

# ***1991***

**Board of Directors' Report For  
The Year Ending December 31, 1991**



## THE HOUSING BANK

(A Public Shareholding Company Established by Special Decree)

### General Management and Main Branch

**Amman - Jordan**

**P.O.Box (7693)**

**Telex 21693 ISKAN JO**

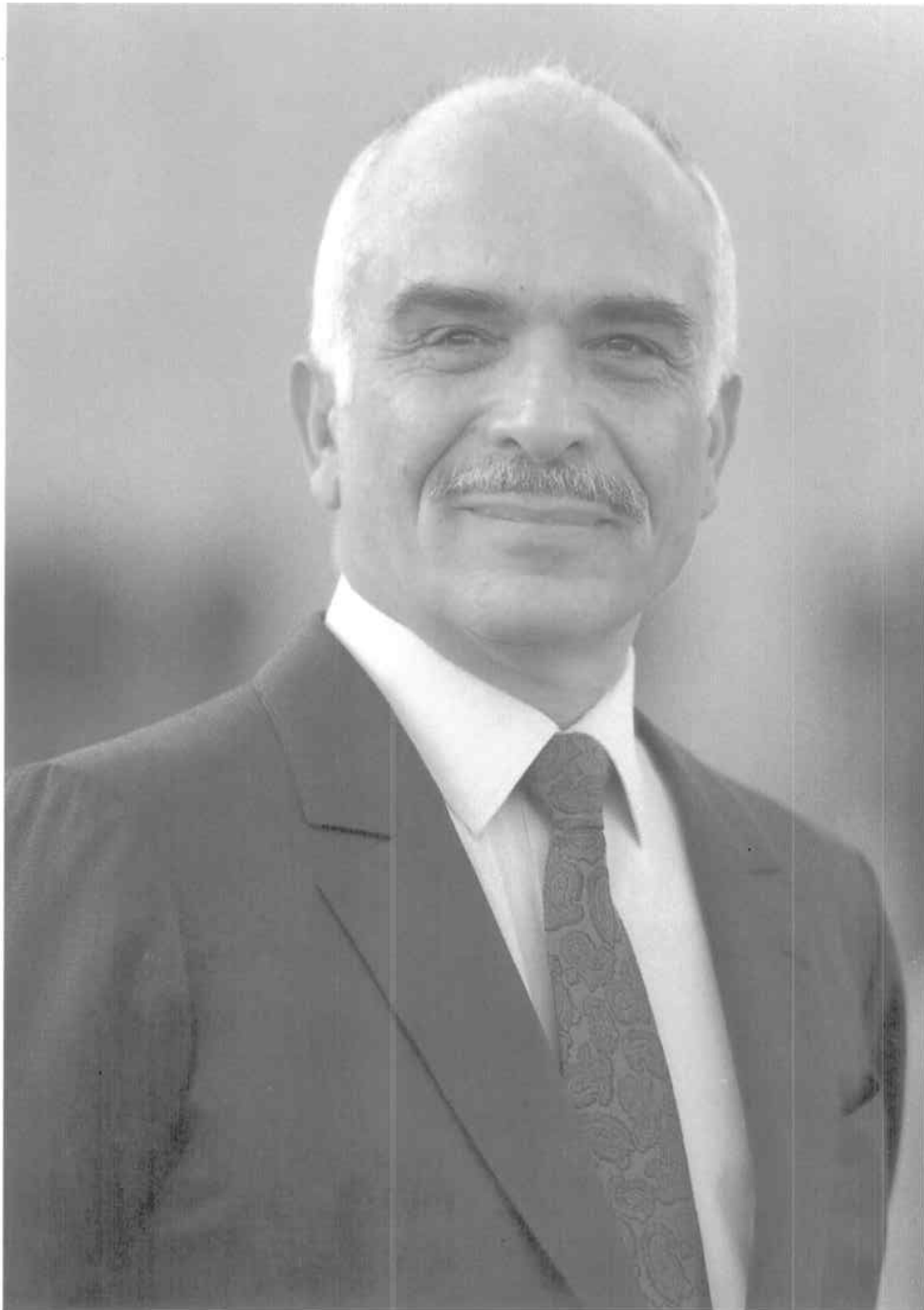
**22061 ISKAN JO**

**23460 ISKAN JO**

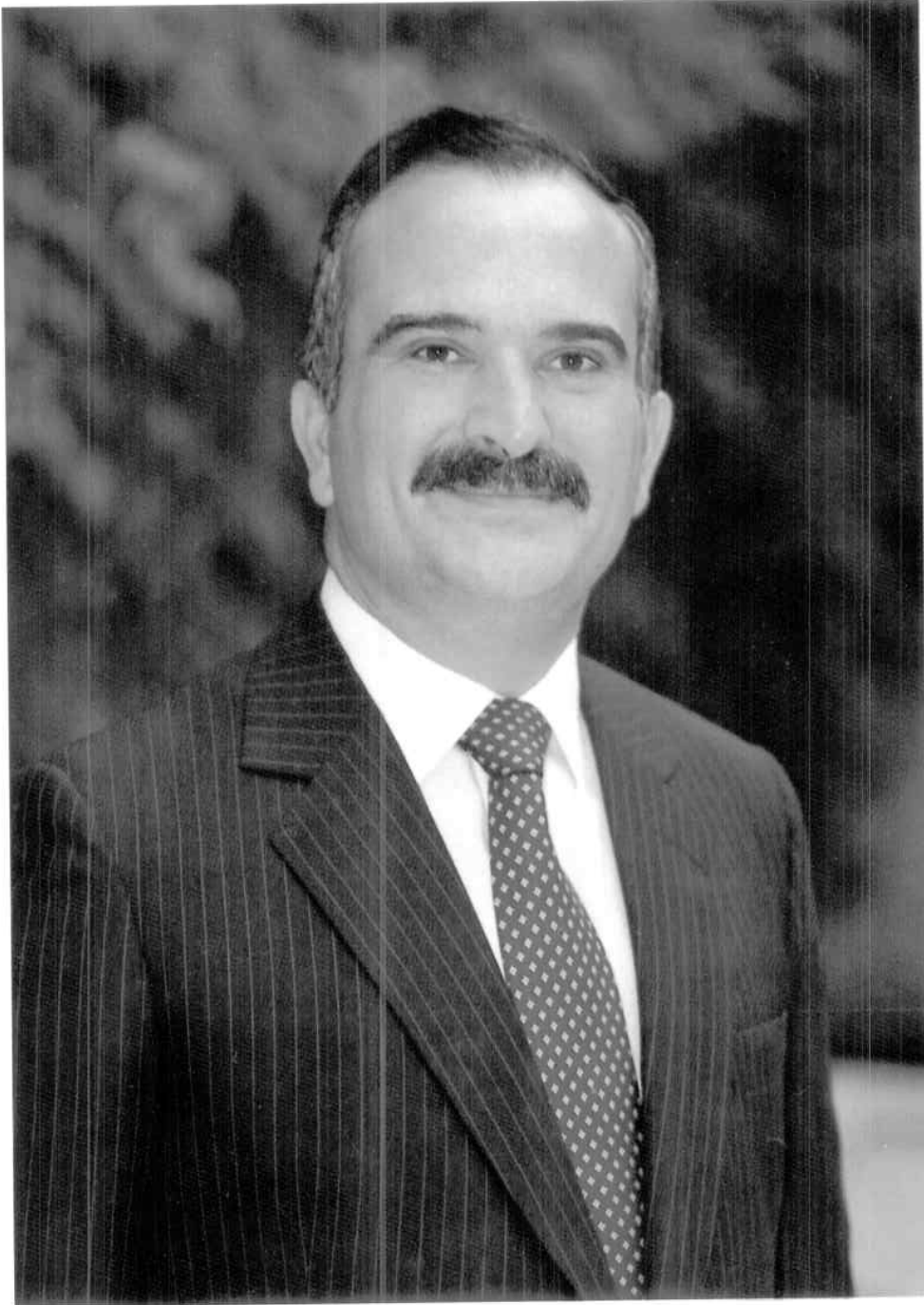
**Cable Address: ISKAN**

**Telephone: 667126**

**Facsimile: 678121**



*His Majesty King Hussein*



*His Royal Highness Crown Prince Hassan*

**We, King Hussein of the Hashemite  
Kingdom of Jordan;**

*In appreciation for the sincere efforts made by the Housing Bank and acknowledging its vital role in the national economy, and due to the local, Arab and international reputation the Bank enjoys as a national leading institution, have awarded it "Al Kawkab Medal of the First Order" and ordered the Royal Court to issue this Royal Decree.*

On order from  
**His Majesty King Hussein**  
Signed by/Chief of the Royal Court

*Translation of The Royal Decree*

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Handwritten signature/initials

عزير بن عبد الله الحسين بن عبد الله الحسين

