereddin, as well as experts of SAS International Co., in addition to 40 participants of member banks.

The seminar clarified the main objectives of enacting FATCA, namely, to improve offshore tax compliance by all American citizens in a way that all their bank accounts at foreign financial institutions outside the USA are reported to the Internal Revenue service (IRS) so that revenues of IRS are increased. Foreign financial institutions are required to report on data of their US taxpayers' customers to the IRS to deduct tax on these accounts.

Attendees were briefed on the rules, procedures and software that can be used by member banks to comply with FATCA, and the pioneer software solutions that guarantee the optimal standards of compliance, that are due to come into force on July 1st, 2014.

D. Other activities and news

❖ CBJ Governor meets banks' CEOs and general managers

CBJ Governor Dr. Ziyad Fareez met on March 20th, 2013 the chairman of board of directors and the general managers of member banks at the ABJ headquarters to discuss a proposal to issue development bonds to Jordanians and individuals, provided that mechanisms of offering and selling will be thoroughly discussed later by expert bankers.

The meeting was opened by the CEO of the Association of Banks in Jordan Bassem Khaleel Al Salem who welcomed the CBJ governor and attendees. He stressed that the CBJ efficiently confronted funding challenges, the energy crisis and the decrease in foreign currency reserves in 2012. He hailed the steps and procedures taken by the CBJ to contain these crises and to move quickly to the stage of fiscal stability.

Al Salem expressed appreciation of the consultation mechanism that the CBJ adopts with banks working in Jordan to reach decisions that serve the banking system and increase its strength and stability. He also congratulated banks' CEOs and general managers for the outstanding results of banks' performance in 2012.

On his part, Dr. Fareez said that 2012 was a year of a crisis different than any other. At that year, Jordanian economy faced very bitter circumstances, but, "with the cooperation of the banking system we were able to handle those problems". Thanks are due to the good efforts of banks' CEOs and general managers who had performed their tasks tirelessly. Praise should be given to the Jordanian banking system which succeeded in handling the crisis and bringing the Jordanian economy out of the bottle neck situation.

Fareez pointed out that the banking sector's indicators for 2012 were positive and this makes us proud. The rate of non-performing debts, despite exceptional circumstances, went down to 7.5% in 2012 compared to 8.5% in 2011; the coverage rate of non-performing debts went up to 70.6% compared to 52% in 2011. The capital adequacy rate is good as the liquidity ratio kept its value, while the pre-tax profits and post tax profits increased by 20% compared with the year before.

Fareez said the liquidity problem the year before resulted from the facilities growth volume being affected by two major factors: governmental borrowing and bonds on the one hand, and the decrease in economic growth rates, the slowdown in demand and the crisis of 2012 on the other hand. The crisis peaked at the end of 2012, but we were able to face most of the challenges and difficulties by adopting a number of reform policies at the political, economic and social levels, which built and enhanced confidence in our economy. The results of these policies are felt now through the positive signs of the major economic indicators.

"The government and the CBJ endorsed a number of procedures in 2012 that include policies of financial discipline and handling structural distortions in the public budget," he said. The most important

step was lifting fuel subsidies and directing subsidies to those deserving; this is about 3.6% of GDP. “This is the beginning of the financial reform that will be demonstrated in the decrease in financial deficit and will achieve the sustainability of public debt,” he added.

Fareez said the CBJ updated in May 2012 the operational framework of the fiscal policy by launching two instruments: repurchase agreements of different terms (a week, a month) to organize liquidity in the fiscal market and activate inter-bank market; the second instrument is permitting the CBJ to intervene in the secondary market by buying and selling government financial instruments to provide liquidity that can meet the requirements of economic activity. In the framework of these two instruments, he explained, 1.5 billion JOD were pumped in the fiscal market. Interest rates on fiscal policy instruments were raised three times in 2012, the latest of which was in December 2012 to increase the appeal of investment instruments in Jordanian dinar by increasing the actual return on these instruments. A number of incentives were given to licensed banks to support SMEs and re-lend the industrial sector.

The governor underlined that the International Monetary Fund was content, at the first round of revision of the performance of the Jordanian economy, with the macro indicators of the economy. The second installment of the IMF loan, with a value of 384 million JOD, will arrive next April. He expected the rate of economic growth to hit 3.3% approximately in 2013, and the inflation rate to stay on the borders of 6%. He expected that the current inflation rates will not lead to accumulative inflation in the future, saying he also expects that inflation rates will go back to normal starting from 2014.

He added that in case Egyptian gas supplies continue, the deficit in the kingdom’s current account is expected to go down to 10% in 2013, compared with 18% in the year before.

The governor said that despite effected reforms whose consequences and volume far surpassed what was taken by neighbouring countries, yet we are still facing some challenges, the most important of which is to reform the energy sector which still suffers big financial deficit because of the losses of the National Electric Power Company (NEPCO), estimated at about 1.1 billion JOD (4.8% of GDP in 2013).

He called for taking the necessary procedures to reinstate the balanced financial position of NEPCO within the framework of a definite strategy that takes into consideration subsidizing segments of limited income and low consumption, in order to eliminate the last remaining structural distortions.

He pointed out that the 2013 budget was drawn to be in line with the national reforms program and the objectives of financial discipline. “It is a budget with a developmental aspect as it focuses on funding some capital projects, especially those funded by the Gulf support fund grant,” he said, adding that “the budget deficit is still a challenge that should be corrected.”

He noted that the endorsement of a new tax law will contribute to increasing public revenues.

The governor stressed that the greatest outstanding challenge is the prolonged deterioration of conditions in Syria and the big increase in the number of refugees in the kingdom. This means very heavy financial costs to Jordan as the burden suffered by the public finances of the government is doubled.

Despite the increase in liquidity rates available to lending and what the reform program will provide as part of the funding, yet, he said, this is not sufficient to bridge the funding gap as the government is required to resort to external borrowing. The most important ways of borrowing is to issue Eurobonds to

provide the necessary funding for the private sector at a reasonable cost, and to provide required funding needs to cover the public sector deficit in 2013, estimated at 2.4 billion JOD.

❖ ABJ adopts the strategic plan of 2013 and 2014

The ABJ board of directors adopted the strategic plan for the years 2013 and 2014 which comprised of three main pillars.

The ABJ chairman of board of directors Bassem Khaleel Al Salem said the ABJ is keen to demonstrate the genuine image of banks in the kingdom and their pivotal role in supporting Jordanian economy and upgrading this role to cope up with changes that the kingdom and the region witness.

The plan, Al Salem said, will entail 30 projects, both new projects or developed projects from already existing ones. He stressed that the ABJ will pay special attention this year and the coming year to the Islamic banks by creating a special committee on Islamic banks that discusses issues of Islamic banking. The possibility of setting up a chamber for banking arbitration will be considered as an authority to determine specialized banking issues and cases.

