



1990

Board of Directors' Report For
The Year Ending December 31, 1990



THE HOUSING BANK

A Public Shareholding Company Established by Special Decree

General Management and Main Branch

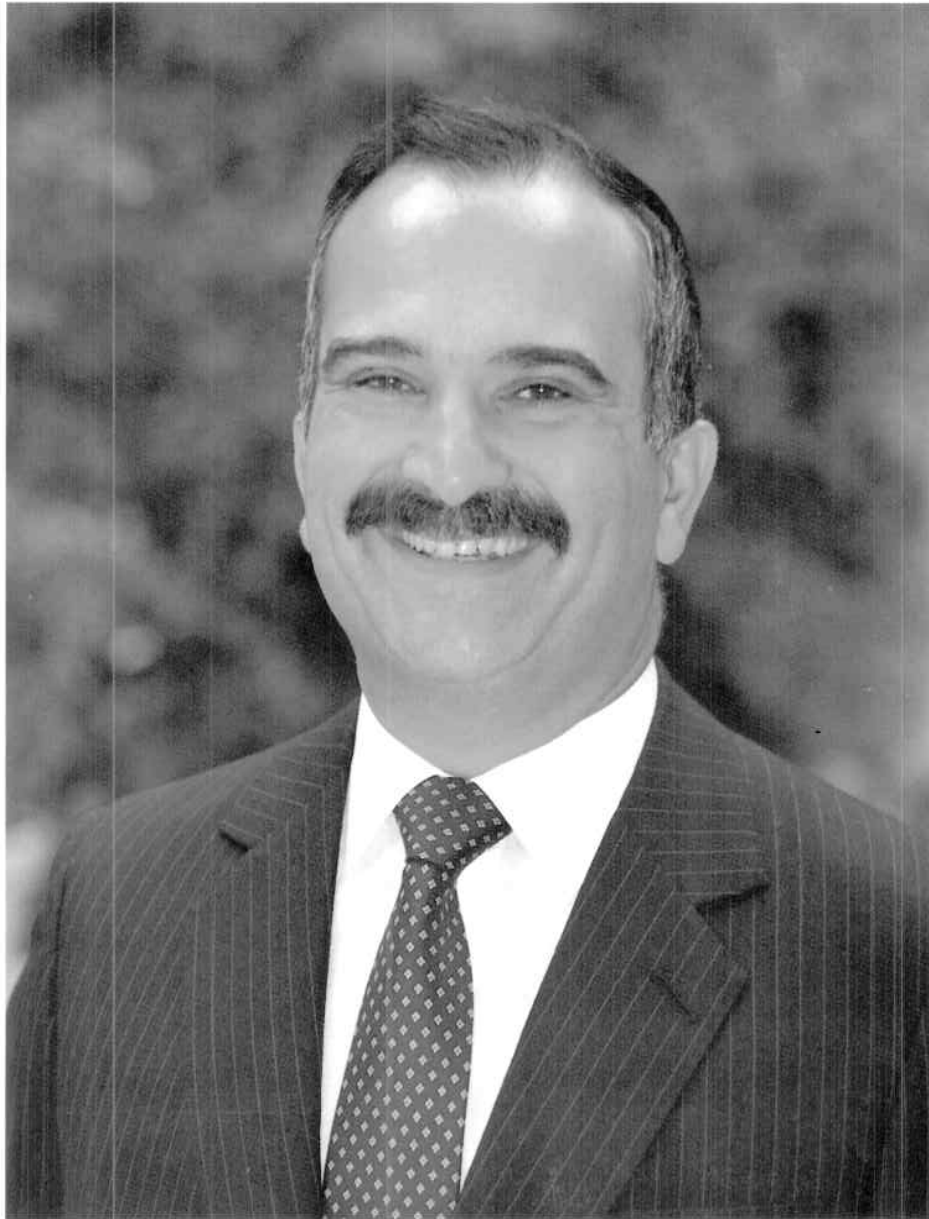
**Amman - Jordan
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His Majesty King Hussein



His Royal Highness Crown Prince Hassan

Board of Directors

Mr. Zuhair Khouri

Chairman of the Board and General Manager.

Mr. Badr Al Rasheed

Vice Chairman

Chairman, Managing Director /
Kuwait Real Estate Investment Group.

Mr. Mansour Haddadin

Representative of the Jordan Investment
Corporation.

Mr. Mohammad Jaser

Representative of the Central Bank of Jordan.

Mr. Yosef Hiyasat

General Manager of the Housing Corporation.

Mr. Abdullah Al Qawari

Representative of the Ministry of Finance and
Petroleum, Government of Qatar.

Mr. Ibrahim Al Ibrahim

Chairman of Tunis International Bank.

Mr. Ahmad Abdel Khaliq

General Manager of Jordan Insurance Co.

Mr. Abdul Mohsin Kattan

Chairman of Al Mal Group / London

Mr. Munther Fahoum

Assistant General Manager, Arab Bank

Mr. Tharwat Al Barghouthi

General Manager, Tharwat Al Barghouthi Corp.

Auditors: **Saba and Co.**

Chairman's Message

Gentlemen;

I have the pleasure to present to you the 17th Annual Report which includes the Bank's main activities and accomplishments during 1990, through which the Bank continued to accomplish more achievements and growth in spite of the Gulf Crisis which has erupted during the second half of this year and its regional and international consequences which had a negative impact on Jordanian economy in all sectors including the banking sector.

The Bank managed to achieve good growth rates in its various banking activities and strengthened its position among local, Arab and international financial institutions during 1990. The Bank occupied a distinguished position among Arab banks in the Arab World and abroad.

The Bank has also expanded its branch network during 1990 by opening and operating (4) new branches. Thus the total number of branches reached (100) branches covering all regions of Jordan.

While reviewing the Bank's financial statements for 1990 you will find out that the Bank continued to achieve more growth and progress. Total assets increased from JD* (561.5) million as of the end of 1989 to JD (607.2) million at the end of 1990, an increment of JD (45.7) million or (8%). The balance of deposits increased from JD (434) million as of the end of 1989 to JD (487.9) million at the end of 1990, an increment of JD (53.9) million or (12%). If interbank deposits at the Housing Bank were excluded, the balance of other deposits would become approximately JD (451) million against JD (400.1) million at the end of 1989, an increment of JD (50.9) million or (13%).

It is worth mentioning that the Bank achieved such results while the balance of these deposits in all other commercial banks** declined by JD (33.6) million during 1990.

The balance of loans and credit facilities granted or renewed by the Bank for different housing and development purposes reached JD (118.9) million during 1990.