فقد بدلت الجمهور والمخضبة التي بنزلنا في بلادنا ، وعرفنا بما له من ودد  
في بلادنا وصرح انفسنا في اذوننا في بلادنا وصرح انفسنا في اذوننا في بلادنا  
مؤكسمة وبنية بلادنا في بلادنا وصرح انفسنا في اذوننا في بلادنا  
بأبصارنا في بلادنا وصرح انفسنا في اذوننا في بلادنا .

هدى عن قهرنا بسماه الزمان في حيا في اليوم الثاني من شهر رجب سنة الله  
فقد بدلت الجمهور والمخضبة التي بنزلنا في بلادنا ، وعرفنا بما له من ودد  
في بلادنا وصرح انفسنا في اذوننا في بلادنا وصرح انفسنا في اذوننا في بلادنا  
مؤكسمة وبنية بلادنا في بلادنا وصرح انفسنا في اذوننا في بلادنا .

بأبصارنا في بلادنا وصرح انفسنا في اذوننا في بلادنا .

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رئيس القبول والمسكنات العامة

**Royal Decree Awarding "Al Kawkab Medal of the First Order " from His Majesty King Hussein to the Housing Bank and its Employees.**

# Board of Directors

Chairman :

Mr. Zuhair Khouri

Vice Chairman :

Mr. Badr Al Rasheed

Deputy Managing Director / Kuwait Investment Authority

Members:

Mr. Mansour Haddadin

Representative of Jordan Investment Corporation.

Mr. Mohammad Jaser

Representative of Central Bank of Jordan.

Mr. Yousef Hiyasat

General Manager of Housing Corporation.