Al Salem told the audience that the plan includes a follow up of the SMEs' loan guarantee agreements with The Overseas Private Investment Corporation (OPIC) to gauge the efficiency of their guarantee mechanisms. He also underlined the board of directors' interest in the acceleration of establishing a credit bureau in the kingdom because of the bureau's role in facilitating the borrowing process by the private sector businesses, reducing funding risks faced by banks, and accelerating the pace of desired economic growth.

Al Salem said FATCA compliance is required for banks starting from the coming year. This necessitates the study of compliance requirements and predicting problems that might face banks' efforts to implement the act. "The ABJ will continue its efforts to clarify the mechanisms of implementing the law and the requirements that the banks have to meet in order to comply with the provisions of the law," he said.

The ABJ, he went on to say, intends to organize the second Amman Banking and Economic Forum at the third quarter of the current year with the participation of local and international experts and local and regional institutions. In addition to this, the ABJ will carry on with its training activities in the specialized and highly important banking arenas.

Al Salem continued to brief participants on the plan which also comprises the implementation of a number of specialized studies in macroeconomics and banking developments. He said that the ABJ works to study the program of the credit preparedness arrangements signed between the Jordanian government and the IMF which includes a US\$ 2 billion loan approximately to Jordan. The aim of this study is to follow up the program's developments in light of the economic reform program.

❖ ABJ holds the ordinary general assembly meeting

The ABJ held its ordinary general assembly meeting in which it adopted the financial statements and the budget of 2012 and discussed the ABJ's plan and budget for 2013.

The ordinary general assembly meeting, attended by representatives of ABJ member banks, also discussed the financial report of 2012 and endorsed its financial statements.

The ABJ chairman of board of directors Bassem Khaleel Al Salem highlighted in the meeting the ABJ's achievements in serving Jordanian banking sector and its member banks.

❖ HRH Princess Basma visits ABJ and hails its support of Goodwill Campaign

HRH Princess Basma Bint Talal paid a visit to the Association of Banks in Jordan and met the association's CEO Bassem Khaleel Al Salem and ABJ members and general director.

Princess Basma, the president of the Higher Committee of the Goodwill Campaign, praised the banks' support of the campaign that enabled it to perform its tasks in serving targeted groups of the poor and the needy in the kingdom. She said the campaign appreciates the role played by banks annually to support and back the campaign to achieve its goals in serving society, especially in the holy month of Ramadan.

HRH stressed that Jordanian banks are among the biggest supporters that kept giving annual financial aid to the campaign, the matter that resulted in funding material and study assistance to families and the children of families supported by the campaign.

In the meeting attended by members of the campaign's higher committee, HRH thanked banks for their efforts to back the campaign's humanitarian and benevolent role towards the needy and less fortunate segments of society.

On their part, attendees hailed the Goodwill campaign's efforts to serve the needy countrymen. They pointed up the campaign's developing humanitarian and benevolent work that contributed to fill some gaps in the people's needs.

The ABJ chairman of board of directors Bassem Khaleel Al Salem highlighted banks adherence to its corporate responsibility which is demonstrated in the direct spending on community service programs or through local institutions and activities, atop of which is the Goodwill Campaign.

He highlighted the vitality of the campaign's programs and activities and its humanitarian strides to help society the matter that requires the cooperation of all private sector's institutions to enable the campaign to achieve its social and humanitarian objectives.

On her part, the vice executive director of the Jordanian Hashemite Fund for Human Development (JOHUD) Reem Al Zaben explained JOHUD's objectives, programs and the role of its centers in the different governorates of the kingdom in reinforcing JOHUD's objectives and goals.

She also briefed attendees on JOHUD's achievements the year before which included the implementation of 32 campaigns, providing 728 academic grants and a number of productive projects that contributed to achieve the Goodwill Campaign's goals. Banks had great contributions to those objectives, she said.

A movie on the campaign's achievements was presented to the attendees.

❖ ABJ takes part in a British bank's meeting

ABJ General Director Dr. Adli Kandah took part in a meeting with representatives of the British Coutts & Co Bank organized by the Jordanian Businessmen Association (JBA) in cooperation with the trade section of the British Embassy in Amman.

The bank briefed attendees on the services it offers in the fields of administering private wealth and investments.

Attendees included bank's representatives: Coutts & Co Bank CEO Ms. Lillian Simerley, investment director Norman Philman and private funding director Antonio Brocard.

❖ ERC, ABJ discuss future of renewable energy

The Electricity Regulatory Commission (ERC), in cooperation with ABJ and specialists in the field of energy, organized a workshop titled: Renewable Energy: a Promising and Sustainable Future.

The workshop discussed the challenges of attracting renewable energy technologies to the kingdom. The sessions focused on legislations governing renewable energy; pending and implemented projects; and the role of distribution companies in accelerating the usage of renewable energy by subscribers. The workshop also discussed funding renewable energy projects and the role of development agencies in supporting these projects, in addition to the role of local banks in funding small subscribers.

Minister of Energy and Mineral Resources Eng. Alaa Batayneh said in the opening speech that the council of ministers decided to adopt fixed rates for qualified renewable energy project as an incentive to accelerate their implementation. He also highlighted the importance of speeding up the implementation of the green channel carrier of electricity generated from renewable energy by offering new tenders to upgrade the capacity of the national grid to absorb bigger projects.

Batayneh expressed confidence that Jordan has a mature legislative environment that enables the country to attract green technology; however, he added, bureaucratic procedures of the government delayed the appointment of the necessary personnel to run the renewable energy fund, but work is underway to do that shortly.

He pointed out that electricity meters will be replaced within the next seven years by smart meters as part of the country's approach to use renewable energy. So he called for motivating distribution companies to integrate renewable energy within its assets as a way to increase the spread in the kingdom and to speed up the usage of smart meters at the consumers' residences in compliance with the spirit of the energy efficiency regulations that were recently issued.

Batayneh drew attention to the latest resolution of the council of ministers relevant to adopting purchase rates of renewable energy projects that was issued in the table of the measuring reference endorsed by the ERC as fixed prices to accelerate the implementation of qualified projects. He also called for overcoming obstacles of bank investments in the renewable energy sector, procuring international donors, support green projects, training the necessary technical personnel and drawing the necessary legislations for those usages.

On his part, the ABJ general director said ignoring green economy costs Jordan more than 2% annually of its GDP. He went on to explain that Jordan imports 96% of its energy needs which constitutes 13.5% of annual GDP.

He added that Jordan has a chance to move towards green economy by adopting renewable energy sources and investing in solar energy. However, he said, this requires big investments in green economy sectors that are estimated at about 1.3 billion JOD until 2020.