* One JD = US Dollars (1.5) as of December 31, 1990, compared with (1.48) Dollar on December 31, 1989,

** Monthly Statistical Bulletin - Central Bank of Jordan, December, 1990.

The Bank's net profits in 1990 amounted to JD (3.67) million as compared with JD (3.42) million during 1989, an increment of JD (250) thousands.

In light of the results of the Bank's operations in 1990, the Board of Directors recommends distributing a dividend of (14%) and transferring the remaining balance of net profits to the various reserves, thus raising the balance of reserves from JD (17.6) million as of the end of 1989 to JD (19.2) million, an increment of JD (1.6) million or (10%). Thus total reserves exceeded the paid up capital by JD (7.2) million and total shareholders' equity becomes JD (31.2) million.

The Board of Directors would like to take this opportunity to express its sincere thanks and gratitude to the Government of the Hashemite Kingdom of Jordan and its various institutions for their cooperation, particularly the Central Bank of Jordan, who has always maintained rationality and wisdom in its policies, especially those aimed at stabilizing the Jordanian Dinar exchange rate and sustaining monetary stability, and who always plays a vital role in developing the Jordanian banking system and supporting its institutions to overcome any difficulties which they might encounter.

The Board of Directors also extends its gratitude to the Bank's staff, rank and file, for their relentless efforts to achieve and surpass the Bank's goals, improve work procedures and provide quality services to clients.

We look forward to greater accomplishments which include mobilizing more national savings and attracting more capital from various funding agencies to invest in the housing sector and to participate in financing various projects included in the socio-economic plans of the Kingdom.

May God guide us in serving this country under the wise leadership of His Majesty King Hussein and His beloved Crown Prince.

Zuhair Khouri
Chairman of the Board

The Banks Main Activities and Accomplishments During 1990

Capital and Reserves

During 1990 the Bank's paid-up capital of JD (12) million remained unchanged as no need arose to increase it, while the various reserves which the Bank built and used to increase every year, grew substantially and their balance increased from JD (17.6) million as of the end of 1989 to reach JD (19.2) million at the end of 1990, an increase of about JD (1.6) million or (10%). Thus total reserves exceeded the paid up capital by approximately JD (7.2) million or (60%). Total capital and reserves amounted to JD (31.2) million.

Table (1)
Growth in the Main Items of Balance Sheet
(1986-1990)*

Item	Year	JD million				
		1986	1987	1988	1989	1990
Cash, at banks and other liquid assets		80.4	107.7	136.5	172.8	204.2
Total loans and credit facilities **		292.6	306.3	317.7	323.4	330.5
Equity shareholdings ***		16.1	16.8	17.8	16.9	21.8
Real estate investments *** (Net after depreciation)		25.3	28.8	28.2	32.0	31.3
Deposits		294.2	338.3	378.5	434	487.9
Capital and reserves (Shareholders' equity)		26.0	27.3	28.3	29.6	31.2
Net profit		2.86	3.01	3.16	3.42	3.67
Total assets / liabilities		423.4	469.1	513.1	561.5	607.2

* Loans and credit facilities as well as equity shareholdings were stated at net value as required by the Central Bank of Jordan through its memo No. 36/91 dated February 14,1991.

** Including loans granted to the Housing Corporation which are financed by advances from the Central Bank of Jordan amounted to JD (53) million.

*** The Bank's Shareholding in the Shabsough and Prince Mohammad st. complexes amounting to JD (3.95) million which the Bank owns in half, was classified under real estate investments in 1989 and 1990, whereas it had been previously classified under equity shareholdings.

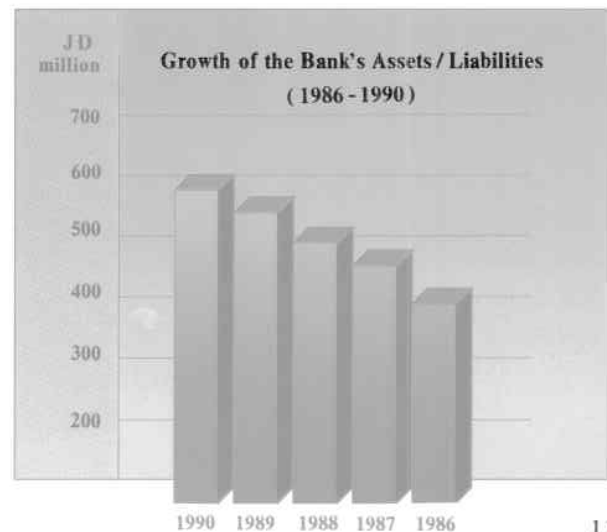
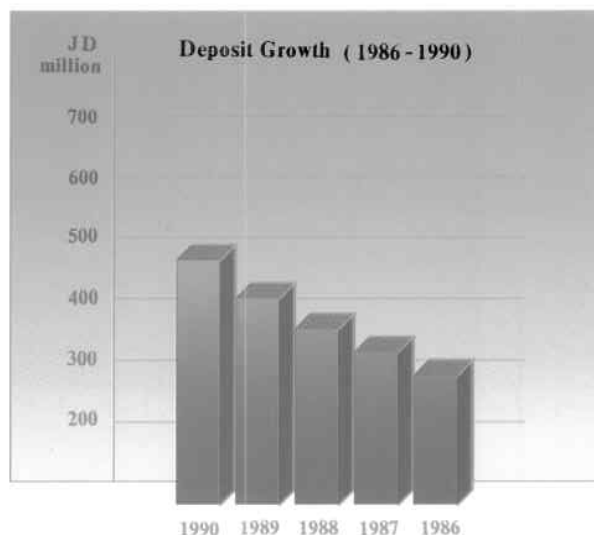
Deposits

The Bank continued attracting more deposits and savings of different types and sources during 1990 and managed to achieve distinguished results despite the adverse effects suffered by the Jordanian economy and resulting from the continuous Gulf Crisis. The fears inspired by the Gulf Crisis among citizens made many of them withdraw some of their deposits and wait till the Crisis comes to an end. Despite all that, the balance of deposits rose from JD (434) million as of the end of 1989 to reach JD (487.9) million at the end of 1990, an increment of JD (53.9) million or (12%). If interbank deposits at the Housing Bank were excluded the balance of other deposits becomes approximately JD (451) million against JD (400.1) million as at the end of 1989, an increment of JD (50.9) million or (13%). The Bank achieved such results while the balance of these deposits at all other commercial banks declined by JD (33.6) million during 1990.

The Bank also continues its steady policy of encouraging national savings in order to reduce consumption at this critical stage which the country is passing. The Bank exerts all efforts to attract individual and households savings and improves factors and incentives for that purpose.