Mr. Mansour Johar Sa'eed\*

Representative of 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.

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**Auditors; Saba and Co.**

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\* Replaced Mr. Abdullah Al Qawari since July 21, 1991.

# Chairman's Message

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## Gentlemen;

I have the pleasure to present to you the 18th Annual Report which includes the Bank's main activities and accomplishments during 1991, through which the Bank continued to accomplish more achievements and growth in spite of the Gulf crisis and the consequences of its outcome which had negative impacts on Jordanian economy.

I feel proud to convey to you that the Bank, during 1991, received from the Royal Court the Royal Decree awarding "Al Kawkab Medal of the First Order" shown at the beginning of this report. His Majesty King Hussein had awarded the medal to the Housing Bank and its employees as expression of his Majesty's appreciation for the relentless efforts made by the Bank and its vital role in the national economy as well as the local, Arab and international reputation the Bank enjoys as a national leading institution.

The Bank managed to achieve good growth rates in its various banking activities during 1991 and recorded the biggest increase in deposits since its establishment. The Bank also strengthened its position in the Jordanian banking system as well as among Arab and international financial institutions. It occupied a distinguished position among Arab banks in the Arab World and abroad.

It is worth mentioning that when the Gulf crisis escalated and reached the peak in the subsequent war, financial institutions in Jordan (including the Housing Bank) were faced with a strong rush from clients to withdraw their deposits which led to a liquidity crisis. The Bank took all necessary measures to meet all withdrawal requests from its clients, immediately and completely including extending banking hours for clients. Furthermore, the Bank is proud to have extended assistance to some other financial institutions which were in bad need for cash under those circumstances and provided them with the required liquidity. Moreover, the Bank's role was not confined to just only that, it has also provided credit facilities and various banking services to large numbers of Jordanian expatriates who were compelled by the Gulf crisis to return home. The Bank provided them with fast cash advances on flexible procedures to enable them meet their daily life needs until they receive their savings and compensations. The Bank also made it possible for them to obtain mortgage loans and credit facilities at soft terms and flexible procedures.

While reviewing the Bank's financial and statistical statements for 1991 you will find out that the Bank continued to achieve more growth and progress. Total assets increased from JD (607.2) million as of the end of 1990 to JD (824.3) million at the end of 1991, an increment of JD (217.1) million or (36%). Thus the Bank's total assets reached nearly USD (1.24) billion. The balance of deposits increased from JD (487.9) million as of the end of 1990 to JD (704.7) million at the end of 1991,

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an increment of JD (216.8) million or (44%). If interbank deposits at the Housing Bank were excluded, the balance of other deposits would become JD (653.9) million against JD (451) million at the end of 1990, an increment of JD (202.9) million or (45%).

It is worth mentioning that the balance of deposits at all licensed banks in Jordan recorded an increase of JD (1,379.4) million in 1991. The Bank's share of this increase was nearly (15%).

The balance of loans and credit facilities granted or renewed by the Bank for different housing and development purposes reached JD (129.7) million during 1991. Despite that total repayments of old loans exceeded JD (100) million, the balance of outstanding loans and credit facilities also increased from JD (330.5) million as of the end of 1990 to JD (336.6) million at the end of 1991, a net increment of JD (6.1) million. It is worth mentioning that the Bank could not invest more funds in different loans due to the slow down of demand on residential and mortgage loans during the first half of 1991 as well as the scarcity of safe-investment opportunities. Thus, the Bank kept a high degree of liquidity in line with its conservative investment policy.

The Bank's net profit in 1991 amounted to JD (3,805,996) compared with JD (3,671,492) in 1990, an increment of JD (134,504).

In light of the results of the Bank's operations in 1991, the Board of Directors recommends distributing a dividend of (14%) and transferring the remaining balance of net profits to the various reserves, thus raising its balance from JD (19.2) million as of the end of 1990 to JD (21) million, an increment of JD (1.8) million or (9%). So, total reserves exceeded the paid-up capital by JD (9) million and total shareholders' equity becomes JD (33) 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.

The Board of Directors also extends its gratitude to the Bank's staff, rank and file, for their relentless efforts to achieve the Bank's goals and ambitions, 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 socio-economic development projects in 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

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# The Bank's Main Activities and Accomplishments During 1991

## Capital and Reserves

During 1991 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 (19.2) million as of the end of 1990 to reach nearly JD (21) million at the end of 1991, an increase of nearly JD (1.8) million or (9%). Thus total reserves exceeded the paid-up capital by nearly JD (9) million or (75%) and the total capital and reserves reached JD (33) million.

Table 1  
Growth in the Main Items of Balance Sheet  
(1987-1991) JD million

Item	Year	(1987-1991)				
		1987	1988	1989	1990	1991
Cash, at banks and other liquid assets		107.7	136.5	172.8	204.2	413.9
Total loans and credit facilities**		306.3	317.7	323.4	330.5	336.6
Equity shareholdings		16.8	17.8	16.9	21.8	28.3
Real estate investments		28.8	28.2	32.0	31.3	30.0
Deposits		338.3	378.5	434.0	487.9	704.7
Capital and reserves (Shareholders' equity)		27.3	28.3	29.6	31.2	33.0
Net profit		3.01	3.16	3.42	3.67	3.81
<b>Total assets / liabilities</b>		<b>469.1</b>	<b>513.1</b>	<b>561.5</b>	<b>607.2</b>	<b>824.3</b>

\*One JD was equivalent to nearly US Dollars (1.5) as of December 31, 1991.