There are a number of obstacles that might face banks' attempt to fund those investments, which can be overcome by procuring donor international companies to fund renewable energy projects provide technical assistance to green projects' developers, laying down the legislative framework to encourage investments in this field, providing a certain mechanism to guarantee loans granted to renewable energy sectors and to speed up the creation of the Jordanian Fund of Renewable Energy and Energy Efficiency.

ERC Chief Commissioner Mohammad Hamed said Jordan is late in exploiting renewable energy to generate electricity. A lot of countries came first in this field. But the government finalized all the legislative work to govern this sustainable usage of renewable energy; the actual start of solar energy exploitation began with a funding from local banks, the French Development Agency (AFD), the German development agency for renewable energy systems, with technical and financial support from the USAID and the European Union.

Director General of Irbid Electricity Company Ahmad Thinat said distribution companies began to prepare themselves structurally and organizationally to receive requests to link renewable energy facilities. Those companies need to prepare trained personnel that can deal with linkage requirements from technical and financial aspects.

He added that supporting renewable energy projects are one of the most important priorities of distribution companies to serve public interest of both the consumer and the company itself, provided that these projects comply with technical specifications and operational limits of distribution companies, and that those projects guarantee the enhancement of grids' stability and reliability.

He revealed that Irbid Electricity Company proposed a suggestion to the ERC to activate the principle of renewable energy contribution by creating a main generating plant that uses renewable energy sources by a specialized company in this field at a location that caters to its needs and is arranged by the distribution company.

On his side, the Director General at Jordanian Electric Power Company Marwan Bushnaq said the company started the renewable energy works three months earlier when the first subscriber of renewable energy was linked to the grid. The company has currently 39 requests of minor linkage and 15 requests of major linkage from renewable energy sources on the grid.

The Director General of Electricity Distribution Company Mohammad Freihat said 25-27% of economy goes to the electricity bill, so the alternative resources from renewable energy will alleviate the burdens of the energy sector.

❖ Parliamentary financial and economic committee meets ABJ president, director general

The Financial and Economic Committee at the Lower House of Parliament met on Thursday, Feb. 28th, 2013 ABJ's chairman of board of directors and the director general.

The meeting aimed at discussing the public budget law for the year 2013 and getting informed of the banking sector's view of the law's articles, the expenditures and revenues in particular, to guarantee achieving financial stability in the kingdom and reaching the targeted levels of economic growth that serves Jordanian economy as best as it can.

The ABJ chairman Bassem Khaleeel Al Salem said there is a clear attempt by the government to reduce current expenditures and enhance capital expenditure. “This is a positive approach and there is a need for more reduction, if possible, of current expenditures and restructuring of capital expenditures to reflect economic and development priorities and to be more productive as an engine of growth,” he said.

He also called for “adjourning projects that are not a priority and to continue the implementation of projects that are in the pipeline.”

Al Salem said increasing public expenditures by 14% in the 2013 budget is high as this needs an equally high economic growth that can cope up with growth in public expenditures; he also confirmed that reducing the budget deficit into 4.5% of GDP is a positive thing compared to 7.5% in 2012.

However, he expressed his worries about achieving the desired economic growth and encouraging investments, saying that the parliament should give priority to the bill of investment encouragement because of its vitality in stimulating investment and increasing the state’s revenues through taxes and increased employment and fighting unemployment.

He pointed out that improving tax performance is positive, but it needs a governmental action plan to combat tax evasion.

In response to a question by MP Nassar Qaisi on his view of the income tax draft law, especially in what concerns banks, Al Salem said the previous income tax law imposed a 35% tax on banks, but it used to give banks exemptions, especially on government bonds’ profits, the matter that made the actual income tax on banks 26-28%.

He added that the temporary law under discussion by the current parliament imposes a 30% income tax on banks and terminates exemptions; so the actual tax rate is higher by 2-4% compared with the previous law.

He said that reducing taxes on banks was around the exemptions value to stimulate economic activity on the one hand and to prevent banks that have foreign investments to transfer their operation assets abroad, especially to countries where those banks work with no taxes imposed or with lower tax rates such as Palestine (15%) and Lebanon (20%). Transferring banks’ profits abroad, he said, is a loss to the country’s treasury. The temporary law, he reiterated, did not reduce the total amount of income tax paid by banks; it went up from 128 million JOD in 2010 to 158 million JOD in 2011.

He pointed out that although raising taxes on banks might increase tax collection, but, on the other hand, it will increase burdens on individuals and companies as banks reflect the tax on costs and returns on investment accounts. The return on investment rate in the banking sector is among the lowest compared to other sectors such as trading, construction, telecommunications and mining. The average rate on shareholder rights in banks ranges between 8-8.5%, while the rate exceeds 20% in other sectors, which also have lower taxes than those imposed on banks.

Al Salem told MPs that issuing Eurobonds at the local market will not result in a difference in the level of foreign reserves as it will only shift them from the commercial banks’ accounts to that of the CBJ.

In response to a question about reducing deficit by reducing current and capital expenditures, Al

Salem stressed that deficit is a great burden on the public budget, on economy and on citizens. “The way of expenditure is important, especially in what relates to the efficiency of capital expenditure and linking it to productivity and achieving economic growth,” he stressed, wondering about a number of items in the budget such as building public gardens, parks and roads while ignoring an important issue such as energy.

As regards sources of reducing deficit, Al Salem said the deficit source coming from energy should be handled by concentrating on renewable energy projects. As for the deficit resulting from the social safety network, the solution lies in increasing productivity and employment and providing job opportunities, especially to job seekers in the governorates.

Al Salem called for more interest in financial planning for five years, while focusing on the competitive qualities of the Jordanian economy, within a 3 to 5 years program that guarantees targeted growth. As regards SMEs and their funding, he said that there are some initiatives to fund those enterprises such as the American Overseas Private Investment Corporation (OPIC) to provide guarantees for loans granted to projects that reach 75% to SMEs in the governorates and 60% to those in the capital. All banks, he went on to say, established branches and directorates to fund SMEs and guarantee providing such banking services.

MPs of the committee asked the ABJ to prepare a study on taxes imposed on banks to bring them justice, because there is an intention to raise taxes on banks. Al Salem suggested that a workshop is organized on the temporary tax law in cooperation with the economic committee as this issue is important to the economy in general, and on the sales tax that suffers from great evasions.

❖ ABJ director general takes part in renewable energy workshop

The ABJ Director General Dr. Adli Kandah took part in a workshop organized on Feb. 20th, 2012 by the Electricity Regulatory Commission (ERC) under the sponsorship of the Minister of Energy and Mineral Resources.