It is worth mentioning that the Bank has during the recent few years developed the incentives offered to the owners of savings accounts. These accounts enjoy cash prizes granted through monthly lottery scheme. Total number of prizes involved equals (5,105) monthly prizes totalling JD (71,250) with a grand prize of JD (10,000). Furthermore, there is a special lottery scheme with 3 drawings every year which are run in April, August and December with a greater grand prize of JD (25,000).

Total number of winners of the savings accounts prizes since launching the scheme up to the end of 1990 reached (221,233) and they won prizes totalling about JD (4.5) million.



As a result of the Bank's innovative policies and procedures as well as its fast and diversified services the balance of savings, time and notice deposits recorded a substantial increase during 1990. This balance rose from JD (360.3) million as of the end of 1989 to reach JD (401.9) million at the end of 1990, an increment of JD (41.6) million or (12%).

Table No. 2 shows the growth of deposits (interbank deposits excluded) at the Housing Bank compared with all other commercial banks in Jordan.

Table No. 2

JD million

Year	Item	Balance		Annual Rate of Growth	
		The Housing Bank	Banking System	The Housing Bank	Banking System
1986		281.6	1664.7	18 %	10 %
1987		309.3	1833.1	10 %	10 %
1988		336.1	2010.0	9 %	10 %
1989		400.1	2225.2	19 %	11 %
1990		451.0	2191.6	13 %	(2) % *

* Due to the decrease of deposits in other commercial banks during 1990 by JD (33.6) million.

Qasr Shabib Branch - Zarqa
Distinguished Banking
Services



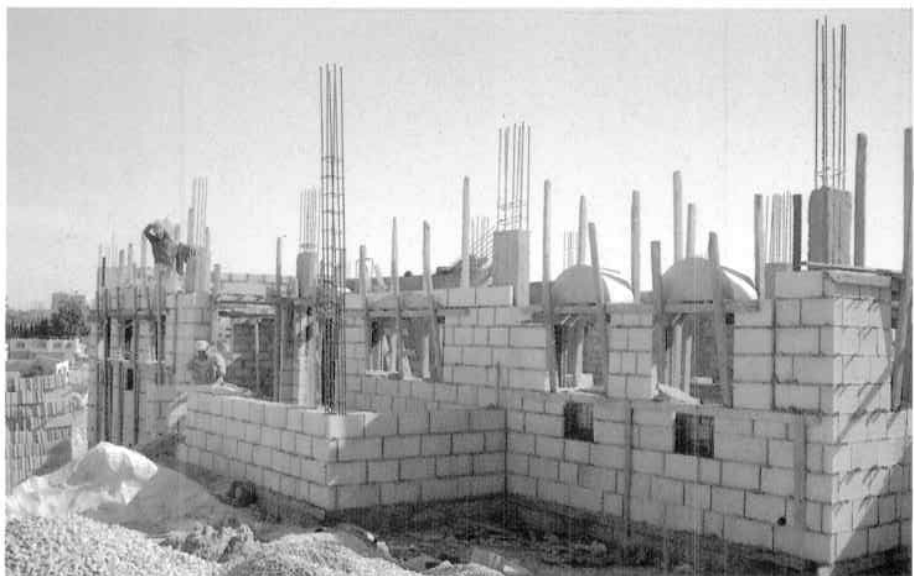
Loans and Credit Facilities

During 1990 the Bank continued its steady policy of granting more loans and credit facilities in response to the demand for medium and long-term housing and development finance to individuals as well as private and public institutions, as a contribution by the Bank to the housing delivery system which aims at providing adequate and decent housing units at affordable terms and at the lowest possible interest rates. In its attempt to achieve this goal, and despite the high cost of funds and lending rates in the banking market, the Bank continued to grant housing loans of JD (10) thousand and less which are oriented to low and medium - income groups with an interest rate of 8% annually which is at least 4 percentage points less than prevailing interest rates in the Jordanian banking market.

In its endeavor to encourage investment and provide development finance to individuals and institutions as a participation in the general efforts to revive national economy and development, the Bank introduced during 1990 a new lending program to finance vocational and small investors' projects, either new or established ones, which need increasing production capacity or adding new production lines or updating the old ones. Under this program, the Bank grants loans at affordable terms and flexible procedures.

The Bank also continued offering development finance to public and private corporations and institutions as a contribution to the financing of the plans and projects of economic and social development. In this regard, the Bank extended loans totalling JD (15.4) million during 1990.

The Housing Bank is a Major
Source of Housing Finance
in Jordan



One of the Vocational Projects Financed by the Housing Bank.

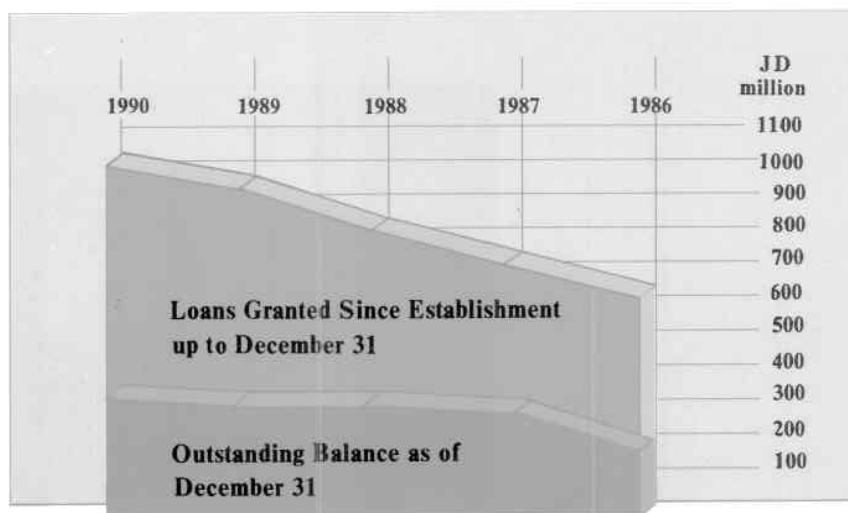


Total housing and development loans and credit facilities which the Bank granted or renewed during 1990 reached JD (118.9) million.

The balance of outstanding loans and credit facilities * at the end of 1990 was JD (330.5) million as compared with JD (323.4) million at the end of 1989, a net increase of JD (7.1) million.

The Bank is proud that its loan portfolio is covered by solid collaterals and guarantees which make it one of the best portfolios in the Jordanian lending market. This demonstrates a proof of the successful and sound lending policies, accuracy of lending procedures, and efficiency of the Bank's collection system.

Table (3) shows the development of the major indicators of the Bank's lending activity during (1974 - 1990).