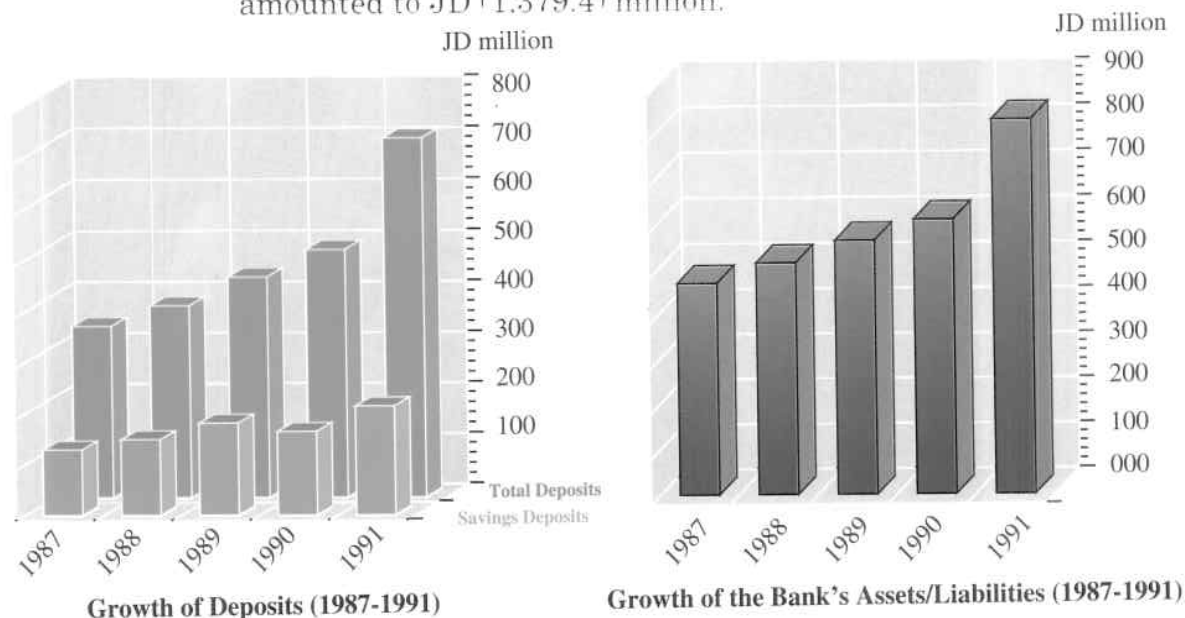
\*\* Includes loans granted to the Housing Corporation which are financed by advances from the Central Bank of Jordan, amounted to JD (48) million at the end of 1991.

## Deposits

The Bank continued attracting more deposits and savings of different types and sources during 1991 and managed to achieve distinguished results and a record increase in deposits' volume, despite the adverse effects suffered by the Jordanian economy from the Gulf crisis and its consequences.

Immediately after the end of the Gulf war, the Bank started an intensive campaign to get back the deposits and savings which were withdrawn when the Gulf crisis escalated and during the Gulf war. Due to increased confidence the Bank enjoyed among citizens and institutions, the diversified services it offered to clients and the efficient techniques employed by the Bank for savings mobilization, the campaign achieved its targets. The Bank managed to get back a big share of such deposits which were returned to the banking system. Furthermore, the Bank made big efforts to attract the deposits and savings of Jordanian expatriates who were compelled by the Gulf crisis and Gulf war consequences to return home and leave their working and residence places in Kuwait and other Gulf countries.

As a result, the balance of deposits at the Bank rose from JD (487.9) million as of the end of 1990 to reach JD (704.7) million at the end of 1991, an increment of JD (216.8) million or (44%). If interbank deposits at the Housing Bank were excluded, the balance of other deposits would be JD (653.9) million against JD (451) million at the end of 1990, an increment of JD (202.9) million or (45%). This increment formed nearly (15%) of the total increase in deposits at all licensed\* banks in 1991 which amounted to JD (1,379.4) million.



\*Licensed banks include commercial and investment banks as well as the Housing Bank, as stated in the Monthly Statistical Bulletin - Central Bank of Jordan, December, 1991.

It is worth mentioning that the increment of deposits recorded by the Bank in 1991 was the biggest in a single year since establishment. Foreign currencies' deposits had the largest share of such increment whereby their balance rose from the equivalent of JD (41.5) million as of the end of 1990 to JD (186.8) million, an increment of JD (145.3) million or (350%). The following were savings deposits in JD whose balance increased from JD (165.1) million to JD (214.9) million, an increment of JD (49.8) million or (30%) while the balance of such deposits at all other banks combined reached JD (196.2) million at the end of 1991. So the balance of savings deposits at the Housing Banks exceeded their balance at all other banks combined by (10%).

The Bank also continued its steady policy of mobilizing national savings to invest them in the housing sector in particular, and in financing different development projects in general. In this regard the Bank has, during the recent few



Al Gardens  
Branch,  
Personalized  
Service

years, developed the incentives offered to the owners of savings accounts. These accounts enjoy cash prizes granted through monthly lottery drawings. Total number of prizes involved equals (5,105) totalling JD (71,250) with a grand prize of JD (10,000). Moreover, 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). It is worth mentioning that total number of winners of the savings accounts prizes up to the end of 1991 reached (282,493) and they won prizes totalling about JD (5.4) million.