In a speech at the workshop, held under the title of Renewable Energy: a Promising and Sustainable Future, the ABJ general director said renewable energy has become lately one of the pressing issues, especially in light of the developments that Jordan witnessed such as the hike in energy costs that pressed the budget and people alike, in addition to the expansion in using the different forms of energy and the resulting environmental pollution.

He pointed out that ignoring green economy costs Jordan more than 2% annually of its GDP as it imports 96% of its energy needs which constitutes 13.5% of annual GDP. At the same time, he said, Jordan is among the least efficient nations in energy usage.

He went on to say that investing in the solar energy can reduce energy consumption in the kingdom by 20% over the next twelve years. However, he said, investing in solar energy and moving towards green economy require huge investments estimated at about 1.3 billion JOD until 2020 in the different green economy sectors that include water, renewable energy and energy efficiency sectors that need investments of at least 70% of the above mentioned amount, in addition to the sectors of waste management, transportation, tourism and agriculture.

Participants in the workshop discussed crucial issues relevant to renewable energy; its current situation and its future in the kingdom; the law on renewable energy; renewable energy projects such as the photovoltaic solar cells at Tafeeleh governorate; and the role of distribution companies in facilitating the usage of renewable energy by subscribers.

They also discussed the funding of projects of renewable energy and the role of the French Development Agency (AFD), the German development agency and the IFC in funding those projects, in addition to highlighting Capital bank's experience in funding renewable energy projects. Participants reviewed practical applications of renewable energy for households and agricultural and hotelier sectors. They also discussed specifications and measurements of renewable energy equipment, the manual to link systems of energy sources and funding sources of energy projects.

❖ Kosovo delegation visits ABJ to get insight of Jordanian experience with expatriates

A delegation from the Republic of Kosovo visited the ABJ to get insight of the Jordanian experience in implementing immigration policies, especially in what relates to bank operations.

The Kosovo delegation, whose visit is part of an academic tour organized by the World Bank, also visited the ministries of tourism and antiquities, labour, the Department of Statistics and Jordan Chamber of Commerce.

The ABJ Director General put the Kosovo delegation in light of Jordanian experience in registering the transfers of Jordanian expatriates who are concentrated in the Arabian Gulf countries, and the role of these transfers in backing the kingdom's foreign currency reserves which improved the kingdom's current account.

He also stressed that Jordan gives great importance to its expatriates and encourages them to invest in their own country. For this sake, a conference is organized once every two years to review conditions of Jordanian expatriates and provide them with facilities that enable them to participate in the economic development as best as they could.

The visit, funded by the World Bank, aimed at enabling a team of experts from Kosovo to get informed of the Jordanian experience in handling expatriates' issues as Kosovo is planning to create a ministry specialized in expatriates' affairs and there is a resemblance between Jordan and Kosovo as expatriates' transfers play an important role in economy.

The delegation's interest focused on registration operations of expatriates and their transfers that are done through banks and exchange offices.

❖ Banks participate in Energy Fund meetings

The ABJ Director General took part in the meetings of the administrating committee of the Renewable Energy and Energy Efficiency Fund that was created by the Ministry of Energy and Mineral Resources.

Participants discussed the financial conditions of the fund and the grants of the French Cooperation Agency to support energy management in Jordan, especially in industrial and services sectors; preparations to launch the fund; the World Bank grant to enhance investments in upgrading energy efficiency in the kingdom.

They also discussed the nature of projects implemented by the fund, especially the shift from using conventional lighting to the compact florescent lamps in governmental buildings and houses, as well as encouraging local communities to be energy efficient.

❖ **ABJ President meets ERBD representatives**

The ABJ chairman of board of directors Bassem Khaleel Al Salem met the representative of the European Bank for Reconstruction and Development (EBRD) to discuss engines of economic growth in Jordan, namely, tourism, hotels, therapeutic tourism and pharmaceuticals.

Al Salem also highlighted renewable energy as a promising sector with great potentials, especially with the great role assumed by banks to fund these environment friendly projects. Banks, he said, have a big role in using renewable energy sources in their buildings to reduce costs and contribute to protect environment.

He stressed banks are ready to take part in implementing projects to generate electricity from renewable sources such as the solar and wind energy. These sources generate clean energy, protect environment and meet the increasing need for electricity in economic and social activities, he added.

Al Salem said banks are also ready to fund institutions and individuals that want to install electricity generating systems based on renewable resources and to give them the necessary facilities to implement those projects to meet their needs of electricity and transfer the excess production to the public electricity grid.

❖ **Banks participate in the banking safety net workshop**

A group of banking experts took part in a workshop on banking safety net that was organized by the Public Administration Institute to enlighten banks on this system that intends to lay down a practical framework to protect the banking system through identifying the necessary steps to evade banking crises, safeguard the funding and investment banking operations and to enhance the financial and technical sustainability of banks.

The suggested system, built on a scientific paradigm designed to predict banking crises, enhances bank governance and facilitates internal supervision, especially the supervision of the higher management and the supervision of boards of directors as it follows up the progress of the bank's financial soundness indicators compared with other local and foreign banks as a benchmark.

The system proposes granting the management access to a number of indicators according to their mandates and specialization, and to alert them of any violation or non-adherence to specified work. It also proposes creating a "system unit for protection and early detection at the bank" that enables it to photocopy the outcome of all bank transactions and post it to decision makers, and to give notice to the higher management and members of board of directors of any transgression of the financial and non financial soundness criteria as a result of transactions' activities or decisions that are not well considered.

In addition to that, the system uses the advanced approach of financial analysis, and the analysis of relevant non-financial criteria such as the criteria of productivity, governance and the soundness of macro economy indicators. The system is created as a result of a revision process of the earlier systems of early alert designed by the IMF since the year 2000 and what the G10 endorsed to be implemented by IMF member countries for the year 2007.

The proposed system is an alarm and supervision system of the bank operations to boost governance, enhance banks' stability and consequently to evade banking crises. Therefore, the system aims at laying down a practical framework for banking safety net.

The project suggests creating a system for the bank's financial soundness or a unit for bank safety and early alarm based on the CAPPELO approach as an upgraded formula of the CAMELs theory to protect the banking system of any risks that might arise in the future, and to have early alarm of any risky activities. This will enable the bank to realize the outcomes and effects of all its operations and post them to decision makers, or give notice to the higher management and members of board of directors of any violation of any financial and non financial soundness criteria as a result of transactions' activities or non-fully considered decisions.

In this regard, suggested prototypes to build an alarm system composed of financial soundness indicators (FSIs) did not surpass 54 indicators in the most advanced researches of the IMF, while the proposed prototype developed 67 additional indicators consisting of 120 indicators divided into seven sets for financial analysis (CAPPELO). These include Capital Adequacy, Asset Quality, Productivity, Profits, Efficiency, Liquidity and Openness.