Growth of Loans and Credit Facilities (1986 - 1990)

* Includes loans of JD (53) million granted to the Housing Corporation which are financed by advances from the Central Bank of Jordan.

Table (3)
Major Indicators of the Bank's Lending Activities
During 1974 - 1990

Item	Year	1974-1987 Accumulative	1988	1989	1990	Total
1 - Amount of granted loans and credit facilities (JD million)	a: Residential loans *	309.5	44.2	40.0	56.1	449.8
	b: Other mortgage loans	94.2	5.0	10.6	2.6	112.4
	c: Sub total (a + b)	403.7	49.2	50.6	58.7	562.2
	d: Development loans	81.5	35.5	45.4	15.4	177.8
	e: Credit facilities for housing and other development purposes	230.9	27.2	33.0	44.8	335.9
Grand total (c + d + e)		716.1	111.9	129.0	118.9	1075.9
2 - Number of granted loans		37104	2752	3737	4751	48344
3 - Number of units financed by the Bank classified by purpose	a: Construction and / or completion and / or expansion of buildings	65106	2273	1760	2044	71183
	b: Purchase and / or maintenance of buildings **	8949	1598	2120	1844	14511
	c: Purchasing plots and constructing buildings	-	30	311	109	450
	Total number of units financed	74055	3901	4191	3997	86144
	Including :					
	- Residential units	67508	3826	3683	3909	78926
	- Non residential units	6547	75	508	88	7218
4 - Building area financed by the Bank (000' sq.m)	a: Construction and / or completion and / or expansion	8269	412	428	368	9477
	b: Purchasing and / or maintenance **	1191	243	351	284	2069
	c: Purchasing plots and constructing buildings	-	7	46	15	68
	Total building area financed by the Bank	9460	662	825	667	11614
	Including :					
	- Building area of residential buildings	8944	646	611	635	10836
	- Building area of non-residential buildings	516	16	214	32	778
5 - % of constructed and / or expanded and / or completed building area which the Bank financed out of total licensed area in the Kingdom		31 %	18 %	17 %	14 %	28 %

* Including loans to the Housing Corporation financed by advances from the Central Bank of Jordan.

** The Bank may have financed purchase or maintenance as well as the construction of the same unit, so it is worth mentioning that the same unit may be included in both items.

Other Banking Services

During 1990, the Bank continued offering its customers a range of other banking services which include letters of credit, issuing guarantees, transfers, traveller's cheques, and foreign exchange in accordance with the Central Bank's instructions. The Bank also expanded its correspondent banks network abroad. By the end of 1990, the total number of correspondent banks reached (207) covering most regions of the world which helps the Bank to provide services to clients in a way that enable them to accomplish their commercial and banking business quickly and easily.

Automation

During 1990, the Bank signed a contract with one of the leading companies in the field of computer manufacturing to purchase developed computers to modernize and develop its automated services and to link all branches in one network, which enables the Bank to provide better banking services to clients. A working team from the Bank's employees is now being trained and qualified to operate these computers and prepare the required programs.

The Bank's Branches

In its attempt to spread the banking awareness and to encourage and develop saving habit among different categories of citizens, the Bank during 1990 initiated the idea of "Children Bank". Her Majesty Queen Nour Al-Hussein laid the cornerstone for the Bank's building in "Haya Cultural Center" in Amman. The establishment of this Bank comes as a unique initiative by the Bank not only in Jordan but in the Arab World as well. By opening the "Children Bank" the Bank seeks to develop saving and banking awareness among children. The Children Bank's work will not be restricted to offering banking services only but the Bank's building will include halls for reading and training how to operate computers in addition to various cultural and entertainment activities.

As a continuation of the expansionary policy followed by the Bank with the intention of mobilizing more savings as well as providing banking services to the citizens in various parts of the Kingdom, the Bank opened (4) new branches in 1990. These are:

Her Majesty Queen
Nour Al- Hussein
Lays the Cornerstone for
the " Children Bank's " Building

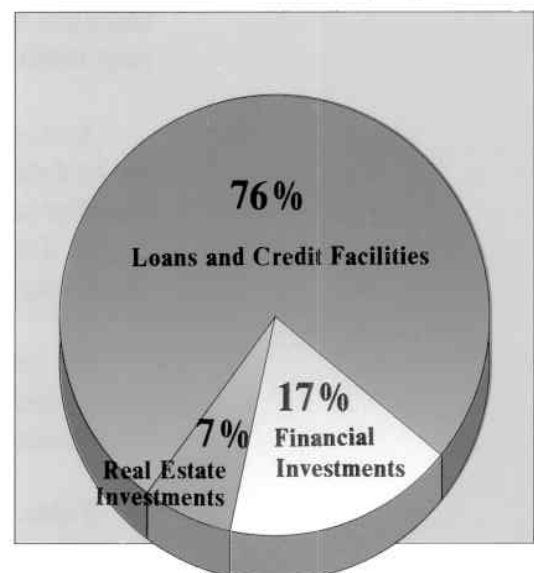


- 1- Qasr Shabib branch / Zarqa
- 2- Thelail branch / Zarqa Governorate
- 3- Al Jabal Al -Shamali branch / Rusaifa
- 4- Queen Alia International Airport branch

Thus the total number of the Bank's branches including money exchange offices reached (100) which accounts for (50%) of the total combined number of other banks branches in the Kingdom.

Real Estate Investments

During 1990, the Bank's building in Zarqa was handed over. This building consists of (7) floors with a total area of (7800) sq.m. and includes two parts, the first was used as premises for the Regional Management Head Office of the Bank's branches in Zarqa area as well as Qasr Shabib branch. The second part includes a number of shops and parking areas.



The Bank's Investments as at the end of 1990

The Housing Bank Centre
in Zarqa



Staff Training

The Bank pays great attention to develop and update its staff's knowledge and skills. Therefore, it provided (1200) training opportunity to employees from various sections and managerial levels during 1990. The training courses covered various fields including:

Strategic planning, feasibility studies and projects evaluation, foreign exchange, credit analysis, communication skills and bank marketing, developing supervisory skills, managing cash flow, negotiation skills, cost analysis and decision making, financial analysis using computer, systems analysis, letters of credit, personnel management, and financial management. The Bank also nominated (2) employees and sent them abroad to get Master degree in banking.

As a result of the distinguished success which the Bank achieved in the field of training, some local and Arab institutions nominated a number of their employees to attend training courses which the Bank based Training Center held. During 1990, the number of such employees reached (54) from various managerial levels.

For interaction with Jordanian scientific institutions, the Bank entertained a large number of their students to acquaint them of the Bank's activities and train them on the field.