Under its plan for 1992, the Bank decided to raise the grand prize in monthly lottery drawings from JD (10,000) to JD (25,000) with effect from the beginning of 1992. Thus the total amount of prizes granted to savings accounts holders every year would exceed JD one million.

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

Table No. 2

JD million

Year	Total Deposits		Savings Deposits in JD					
	Balance	Annual Rate of Growth	Balance	Annual Rate of Growth	Balance	Annual Rate of Growth		
Item	The Housing Bank	Other Licensed Banks	The Housing Bank	Other Licensed Banks	The Housing Bank	Other Licensed Banks		
1987	309.3	1,833.1	10%	10%	129.7	147.0	16%	6%
1988	336.1	2,010.0	9%	10%	149.5	151.8	15%	3%
1989	400.1	2,225.2	19%	11%	181.8	150.5	22%	-1%
1990	451.0	2,191.6	13%	-2%	165.1	137.3	-9%	-9%
1991	653.9	3,368.1	45%	54%	214.9	196.2	30%	43%

## Loans and Credit Facilities

During 1991 the Bank continued its steady policy of providing 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 cost. In order to encourage individuals and institutions to benefit from its loans and credit facilities, the Bank added, during 1991, more flexibility to its lending policies and procedures.

The Bank pays continuous and increasing attention to the housing projects of low and medium-income groups. During 1991, the Bank financed the construction of various housing projects which the Urban Development Department executes for low-income groups. The Bank also continued granting subsidized - rate loans and at affordable terms to the beneficiaries of the Urban Development Department's housing projects. Total loans granted to this category of citizens reached nearly JD (7.2) million during 1991. The Bank also made arrangements with the Housing Corporation to grant loans at affordable terms to the beneficiaries of Petrawy Housing project which the Corporation executes in Zarqa at subsidized interest rates.

**The Housing  
Bank  
Facilitate Your  
Home  
Ownership**





In an attempt to encourage the private sector's developers to participate in the construction of housing projects for low-income groups the Bank introduced during 1991 a new lending program through which the Bank provides the necessary finance at preferential lending terms to the projects which the Bank ascertain their feasibility.

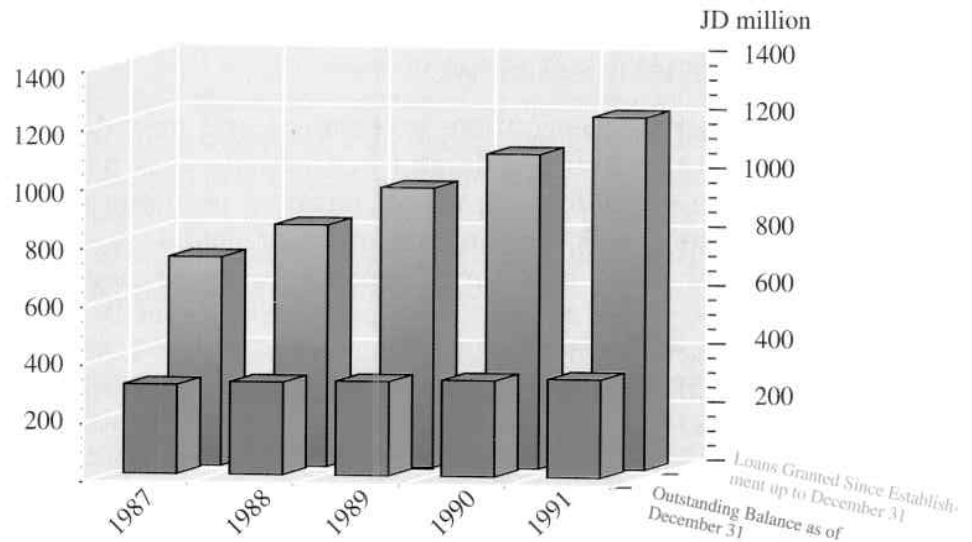
In its endeavor to encourage investment and provide development finance to individuals and institutions as a participation in the general efforts to revive national economy and development, the Bank continued granting loans to finance vocational and small investores' projects, whether new or established ones, which need to raise 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 financing the programs and the projects of economic and social development. In this regard, the Bank extended loans totalling JD (16.7) million during 1991.



**One of the  
Small Projects  
Financed by the  
Housing Bank**

Total housing and development loans and credit facilities which the Bank granted or renewed during 1991 reached JD (129.7) million.