Application of the system needs a database of the bank. It is better that data become available and accessible regularly and periodically, once every month at the latest, so that indicators are more precise and up to date to enable policy makers and decision takers to have close follow up and rectify matters before it is too late. The system also needs annual data for five years back to track development of a bank's operations and compare them to other banks'. It needs servers at the bank and its branches, and a grid that links these servers with the main server, as well as fire wall systems.

The system is expected to make the following benefits: highlight the bank's FSIs and those of the banking system under comparison; highlight the bank's non financial soundness indicators and those of the banking system under comparison; highlight each indicator for comparison's sake and to analyze its effect on the bank, analyze and compare the historical development of the most important indicators and compare them with those of local and foreign banks, assist units specialized in risks, studies and operations in the bank to come up with recommendations, procedures and policies that should be taken when one, some or a set of, indicators reach a certain limit that the financial theory, economic reality, industry criteria or international comparison criteria specify.

According to the proposed system, application needs two specialized teams working side by side: a specialized economic and financial team and an IT and programming team from the bank composed of four persons to work with the financial and economic experts' team who prepare the system. The IT team will prepare the dash board software and propose it for implementation in cooperation with the IT team at the same bank. In addition to this, there is cooperation with ORACL to present this system as part of its products within a data network that is displayed in different media such as the IPAD and cell phones.

❖ ABJ briefs Amman Al- Ahleya University students on developments in Jordanian banking system

The ABJ hosted a delegation from the faculty of Administrative Sciences at Amman Al- Ahleya University and briefed them on developments witnessed by the Jordanian banking sector and its contribution to GDP as it is the biggest funder of economic activities in the kingdom.

The ABJ Director General stressed the vitality of higher education institutions being in touch with market place institutions and acquiring experience to know the role they play in Jordanian economy. “Students of business faculties at Jordanian universities, especially students of finance, banking, economics and accounting, should be in touch with practices in the market place, banks and financial institutions in particular,” he said.

Director of studies Department Fadi Mashharawi briefed students on developments witnessed by all components of Jordanian banking sector. The sector, he said, comprises of the central bank and 26 banks, 13 of which are commercial banks and 4 Islamic banks, in addition to nine foreign banks, 6 of which are Arab banks.

He added that the network of bank branches comprises of 695 branches as by the end of 2011; this is the ratio of one branch for each 9 thousand people. The number of ATMs amounted to 1220 machines. “The most important characteristic of Jordanian banking sector is its openness to foreign investments whose share in the sector amounted to about 60% by the end of 2012,” he told the student delegation.

Mashharawi said the official data show that the market value of banks’ shares at the Amman Stock Exchange amounts to almost 33% of the gross domestic product in 2012, while the banks’ assets constitute 179% of the GDP and facilities granted by banks constitute 81% of the GDP.

He also highlighted the increase in bank assets to 39.3 billion dinar by the end of 2012, compared to 12.9 billion dinar in the year 2000; 84% of these assets are for local banks. Total deposits also went up to 25 billion JOD compared to 8.2 billion JOD for the same period. Facilities rose from 4.5 billion JOD in the year 2000 to 17.8 billion JOD in 2012.

“Jordanian banks are subject to the supervision of CBJ; they implement the supervision resolutions of Basel framework relevant to capital adequacy ratio, net stable funding ratio, liquidity coverage ratio, financial leverage ratio, return on equity rights ratio, and the policy of profit distribution, systems, data and reporting processes, IT and the strategic plan of the bank,” he explained.

He went on to say that indicators of Jordanian banks are positive and are in line with the CBJ instructions and the indicators required by Basel Committee; they even surpass these criteria in some places, he confirmed.

He also highlighted the kinds of services banks provide that cope up with the ever developing market needs.

❖ ABJ takes part in workshop on funding green investment

The Ministry of Environment, in cooperation with consultant Adam Smith International and Vivid

Economics organized a workshop on funding green investments on April 23rd, 2013, in which the ABJ's Director General and five representatives of banks working in the kingdom took part.

The workshop aimed at presenting a study on stimulating the financial sector to expand the range of its funding of green economy, and to come out with recommendations stemming from the study funded by the French Development Agency (AFD).

Representatives of concerned ministries and governmental institutions, civil society institutions, media agencies and banks and business associations took part in the workshop as a preliminary step to raise their recommendations to the prime minister.

❖ ABJ director general participates in a number of local activities

ABJ Director General Dr. Adli Kandah took part in a number of activities organized by official institutions and local societies.

Dr. Kandah took part in the seminar organized by Jordan Enterprise Development Corporation on the program of funding Arab trade and its role in developing inter-Arab trade.

Participants concentrated on the importance of stimulating the funding of inter-Arab trade because of its role in achieving Arab economic development by increasing production and reliance on Arab resources that raise the added value of Arab products and increase the possibility of Arab integration in the fields of industry and trade.

The director general also took part in the Euro-Jordanian conference on the energy rationalization is first, organized by the Jordan Europe Business Association (GEBA).

The conference discussed challenges of fuel price hikes facing Jordan and the region at large and their repercussions on economies and citizens alike.

The conference aimed at raising awareness of the urgent need of using energy, energy efficiency, ways of safeguarding energy resources by taking simple measures and giving the chance to academia, businessmen, experts and decision makers to exchange knowledge, ideas and techniques in the field of energy efficiency.

❖ ABJ participates in session of enterprise investment funding mechanisms

ABJ Director General Dr. Adli Kandah took part in the session that the Economic and Social Council allocated to discuss the mechanism of investment funding of enterprises and plants in Jordan.

The meeting aimed at finalizing discussions on funding mechanisms that are of vital importance to economic activities, especially as the availability of proper funding in terms of size and lending conditions is an obstacle that impedes industrial development.

Participants underscored the importance of providing funding to SMEs, saying that despite the existence of many funding institutions, yet there are no clear terms of reference for those institutions. Building the social capital needs a reconstruction of those institutions, which amount to 34 bodies that deal with micro funding. They also highlighted the importance of redefining the role of those bodies and unifying their references to be under one umbrella of references.

Participants stressed the idea of creating a development bank as a development funding financial institution that includes programs for different funding instruments of SMEs and big enterprises.

❖ **ABJ chairman and director general take part in the International Arab Banking Summit 2013**

The ABJ chairman of board of directors Bassem Khaleel Al Salem and director general Dr. Adli Kandah took part in the meetings of the International Arab Banking Summit 2013 that was organized by the Union of Arab Banks, in cooperation with the Austro-Arab Chamber of Commerce, under the theme “The role of the Arab Banks in building the Arab civil capacities during the stage of post conflict”.