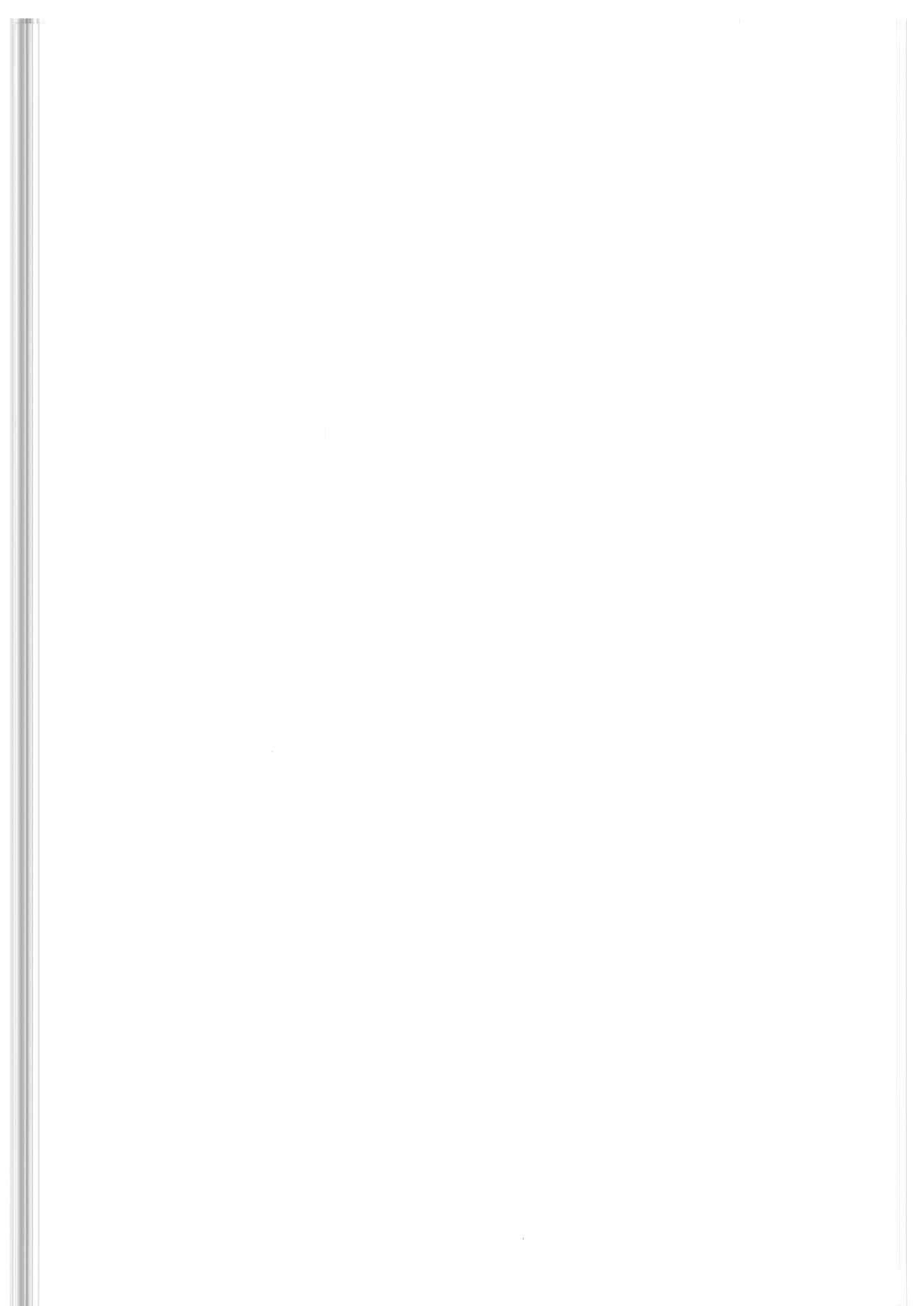
Table No. (4) shows the development of the Bank's training activities during the years (1986-1990).

One of the Training Courses
Held by The Bank - Based
Training Centre.



Table (4)

Item	Year	Number of Participants				
		1986	1987	1988	1989	1990
Training programs held at the Bank - based Training Center		500	640	1051	1218	1001
Training programs held in collaboration with specialized local training institutions		300	451	605	97	156
Training programs held in Arab and foreign countries		39	61	44	56	44
Seminars		1402	1832	2404	2025	1874
Total		2241	2984	4104	3396	3075