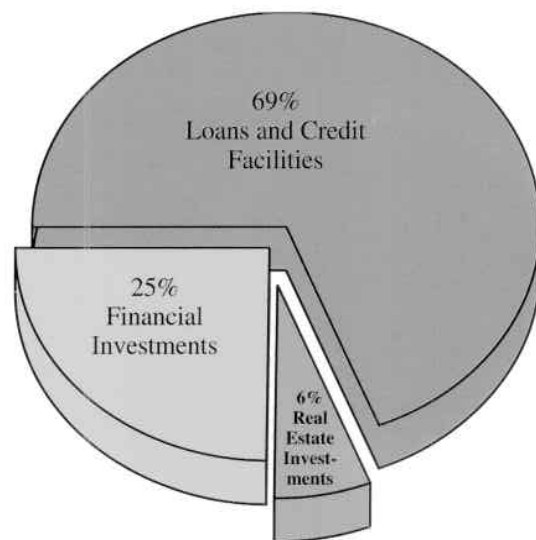


**Growth of Loans and Credit Facilities (1987-1991)**

Despite that total repayments of old loans exceeded JD (100) million, the balance of outstanding loans and credit facilities amounted to JD (336.6) million at the end of 1991 as compared with JD (330.5) million at the end of 1990, a net increase of JD (6.1) million.

The Bank is proud that its loan portfolio is covered by solid collaterals and guarantees which makes 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 major indicators of the Bank's lending activities during (1974-1991).



**The Bank's Investments at the end of 1991**



Table No. 3

Item	Year	1974-1988 Accumulative	1989	1990	1991	Total
1. Amount of granted loans and credit facilities (JD million)	a: Residential loans	353.7	40.0	56.1	37.1	486.9
	b: Other mortgage loans	99.2	10.6	2.6	3.6	116.0
	c: Sub total (a+b)	452.9	50.6	58.7	40.7	602.9
	d: Development loans	117.0	45.4	15.4	16.7	194.5
	e: Credit facilities for housing and other development purposes	258.1	33.0	44.8	72.3	408.2
Grand total (c+d+e)		828.0	129.0	118.9	129.7	1205.6
2. Number of granted loans		39856	3737	4751	7003	55347
3. Number of units financed by the Bank classified by purpose	a: Construction and / or completion and / or expansion of buildings	67379	1760	2044	2857	74040
	b: Purchase and / or maintenance of buildings*	10547	2120	1844	1413	15924
	c: Purchasing plots and constructing buildings	30	311	109	436	886
	Total number of units financed	77956	4191	3997	4706	90850
	including :					
- Residential units	71334	3683	3909	4562	83488	
- Non residential units	6622	508	88	144	7362	
4. Building area financed by the Bank (000' sq. m)	a: Construction and / or completion and / or expansion	8681	428	368	428	9905
	b: Purchasing and / or maintenance	1434	351	284	207	2276
	c: Purchasing plots and constructing buildings	7	46	15	63	131
	Total building area financed by the Bank	10122	825	667	698	12312
	including :					
- Building area of residential buildings	9590	611	635	685	11521	
- Building area of non-residential buildings	532	214	32	13	791	
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%	14%	10%	26%

\* 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 1991 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 1991, the total number of correspondent banks reached (216) covering most regions of the world which helps the Bank to provide services to clients in a way that enable them accomplish their commercial and banking business quickly and easily.

In its attempt to develop and diversify services offered to its customers and introduce new banking products, the Bank managed during 1991 to enter the membership of Visa International Group as a major member. It is well known that this American group is the largest credit card issuer in the world and serve cardholders all over the globe. The Bank is preparing to issue credit cards to its customers and expected to start offering this service during the first half of 1992.

**The Bank's  
Library,  
a Source of  
Specialized  
Professional  
Knowledge**



## **The Bank's Branches**

The Bank continued to offer its various services to customers and citizens in different residential and working areas through its network of branches which cover all regions of the kingdom and offer services through morning and evening hours as well. Total number of the Bank's branches reached (101) at the end of 1991, which accounts for (30%) of the total combined number of other banks' branches in the kingdom.

## **Staff Training**

The Bank pays great attention to develop and update its staff's knowledge and skills in order to raise the level of their competence and productivity. In this regard the Bank provided (1218) training opportunity to employees from various sections and managerial levels during 1991. The training courses covered various fields including:

strategy and strategic planning, time management, bank's branches management, developing managerial skills, personnel management, trainers skills, credit management and analysis and credit risk evaluation, feasibility studies, credit facilities, foreign exchange, letters of credit, legal affairs of banking operations, financial analysis, budgetting, negotiation skills, public



**One of the Training Courses Held by the Bank-Based Training Center**

relations and communication skills. The Bank also nominated a number of its employees to get diploma, bachelor and master degrees in banking from other scientific institutions in Jordan and abroad.

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 1991, the number of such employees reached (89) 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 (1987-1991)

Table (4)