The summit, inaugurated by the Vice-Chancellor and Minister for Foreign Affairs Mr. Michael Spindelegger, aimed at stimulating partnership with international organizations, enhance the civic capacities in light of the exceptional circumstances in which the Arab region passes and the political and social events that are pressing most Arab countries, and oversee the role of Arab banking sector which is the cornerstone of Arab economy, and its role as an engine of growth for Arab economies.

The summit honoured Mr. Adnan Kassar who was chosen as the Arab banking character for the year 2013.

❖ **ABJ holds meeting on investments, funding of renewable energy projects**

The ABJ held an extended meeting to discuss the idea of investment in and funding of projects of renewable energy as part of the project of building local capacities in the field of renewable energy, funded by the European Union.

The meeting, which was attended by representatives of all Jordanian banks, was opened by the project’s advisor Dr. Jamal Othman, who said that the meeting comes at a time of hikes in the energy bill and the consequent burdens they entail. This, he added, requires the concerted efforts of all parties to curb the increasing costs of energy.

Othman highlighted the banks’ role in backing and developing special funding programs of renewable energy projects. Then Eng. Emile Assi, the project manager, briefed attendees of the project and its goals.

Eng. Waleed Shaheen briefed participants on the Energy Research Center at the Royal Scientific Society and the future of renewable energy in Jordan. An extended discussion followed and some technical aspects of renewable energy projects were discussed thoroughly such as the electro solar cells and difficulties facing banks as a result of the absence of qualified experts in this field. Shaheen answered the questions of the work team which was composed of Dr. Fawwaz Al Karmi, Dr. Jamal Othman and Eng. Emile Assi.

Attendees expressed interest in opportunities to invest in and fund such projects, whether to provide banks with electricity or to fund investors and small consumers to make use of renewable energy systems.

❖ ABJ takes part in conference on Jordanian economy

The ABJ Director General Dr. Adli Kandah took part in the conference organized by Al-Rakhaa's Businessmen Cooperative Association on Jordanian Economy: a deep insight, with a paper on the role of banks working in Jordan in developing Jordanian economy.

Dr. Kandah said banks give special attention to the instruments and products of SMEs funding because of their importance as an engine of growth in Jordanian economy. SMEs constitute 98.5% of the total enterprises in Jordan; they employ 60% of the labour force and contribute by 50% of the GDP; these are clear indications of their importance to economy.

He added in the conference held on Sep. 7th, 2013 that most Jordanian banks created specialized units that provide special programs to those enterprises. "The volume of bank funding of SMEs amounted to 2 billion dinars in 2012, which is 11.3% of the total facilities granted from banks in Jordan," he pointed out.

As regards the role of banks in Jordanian economy, Dr. Kandah said banks contribute actively in achieving economic development by mobilizing and procuring savings and using those savings to provide the appropriate funding to the private sector, whether big, medium, small or micro enterprises, in addition to the loans for individuals.

He went on to say that banks also provide appropriate funding to the government and public institutions through direct credit facilities and the purchase of treasury bonds and instruments at preferential rates, in addition to funding the external sector and foreign trade, and providing the main channels of fiscal policy. "Banks contribute 90% of the overall funding volume in the kingdom," he stressed.

On the same sphere, the director general said banking sector is the biggest tax payer in Jordan. "Between 2008 and 2011, taxes paid by banks constituted 61.5% of the total taxes paid by all public shareholding companies. This is 43% of the total income tax collected from all companies in Jordan," he explained.

On the organizational and supervision side, he said banks working in Jordan apply the international accountancy standards; they are highly transparent in their disclosures, more than any other banks in the neighbouring countries, especially in regard of non performing debts.

In the same context, he pointed out that the percentage of non performing debts, which began to rise reaching 8.5% in 2011 as a result of the crisis' pitfalls and the economic slowdown locally and internationally, began to fall down, reaching 7.7% by the end of 2012. The percentage of covering non performing debts reached 69.4% at the same period.

❖ ABJ holds a meeting on building an electricity plant for banks

The ABJ held a meeting on Sep. 10th, 2013 with the technical, financial and legal committees in member banks to attend the presentation made by Eng. Khaled Irani and Tareq Awadh on the study on a proposed project to build an electricity generating plant through solar energy, for the benefit of banks.

Committee members were asked to provide the ABJ with the total volume of banks' electricity consumption in kilowatts during 2012 so that the project study is completed and the ABJ can come out with recommendations to its board of directors.

Some banks provided the ABJ with the required data, expressing their initial desire to take part in creating the company.

❖ ABJ holds a meeting on feasibility study of electricity generating plant by solar energy

The ABJ organized on Sep. 23rd, 2013 a seminar on the economies and funding of renewable energy SMEs.

The seminar, which was organized in cooperation with the National Energy Research Center's project on building national capacities in concentrated thermo-solar energy, was attended by a number of institutions interested in this type of funding.

Participants discussed the situation of renewable energy in Jordan; the organizational and legal framework and the renewable energy technologies especially the solar and wind energies; the technical and economic feasibility of renewable energy projects; and practical cases of funding renewable energy projects.

Experts of the National Energy Research Center presented investment opportunities in the field of renewable energy in the kingdom, whether the solar energy all over Jordan or the wind energy in the south and north of Jordan. They also briefed participants on the intended plan to increase renewable energy contribution to the total electricity power production as part of the kingdom's national strategy for energy sector.

❖ ABJ stresses openness among state institutions and safeguarding the state's respect

ABJ chairman of board of directors Bassem Khaleel Al Salem emphasized the components of Prime Minister Abdallah Nsour's meeting with Government Leadership Forum, namely, deepening openness among state institution, combating redundancy in government apparatus and restoring the respect of state that was seriously impaired lately.

He also stressed the importance of the support given by the institutions of the private sector and civil society to this approach because of their role in creating an investment-conducive environment and improving the level and quality of services and productivity in general.

In a statement issued by the ABJ, Al Salem said the ABJ, which represents banks working in the kingdom, believes in the necessity of openness and contact between state institutions in the public and private sectors as this openness leads to having wise decisions that serve the public interest and spares us problems and complications that impede work and suppress productivity.

He went on to say that redundancy that hit some government bodies also affected some private sector institutions. He described it as a plague that should be fought and its pitfalls should be addressed by refining the government apparatus and developing human resources as the main engine of government work.

In the same context, Al Salem praised the new civil service regulations, saying the new mechanism of

employment that is based on annual contracts is an efficient method to refine the government apparatus and upgrade the level of employees. Bloated official institutions led to slow-paced procedures that impeded the investors' interests and gave a general bad impression of the investment environment in the kingdom.

The chairman also called for the restoration of the respect of state that was damaged because of violations committed by some people towards the state's institutions, some economic interests and the obstruction of public facilities work. He considered the restoration of state respect a cornerstone in attracting foreign investments and achieving sustainable development.