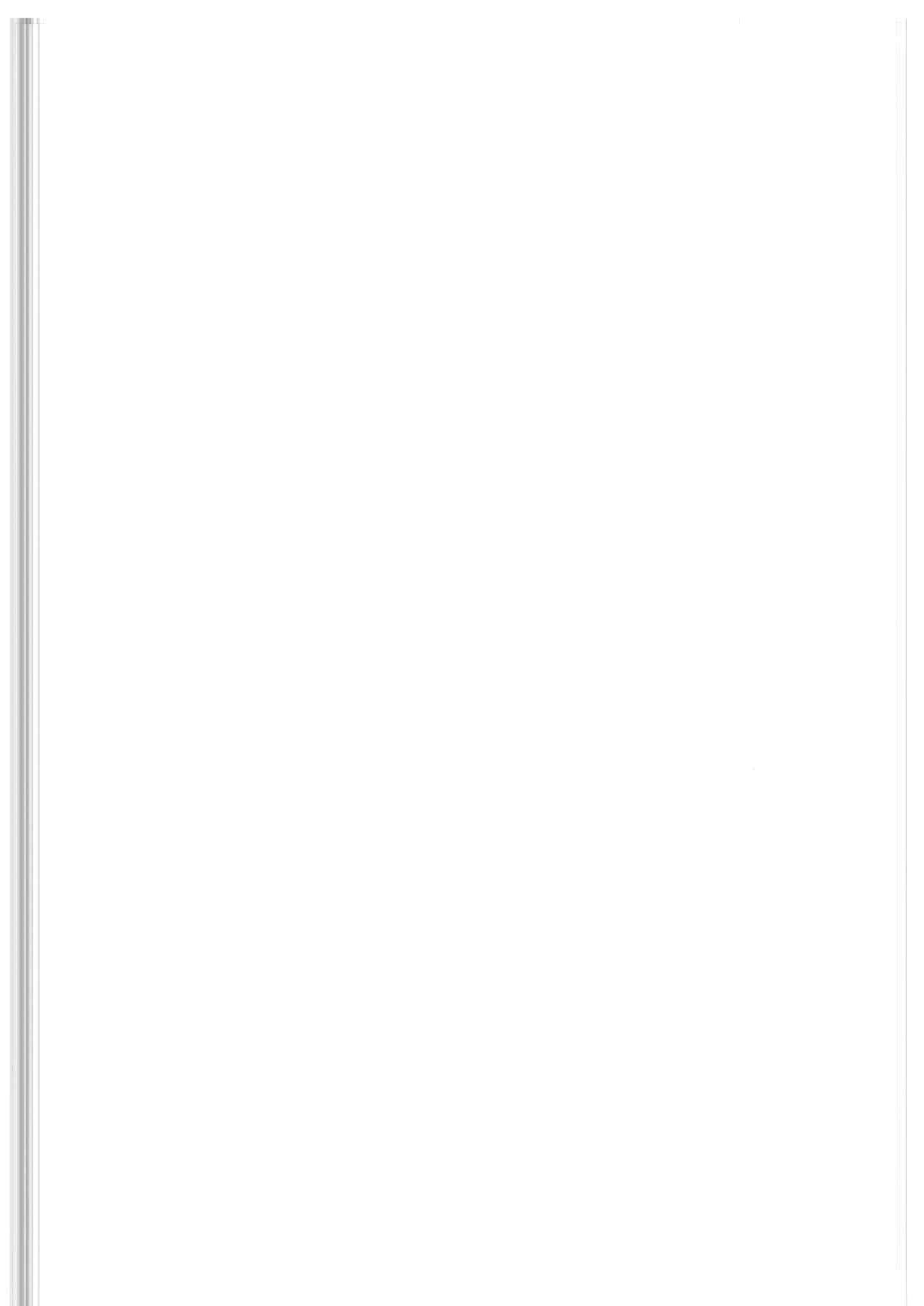




THE HOUSING BANK

(a public shareholding company established by special decree)

**Financial Statements
as of December 31, 1990 & 1989
And
Auditors' Report**



Auditors' Report

To the Shareholders of The Housing Bank
Amman - Jordan

We have examined the balance sheet of The Housing Bank (a public shareholding company established by special decree) as of December 31,1990 and 1989 and the related statements of profit and loss as well as sources and applications of funds for the years then ended. Our audit was carried out in accordance with international audit standards and included tests which are considered necessary for purposes of our audit such as those of the accounting records and the internal control system. We also obtained all information and notes which we considered necessary for our audit.

The Bank keeps regular and duly organized accounting records and the attached statements are in complete conformity with these records.

In our opinion, the accompanying financial statements fairly present the financial position of The Housing Bank as of December 31,1990 and 1989, the results of its operations, and the sources and applications of its funds for the years then ended in accordance with The Bank's law and the international accounting procedures.

We recommend that the General Assembly of the shareholders approves these financial statements.

Amman - Jordan February 26,1991

Saba & Co.

Balance Sheet As At

Assets	December 31,	
	1990 JD*	1989 JD
Cash and at Banks (Note 2)	154,807,238	136,255,459
Securities Portfolio:		
- Bonds & Treasury Bills	49,395,430	36,532,740
- Equity Shareholdings (Note 3)	23,623,161	18,478,840
less: Provision for Decline in Value of Shares	1,779,730	1,550,000
Net Equity Shareholdings	21,843,431	16,928,840
Loans and Credit Facilities:		
- Bills Discounted	9,041,215	6,794,244
- Loans and Credit Facilities	278,047,373	271,538,505
- Loans to the Housing Corporation Financed by Advances From Central Bank of Jordan (Note 8)	53,000,000	53,000,000
	340,088,588	331,332,749
less: Provision for Doubtful Debts and Interest and Commissions in suspense (Note 4)	9,564,470	7,976,708
Net Loans and Credit Facilities	330,524,118	323,356,041
Real Estate Investments (Note 5)	35,940,415	35,351,963
less: Accumulated Depreciation	4,660,308	3,375,727
Net Real Estate Investments	31,280,107	31,976,236
Fixed Assets (Note 6)	8,012,713	7,048,449
less: Accumulated Depreciation	3,363,006	2,939,977
Net Book Value of Fixed Assets	4,649,707	4,108,472
Other Assets (Note 7)	14,739,046	12,326,217
Total Assets	607,239,077	561,484,005
Liabilities of Customers for Undisbursed Amounts of Approved Loans	20,396,118	26,370,347
Liabilities of Customers for Documentary Credits	3,153,015	2,124,515
Liabilities of Customers for Guarantees	14,108,086	19,170,401
Liabilities of Customers for Acceptances	4,313,168	177,764
Other Contra Accounts	16,555,390	9,922,510
Total Contra Accounts	58,525,777	57,765,537

* One JD = (1.5) US Dollars As At December 31,1990 , (1.48) US Dollars As At December 31,1989

The Accompanying Notes Constitute an Integral Part of These Statements.

December 31, 1990, 1989

Liabilities	December 31,	
	1990 JD	1989 JD
Demand Deposits:		
- Local Currency	46,634,266	38,958,626
- Foreign Currencies	2,444,777	899,654
Total Demand Deposits	49,079,043	39,858,280
Savings, Notice & Fixed Deposits:		
- Local Currency	362,852,895	333,684,735
- Foreign Currencies	39,046,237	26,587,727
Total Savings, Notice & Fixed Deposits	401,899,132	360,272,462
Due to Banks:		
- In Jordan	26,920,341	17,149,761
- Abroad	9,990,314	16,680,285
Total Due to Banks	36,910,655	33,830,046
Borrowings From Banks (Note 8)	66,413,069	73,000,112
Cash Margins	1,230,746	904,402
Various Provisions	3,046,533	5,118,792
Other Liabilities (Note 9)	17,417,116	18,934,277
Paid - up Capital (Note 10)	12,000,000	12,000,000
Statutory Reserve	4,405,094	4,037,945
Special Reserve (Note 11)	14,627,669	13,317,669
Other Reserves	210,020	210,020
Total Liabilities	607,239,077	561,484,005
Contra Accounts		
Approved But Undisbursed Loans	20,396,118	26,370,347
Customers' Documentary Credits	3,153,015	2,124,515
Customers' Guarantees	14,108,086	19,170,401
Customers' Acceptances	4,313,168	177,764
Other Contra Accounts	16,555,390	9,922,510
Total Contra Accounts	58,525,777	57,765,537