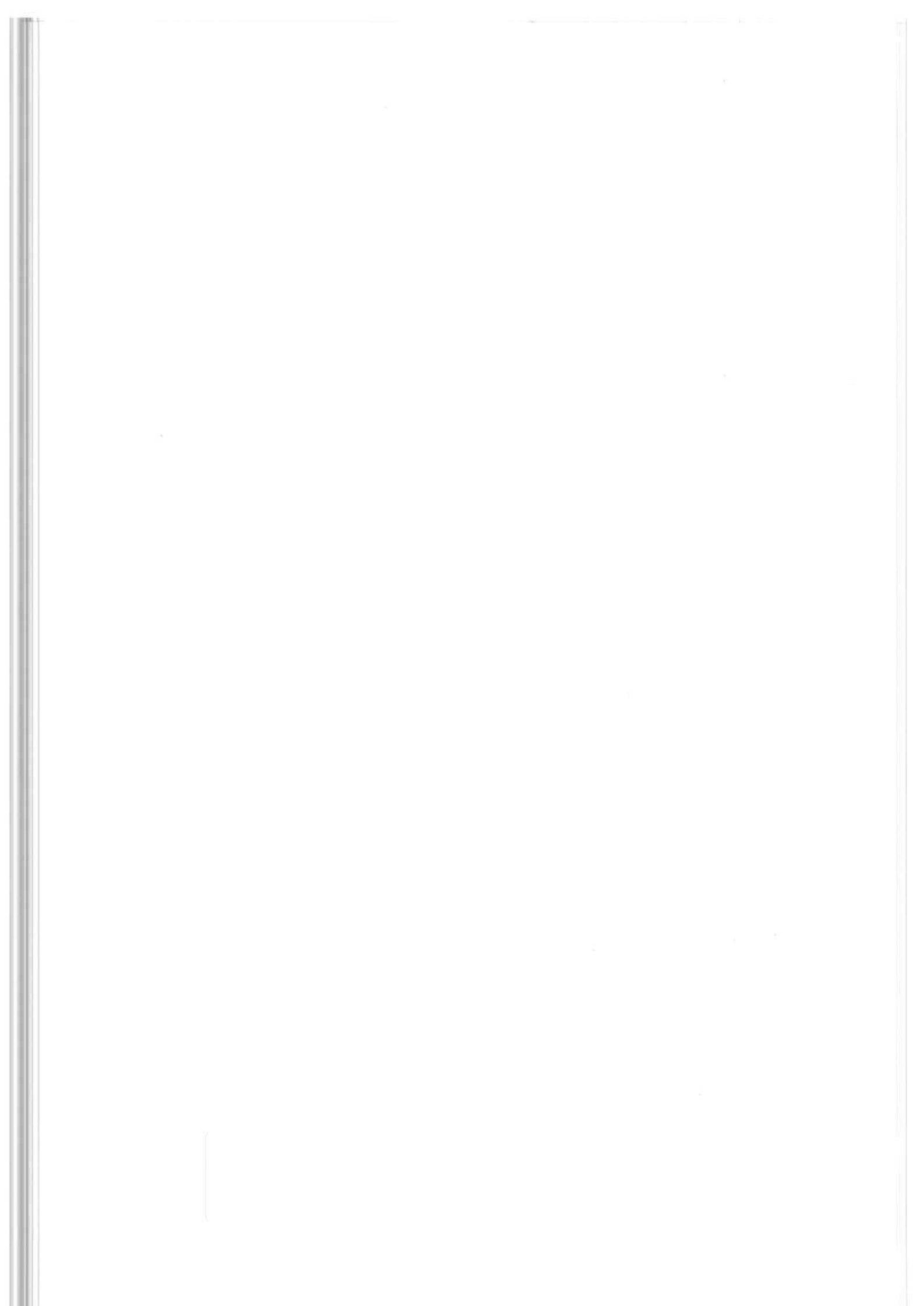
Item	Year	Number of Participants				
		1987	1988	1989	1990	1991
Training programs held at the Bank-based Training Center		640	1051	1218	1001	1098
Training programs held in collaboration with specialized local training institutions		451	605	97	156	111
Training programs held in Arab and foreign countries		61	44	56	44	9
Seminars		1832	2404	2035	1874	1706
<b>Total</b>		<b>2984</b>	<b>4104</b>	<b>3396</b>	<b>3075</b>	<b>2924</b>



**THE HOUSING BANK**

(A Public Shareholding Company Established by Special Decree)

**Financial Statements  
as of December 31, 1991 & 1990  
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, 1991 and 1990 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, 1991 and 1990, 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, 1992

**Saba & Co.**

# Balance Sheet As At

Assets	December 31, 1991		December 31, 1990	
	Total (JD)*	Subtotal Foreign Currencies, Equiv. in (JD)	Total (JD)	Subtotal Foreign Currencies, Equiv. in (JD)
<b>Cash and at Banks</b>	321,146,876	220,704,905	154,807,238	55,104,038
- In Jordan	205,068,979	104,627,008	117,816,101	18,112,901
- Abroad	116,077,897	116,077,897	36,991,137	36,991,137
<b>Net Securities Portfolio</b>	121,077,072	4,505,957	71,238,861	951,857
- Bonds & Treasury Bills	92,727,850	---	49,395,430	---
- Marketable Equity Shareholdings (Note 2)	20,157,672	---	17,287,968	---
- Non Marketable Equity Shareholdings (Note 3)	8,818,285	4,505,957	6,335,193	951,857
<u>less: Provision for Decline in Value of Securities</u>	626,735	---	1,779,730	---
<b>Net Credit Facilities</b>	336,624,232	9,779,257	330,524,118	10,520,966
- Bills Discounted	11,964,299	---	9,041,215	---
- Used Loans and Advances	288,131,752	9,779,257	278,047,373	10,520,966
- Loans to the Housing Corporation Financed by Advances From Central Bank of Jordan (Note 7)	48,000,000	---	53,000,000	---
<u>less: Provision for Doubtful Debts</u>	6,757,936	---	5,515,646	---
<u>less: Balance of Interest in Suspense</u>	4,713,883	---	4,048,824	---
<b>Real Estate Investments Less Depreciation (Note 4)</b>	30,024,236	---	31,259,675	---
<b>Fixed Assets Less Depreciation (Note 5)</b>	4,631,809	---	4,670,139	---
<b>Other Assets (Note 6)</b>	10,837,457	---	14,739,046	---
<b>Total Assets</b>	<b>824,341,682</b>	<b>234,990,119</b>	<b>607,239,077</b>	<b>66,576,861</b>
<b>Contra Accounts</b>				
Liabilities of Customers for Undisbursed Amounts of Approved Loans	34,668,677	---	20,396,118	---
Liabilities of Customers for Documentary Credits	13,844,105	---	3,153,015	---
Liabilities of Customers for Guarantees	11,758,043	---	14,108,086	---
Liabilities of Customers for Other Obligations	21,999,367	---	20,868,558	---
<b>Total Contra Accounts</b>	<b>82,270,192</b>	<b>---</b>	<b>58,525,777</b>	<b>---</b>