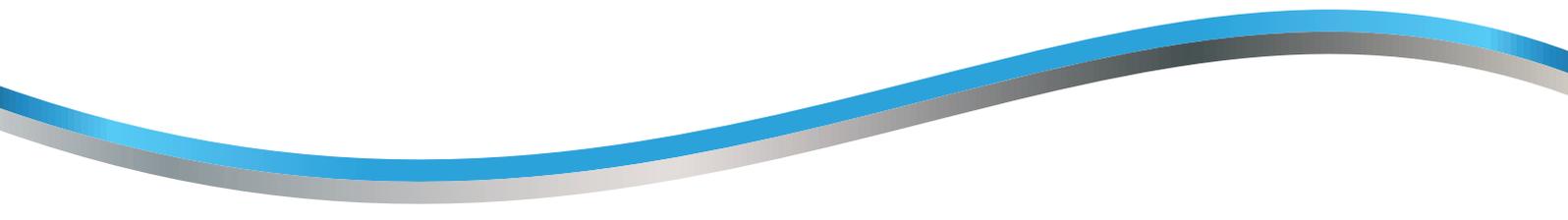
E - ABJ Publications in 2013

The ABJ issued the following publications in 2013:

- ❖ The Annual Report: the ABJ published its 34th annual report for the year 2012, which included developments of the banking sector in 2012 in terms of liquidity, assets, liabilities and capital. It also included comparative analysis of banks' performance during 2012 and the new products created by banks as well as 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 global and regional economy and a summary of developments in national and world economies, and the most outstanding activities and achievements of the ABJ during the same year.
- ❖ Study on the Development of Jordanian Banking Sector: the association issued in 2013 the fifth edition of the Study on the Development of Jordanian Banking Sector. The study handled the fiscal policy developments and the development of the banking sector in terms of assets, facilities, deposits and capital in the past ten years. It also handled the banking system's structure as regards the number of banks, branches and ATMs during the period of 2003-2012. It reviewed strength indicators of banks working in Jordan and the most important indicators of Islamic and foreign banks working in Jordan. It discussed bank concentration and the performance development of banks listed at Amman Stock Exchange, the development of interest rates structure and checks clearance during the period of 2003-2012.
- ❖ Disclosure of corporate responsibility and its practices in the Jordanian banking system: the ABJ issued in 2013 the study on Disclosure of Corporate Responsibility and its Practices in the Jordanian Banking System. The study, done in cooperation with Schema, discusses the situation and practices of corporate responsibility issues by banks working in Jordan, with a focus on banks' disclosure of corporate social responsibility activities.

- ❖ The series of ABJ Booklets:
 - Booklet # 1: Comparative Performance of Banks Working in Jordan in 2012. This booklet provides a sufficient summary of all the developments witnessed by banks in the kingdom during 2012 as regards the development of the main items in the statement of financial position, the income statement, profitability criteria and banking branching during 2012.

Chapter Twelve
Financial Statements and
Independent Auditor's
Report for the Year 2013



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, 2013 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 2013, 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, 8th February 2014**

Association of Banks
An Association with Juridical Independent Personality
Amman - The Hashemite Kingdom of Jordan
Balance Sheet as of December 31st 2013

	Note	2013 JD	2012 JD
Assets			
<u>Current Assets</u>			
Cash on hand		1,000	1,000
Cash at bank	3	1,902,993	1,815,018
Accounts Receivable	4	26,084	10,523
Refundable Deposits		1,132	1,132
Prepaid Expenses		4,919	2,957
Total Current Assets		1,936,128	1,830,630
<u>Non Current Assets</u>			
Cost		2,366,403	2,348,598
Accumulated Depreciation		(908,958)	(851,640)
Net book value	5	1,457,445	1,496,958
Total Assets		3,393,573	3,327,588
<u>Liabilities & Accumulated Surplus</u>			
<u>Current Liabilities</u>			
Credit Banks		9,412	15,144
Accounts Payable		3,545	830
Employee Income Tax & sales tax Deposits		1,567	2,041
Accrued Expenses		5,518	7,216
Total Current Liabilities		20,042	25,231
Provision for Compensating the end of Employee Service		45,030	36,769
<u>Accumulated Surplus</u>			
Retained Surplus	6	3,328,501	3,265,588
Total Liabilities & Accumulated Surplus		3,393,573	3,327,588

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

Revenues and Expenses Statement for the Year Ended December 31st 2013

	Note	2013 JD	2012 JD
<u>Revenues</u>			
Subscription Fees		485,057	454,065
Bank Interest Revenue		70,870	72,423
Halls Rent Revenue		970	1,550
Other Revenues		200	210
<u>Total Revenues</u>		<u>557,097</u>	<u>528,248</u>
<u>Banks Magazine</u>			
Magazine Revenue	A / 7	45,952	48,207
Less: Magazine Expenses	A / 8	(45,389)	(44,295)
<u>Banks Magazine Profit</u>		<u>563</u>	<u>3,912</u>
<u>Training Courses & Seminars</u>			
Training courses Revenue	B / 7	37,250	35,650
Less: Training courses Expenses	B / 8	(12,074)	(26,015)
<u>Training Courses & Seminars Profit</u>		<u>25,176</u>	<u>9,635</u>
<u>Products and Services Guide</u>			
Guide Revenue		-	8,600
Less: Guide expenses		-	(11,610)
<u>Products and Services Guide (Loss)</u>		<u>-</u>	<u>(3,010)</u>
Total Revenues & Gain from Banks Magazine, Training Courses, Guide & Seminars			
		582,836	538,785
Less: General & Administrative Expenses	9	(519,873)	(543,352)
<u>Year's (Deficit) Surplus - Exhibit A</u>		<u>62,963</u>	<u>(4,567)</u>

Association of Banks

An Association with Juridical Independent Personality

Amman - The Hashemite Kingdom of Jordan

Cash Flows Statement for the Year Ended December 31st 2013

	2013 JD	2012 JD
<u>Cash Flows from Operating Activities</u>		
Surplus for the Year	62,963	(4,567)
Prior Period Adjustment	(50)	(7,053)
Depreciation Expenses	<u>57,318</u>	<u>54,780</u>
Net Surplus Before Changes in Working Capital	120,231	43,160
<u>(Increase) Decrease In Current Assets</u>		
Accounts Receivable	(15,561)	9,575
Prepaid Expenses	<u>(1,962)</u>	<u>273</u>
<u>Increase (Decrease) In Current Liabilities</u>		
Accounts Payable	2,715	(19,729)
End of service Compensating provision	8,261	7,454
Other Credit Balances	<u>(2,172)</u>	<u>7,550</u>
Net cash flow from operating activities	<u>111,512</u>	<u>48,283</u>
<u>Cash Flow From Investment Activities</u>		
(Purchase) of Fixed Assets	(17,805)	(31,037)
Sale of Fixed Assets	0	<u>10,092</u>
Net cash flow from Investment Activities	<u>(17,805)</u>	<u>(20,945)</u>
<u>Cash Flow From Financing Activities</u>		
Credit Bank	<u>(5,732)</u>	<u>4,516</u>
Net increase in cash during the year	87,975	31,854
Cash balance in the beginning of the year	1,815,018	1,783,164
Cash balance in the end of the year	<u>1,902,993</u>	<u>1,815,018</u>