Badr Al Rasheed
Vice Chairman

Zuhair Khouri
Chairman

Statement of Profit, Loss And Distribution

For the Years Ended December 31, 1990, 1989

	1990 JD	1989 JD
Income:		
Interest Earned	38,514,768	34,524,336
Received Commissions	2,717,277	3,440,479
Foreign Exchange Profit (loss)	1,770,493	3,135,711
Income From Real Estate Investments	2,256,473	2,123,660
Income From Financial Investments And Other Income	6,012,762	4,463,099
Total Income	51,271,773	47,687,285
Expenses:		
Interest Paid	30,811,180	25,809,159
General & Administrative Expenses	10,461,751	9,330,761
Depreciation, Provisions & Other Expenses (Note 12)	6,327,350	9,128,743
Total Expenses	47,600,281	44,268,663
Net Income Available for Appropriation	3,671,492	3,418,622
Appropriation:		
Statutory Reserve (10%)	367,149	341,862
Special Reserve (Note 11)	1,310,000	1,415,814
Income Tax Paid for Past Years	190,195	-
Income Tax for 1990 (Note 13)	150,000	-
Board of Directors' Remuneration	8,250	8,250
Contribution to Housing Bank Employees' Children Education Fund & Employees' Club	15,898	38,510
Contribution to Scientific Research & Vocational Training Institutions	50,000	34,186
Dividends Proposed For Distribution	1,580,000	1,580,000
Total	3,671,492	3,418,622

The Accompanying Notes Constitute an Integral Part of These Statements

Statement of Sources And Application of Funds For the Years Ended December 31, 1990, 1989

	1990 JD	1989 JD
Funds Provided:		
Net Income	3,671,492	3,418,622
Add: Depreciation, Amortization and Provision	4,900,215	6,773,440
Total Funds Provided From Operations	8,571,707	10,192,062
Increase in:		
Current Accounts and Demand Deposits	9,220,763	2,632,791
Savings, Notice and Fixed Deposits	41,626,670	61,426,212
Due to Banks	3,080,609	-
Miscellaneous Deposits	326,344	-
Other Liabilities	-	1,255,745
Various Provisions	-	1,875,038
Total Funds Provided	62,826,093	77,381,848
Funds Applied:		
Increase in:		
Cash on Hand and at Banks	18,551,779	25,859,924
Securities Portfolio	18,277,281	15,797,103
Loans and Credit Facilities	8,665,336	9,721,003
Real Estate Investments	588,452	1,565,519
Fixed Assets - Net	964,264	1,108,087
Dividends Proposed For Distribution	1,580,000	1,580,000
Other Assets	2,880,434	3,210,597
Decrease in:		
Other Liabilities	1,541,309	-
Due to Banks	-	8,576,428
Borrowings From Banks	6,587,043	9,890,956
Miscellaneous Deposits	-	72,231
Various Provisions	3,190,195	-
Total Funds Applied	62,826,093	77,381,848

The Accompanying Notes Constitute an Integral Part of These Statements

Notes to the Financial Statements

1 - Accounting Policies

- a: The accompanying financial statements represent the consolidated statements of the Bank's branches in Jordan. Interbank transactions and balances have been excluded, but transactions in transit among branches at the end of the year have been included within the item "other assets" in the attached balance sheet.
- b: Equity shareholdings (including subsidiaries) and bonds have been stated at cost, whereas provision for decline in their value at the end of the year appears deducted from the item "equity shareholdings" in the attached balance sheet.
- Real estate investments are stated at cost. Depreciation is being computed according to the straight line method (except land) at the following annual rates:
- Commercial Centre - Shmeisani 3 %
Assets of Amman Plaza Hotel from 2 % to 10 %
- c: A provision for doubtful debts as estimated by the Bank's management appears deducted from the item "loans and credit facilities" in the assets side of the attached balance sheet. The provision account is debited with any depreciated loans.
- d: Fixed assets are stated at cost value. Depreciation is being computed according to straight line method (except land) at the following annual rates:
- | | |
|-------------------------|------|
| Buildings | 3 % |
| Fixtures | 8 % |
| Computer | 14 % |
| Furniture | 15 % |
| Vehicles and Equipments | 20 % |
- e: Assets and liabilities in foreign currencies in the attached balance sheet were translated into JD at the prevailing rate at the end of 1990 in accordance with the Central Bank's instructions. Discrepancies resulting from the valuation were taken to the Profit and Loss Account.
- f: The establishment expenses are amortized at the rate of 20% per annum.

2 - Cash and at Banks

This item includes a fixed deposit of JD 8,227,660 for four years placed at the Central Bank of Jordan.

3 - Equity Shareholdings

This item is made up of:

- 1 - Equity investments in subsidiaries and affiliates i.e companies in which the Bank owns 20% of capital or more detailed as follows:

Company	Bank's Share of Capital (%)	December 31,	
		1990 JD	1989 JD
Subsidiaries:			
- Jordan Bricks and Tiles Co. Ltd.	-	-	270,270
- Arab Bricks and Tiles Co. Ltd.	99	247,500	-
- Darco for Investment and Housing Co. Ltd. (61% in 1989)	63.9	1,359,773	1,332,814
Sub total - Subsidiaries		1,607,273	1,603,084
Affiliates:			
-- Jordan Securities Corp.	-	-	2,235,571
- Arab Banking Corporation - Jordan	25.5	3,586,131	-
- Jordan Holiday Hotels Co. (30% in 1989)	31.3	1,139,600	1,094,600
- Industrial Development Bank (27.9% in 1989)	29.9	2,727,359	2,530,047
- Jordan Real Estate Est. Co.	24.2	2,229,545	2,229,545
Sub total - Affiliates		9,682,635	8,089,763
Total Shareholdings in Subsidiaries and Affiliates		11,289,908	9,692,847
2 - Equity shareholdings in companies in which the Bank owns less than 20%			
		12,333,253	8,785,993
Grand Total		23,623,161	18,478,840

a: Arab Bricks and Tiles Co. (a limited liability Co.) was established to operate the bricks and tiles factory which became owned by the Bank after the liquidation of the previous company. Arab Bricks and Tiles Co. is still under establishment.

b: Financial statements of Darco for Investment and Housing Co. in which the Bank owns 63.9% stake of its capital were not incorporated in the attached statements because it is a temporary ownership. Total assets of the company reached JD 2,471,744 as of December 31, 1990 (JD 2,367,479 as of December 31, 1989).

c: The outstanding balance of debts due from subsidiaries and affiliates reached JD 3,072,366 as of December 31, 1990 (JD 3,906,005 at the end of 1989).

d: As of December 31, 1990 the total uncalled capital related to the Bank's shareholdings amounted to JD 152,000 (JD 177,000 at the end of 1989).

4 - Doubtful debts provision and interest in suspense:

This item is made up of:

	December 31	
	1990	1989
	JD	JD
Provision for doubtful debts	5,515,646	4,289,870
Interest and commissions in suspense	4,048,824	3,686,838
	9,564,470	7,976,708

5 - Real Estate Investments

This item is made up of the following:

	December 31	
	1990	1989
	JD	JD
- Land at cost	1,415,699	1,415,699
- The Commercial Centre's and Plaza Hotel's Building - Shmeisani	14,303,084	14,263,451
- The Bank's Building - Aqaba	626,517	626,517
- The Bank's Building - Zarqa (under construction in 1989)	2,151,366	1,762,700
	17,080,967	16,652,668
Furniture, decoration, equipment, finishings and other works of the Commercial Centre and Plaza Hotel	13,493,749	13,333,596
	30,574,716	29,986,264
Less: Accumulated depreciation	4,660,308	3,375,727
	25,914,408	26,610,537
Shabsough and Prince Mohammad st. Complexes (50%)	3,950,000	3,950,000
Total	31,280,107	31,976,236

6 - Fixed Assets

This item is made up of:

	December 31	
	1990 JD	1989 JD
- Land	1,103,575	1,103,575
- The Bank's Buildings	1,588,116	1,412,499
- Apartments	546,923	546,923
- Furniture and Safes	1,183,011	963,100
- Equipment Including Computers in the Main Branch and Other Branches	3,142,805	2,572,157
- Vehicles	448,283	450,195
	8,012,713	7,048,449
less: Accumulatd Depreciation	3,363,006	2,939,977
Fixed Assets - Net Book Value	4,649,707	4,108,472

7 - Other Assets

This item is made up of:

	December 31	
	1990 JD	1989 JD
- Advances	17,584	48,097
- Establishment Expenses After Amortization	864,153	986,159
- Accrued Interest and Commissions	7,491,219	4,357,092
- Premium of Bond Issue	418,123	447,516
- Prepayments to Suppliers and Contractors	583,890	627,248
- Supplies and Stationery	530,174	509,178
- Items in Transit Between Branches	1,499,664	2,468,414
- Current Assets of Amman Plaza Hotel	917,479	960,134
- Land and Buildings Owned by the Bank in Settlement of Debts	1,821,279	1,113,373
- Deposit Placed at ABC -Jordan	3,000,000	-
- Other Items	595,481	809,006
	17,739,046	12,326,217
- less: Provision for Above Deposit at ABC -Jordan	3,000,000	-
Other Assets - Net	14,739,046	12,326,217

Note: The item of land and buildings owned by the Bank in settlement of debts includes JD 414,000 being the value of machines, equipment and buildings of Bricks and Tiles Co. which the Bank got through auction and deducted from the company's debt due to the Bank.

8 - Borrowing from Banks

This item includes advances granted to the Bank for the purpose of financing loans which pertain to the Housing Corporation projects amount to JD 53,000,000. These loans are granted by the Bank to the Housing Corporation and are backed by the guarantee of the Jordanian Government.

It also includes an amount of JD 6,087,661 representing the rediscount of syndicated loans and corporate bonds guaranteed by the Government.

9 - Other Liabilities

This item is made up of:

	December 31	
	1990	1989
	JD	JD
- Dividends Proposed for Distribution	1,580,000	1,580,000
- The Board of Directors' Remuneration	8,250	8,250
- Salary Accounts	5,292,166	7,068,544
- Interest and Commissions Received in Advance	1,812,164	1,418,135
- Accrued Payable Interest	3,255,236	2,297,470
- Sales of Urban Development Projects Accounts	1,377,168	1,933,751
- Liabilities of Borrowers Life - Insurance Fund	489,693	464,638
- Liabilities of Savings Accounts Lottery Prizes Fund	525,675	493,090
- Current Liabilities of Amman Plaza Hotel	753,733	621,510
- Other Credit Balances	2,323,031	3,048,889
Total	17,417,116	18,934,277

Liabilities of Borrowers Life - Insurance and Savings Accounts Lottery Prizes Funds

According to the Board of Directors' decision, accounts of Borrowers Life - Insurance Fund and Savings Accounts Lottery Prizes Fund were incorporated in the Bank's assets and liabilities. Liabilities of these funds are given within "Other Liabilities" and detailed as follows :

	December 31,			
	1990		1989	
	Borrowers Life - Insurance Fund JD	Savings Accounts Lottery Prizes Fund JD	Borrowers Life - Insurance Fund JD	Savings Accounts Lottery Prizes Fund JD
Liabilities				
- Provisions for payment of prizes to winners in lottery	-	386,401	-	375,410
- Provision for decline in value of shares	45,418	1,672	1,601	678
- Accrued payable interest	538	-	-	-
- Provisions for amortization of loans due to death and accumulated saving	443,737	137,602	463,037	117,002
Total Liabilities	489,693	525,675	464,638	493,090

10 -The Bank's Capital

This item is made up of:

Share Category	No. of Shares	Subscribed & Paid - Up Capital JD	Authorized Capital JD
Ordinary Shares	1,000,000	1,000,000	1,000,000
Preference Shares	5,000,000	5,000,000	9,000,000
Special Shares	6,000,000	6,000,000	8,000,000
Total	12,000,000	12,000,000	18,000,000

* Par value of one share is JD one .

* Under the Bank's law, the special shares are issued in accordance with the Board of Directors' decisions and are subscribed by institutions, establishments and individuals outside the Kingdom, and by any government other than the Government of Jordan.

11 -Special Reserve

Under the Bank's law this reserve is deducted from the profits by the decision of the Bank's Board of Directors.

12 -Depreciations, Provisions and Other Expenses

This item is made up of:

	December 31	
	1990	1989
	JD	JD
- Depreciation of fixed assets	1,797,964	1,678,557
- Amortization of establishment expenses	467,605	385,315
- Provision for decline of shares' prices	500,000	1,050,000
- Provision for doubtful debts	1,497,259	1,250,000
- Other expenses	187,186	203,581
- Service -termination indemnity and other provisions	1,877,336	4,561,290
Total	6,327,350	9,128,743

13 -Income Tax

The Bank, under its special law, is exempted from payment of income tax. The income-tax provision which appears in the profit and loss statement is confined to the Bank's revenue from its interbank deposits placed with local banks, under the Income Tax Law.

14 -Legal Claims

The Bank has filed lawsuits, through which it claims amounts totalling JD 2,879,279. Meanwhile, total amounts involved in lawsuits filed against the Bank reached JD 7,958,051 as of December 31,1990. The Bank's management view that the Bank will not be liable for any financial obligations arising from such claims.

15 -Comparison of Figures

Some figures of 1989 have been reclassified in order to be consistent with the classifications of 1990 for the purpose of comparison.