Association of Banks
An Association with Juridical Independent Personality
Amman - The Hashemite Kingdom of Jordan
Notes to the Financial Statements

1. The Registration and Objectives of the Association

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

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

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

2. Significant accounting Policies

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

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

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

3. Cash at Banks

This item consists of the following:

	<u>2013</u> JD	<u>2012</u> JD
Arab bank / Deposit account	400,100	368,129
Housing bank / Current account	2,827	1,033
Housing bank / Deposit account	116,793	112,768
Jordan commercial bank	<u>1,383,273</u>	<u>1,333,088</u>
Total	<u>1,902,993</u>	<u>1,815,018</u>

4. Accounts Receivable

This item consists of the following:

	<u>2013</u> JD	<u>2012</u> JD
Members accounts	21,756	7,523
Other accounts	<u>4,428</u>	<u>3,100</u>
Total	<u>26,184</u>	<u>10,623</u>
Allowance for doubtful accounts	<u>(100)</u>	<u>(100)</u>
Net Accounts Receivable	<u>26,084</u>	<u>10,523</u>

5. Noncurrent Assets

This item consists of the following:

Cost				
	31/12/2012	Additions	Omissions	31/12/2013
Association's land	326,477	0	0	326,477
Association's Construction	1,557,388	0	0	1,557,388
Equipment & tools	177,977	8,813	0	186,790
Furniture's & decorations	210,630	8,292	0	218,922
Books	9,760	700	0	10,460
Cars	65,380	0	0	65,380
Software	986	0	0	986
Total	2,348,598	17,805	0	2,366,403
Accumulated Depreciation				
	31/12/2012	Additions	Omissions	31/12/2013
Association's Construction	467,170	31,148	0	498,318
Equipment & tools	149,301	10,022	0	159,323
Furniture & decorations	175,106	5,761	0	180,867
Books	7,466	580	0	8,046
Cars	51,686	9,807	0	61,493
Software	911	0	0	911
Total	851,640	57,318	0	908,958
Total Net Book value of Noncurrent Assets	<u>1,496,958</u>			<u>1,457,445</u>

6. Retained Surplus

This item consists of the following:

	2013 JD	2012 JD
1/1 Balance	<u>3,265,588</u>	<u>3,277,208</u>
Prior Year Income Tax expense	(50)	(5,320)
Medical expenses for the year 2008	0	(423)
Social Security expense for the year 2011	<u>0</u>	<u>(1,310)</u>
31/12 Balance (Adjusted)	<u>3,265,538</u>	<u>3,270,155</u>
Year's (Deficit) Surplus	<u>(62,963)</u>	<u>(4,567)</u>
Retained Surplus 31/12 Balance	<u>3,328,501</u>	<u>3,265,588</u>

7. Magazine & Training Courses Revenues

A. Magazine Revenues

This item consists of the following:

	<u>2013</u> <u>JD</u>	<u>2012</u> <u>JD</u>
Subscription Revenue	26,355	24,891
Advertising Revenue	19,567	23,250
Sales Revenue	<u>30</u>	<u>66</u>
Total Revenue from the Magazine	<u>45,952</u>	<u>48,207</u>

B. Training Courses & Seminars Revenues

This item consists of the following:

	<u>2013</u> <u>JD</u>	<u>2012</u> <u>JD</u>
Fraud & Bank Fraud Detection Course	7,250	0
Provisions & Applications of Money Laundering Course	3,250	0
Legal aspects Course	6,500	0
Central Bank Instructions Course	17,750	6,750
Financial & law dangers of insurance Course	2,500	1,750
Islamic Bonds Course	0	6,350
Bazl 3 Course	0	19,500
Corporate Governance for Banks Course	0	1,300
Total Training Courses & Seminar Revenues	<u>37,250</u>	<u>35,650</u>

8. Magazine & Training Courses & Seminar Expenses

A. Magazine Expenses

This item consists of the following:

	2013 JD	2012 JD
Rewards	14,550	14,600
Printing	<u>30,839</u>	<u>29,695</u>
Total Banks Magazine Expenses	<u>45,389</u>	<u>44,295</u>

B. Training courses & seminar Expenses

This item consists of the following:

	2013 JD	2012 JD
Fraud & Bank Fraud Detection Course	1,997	0
Provisions & Applications of Money Laundering Course	1,103	0
Legal aspects Course	2,218	0
Central Bank Instructions Course	5,779	2,470
Financial & law dangers of insurance Course	977	825
Islamic Bonds Course	0	3,596
Bazl 3 Course	0	18,476
Corporate Governance for Banks Course	0	648
Total Training Courses & Seminar Expenses	<u>12,074</u>	<u>26,015</u>

9. General & Administrative Expenses

This item consists of the following:

	2013 JD	2012 JD
Salaries and wages	236,981	221,674
Social Security	23,596	22,264
Saving fund	17,180	15,519
Traveling & Transportation	5,231	8,807
Medical Expenses	18,611	20,162
Electricity & Water.	11,357	13,937
Hospitality	6,534	7,718
Post , Telephone & Internet	23,162	20,246
Real Estate Tax	7,050	7,050
Bank Commissions and Charges	87	575
Stationary and Publications	22,829	21,493
End of Service Compensation	8,261	7,454
Maintenance & Repair expenses	12,399	7,996
Cars & Motorbikes Expenses	7,971	12,313
Insurance	2,919	2,974
Garden Expenses	539	928
Depreciation	57,318	54,779
Auditing Fees	2,030	1,740
Public officer Notary Expenses	1,800	1,800
Tax on Deposit Expenses	3,543	3,321
Meetings & Parties	3,486	26,659
Training Course Remunerations	0	1,211
General Miscellaneous Expenses	1,252	1,830
Fuel Expenses	6,633	5,750
Employees Clothing's Expenses	1,067	1,044
Translation Expenses	1,886	2,137
Gifts	2,820	4,103
Legal Expense	0	332
Overtime	5,678	5,442
Advertisements	2,340	6,874
External membership	1,290	1,577
Cleaning & Security Expenses	17,957	17,864
Consultation services	5,800	3,284
Sales tax	266	4,045
Bad debt	0	7,712
Internal seminars	0	738
TOTAL	<u>519,873</u>	<u>543,352</u>

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