\*One JD was equivalent to nearly US Dollars (1.5) as of December 31, 1991 and 1990 as well.  
The Accompanying Notes Constitute an Integral Part of These Statements.



# December 31, 1991, 1990

Liabilities	December 31, 1991		December 31, 1990	
	Total (JD)	Subtotal Foreign Currencies, Equiv. in (JD)	Total (JD)	Subtotal Foreign Currencies, Equiv. in (JD)
<b>Customers' Deposits</b>	653,884,881	186,795,356	450,978,175	41,491,014
- Demand Deposits	79,499,900	23,646,695	49,079,043	2,444,777
- Savings and Fixed Deposits	574,384,981	163,148,661	401,899,132	39,046,237
<b>Due to Banks</b>	50,785,259	25,331,420	36,910,655	14,243,523
- In Jordan	27,441,236	1,987,397	26,920,341	4,253,209
- Abroad	23,344,023	23,344,023	9,990,314	9,990,314
<b>Borrowings from Banks (Note 7)</b>	58,073,458	---	66,413,069	---
<b>Cash Margins</b>	4,244,010	2,781,163	1,230,746	--
<b>Various Provisions</b>	4,102,432	---	3,046,533	---
<b>Other Liabilities (Note 8)</b>	20,243,259	---	17,417,116	---
<b>Capital Accounts</b>	33,008,383	---	31,242,783	---
- Paid - up Capital (Note 9)	12,000,000	---	12,000,000	---
- Statutory Reserve	4,785,694	---	4,405,094	---
- Special Reserve (Note 10)	16,012,669	---	14,627,669	---
- Other Reserves	210,020	---	210,020	---
<b>Total Liabilities</b>	<b>824,341,682</b>	<b>214,907,939</b>	<b>607,239,077</b>	<b>55,734,537</b>
<b>Contra Accounts</b>				
Liabilities of the Bank for Undisbursed Amounts of Approved Loans	34,668,677	---	20,396,118	---
Liabilities of the Bank for Documentary Credits	13,844,105	---	3,153,015	---
Liabilities of the Bank for Guarantees	11,758,043	---	14,108,086	---
Liabilities of the Bank for Other Obligations	21,999,367	---	20,868,558	---
<b>Total Contra Accounts</b>	<b>82,270,192</b>	<b>---</b>	<b>58,525,777</b>	<b>---</b>

**Badr Al Rasheed**  
Vice Chairman

**Zuhair Khouri**  
Chairman

# Statement of Profit, Loss And Distribution

## For the Years Ended December 31, 1991, 1990

	1991 (JD)	1990 (JD)
<b>Interest Earned</b>	<b>39,302,170</b>	<b>38,514,768</b>
- From Credit Facilities	29,902,232	32,375,542
- From Interbank Accounts and Others	9,399,938	6,139,226
<b>Received Commissions</b>	<b>3,635,416</b>	<b>2,717,277</b>
- On Direct Facilities	3,106,030	2,557,996
- On Indirect Facilities	529,386	159,281
<u>Less:</u>		
<b>Interest Paid</b>	<b>33,277,410</b>	<b>30,811,180</b>
- On Customers' Deposits	28,595,128	25,356,993
- On Interbank Accounts and Others	4,682,282	5,454,187
<b>Gross Profit (Operating Profit)</b>	<b>9,660,176</b>	<b>10,420,865</b>
<u>Add:</u>	11,752,231	10,039,728
- Interest and Earnings from Securities Portfolio	6,097,356	4,872,900
- Other Income	5,654,875	5,166,828
<u>Less:</u>	17,606,411	16,789,101
- General and Administrative Expenses	10,754,714	10,461,751
- Depreciation, Provisions & Other Expenses (Note 11)	6,851,697	6,327,350
<b>Net Profit Before Tax</b>	<b>3,805,996</b>	<b>3,671,492</b>
<b>Appropriation:</b>		
Statutory Reserve (10%)	380,600	367,149
Special Reserve (Note 10)	1,385,000	1,310,000
Income Tax Provision (Note 12)	284,000	150,000
Income Tax Paid for Past Years	---	190,195
Board of Directors' Remuneration	8,250	8,250
Contribution to the Borrowers' Life Insurance Fund	116,000	---
Contribution to Housing Bank Employees' Children Education Fund & Employees' Club	14,086	15,898
Contribution to Scientific Research & Vocational Training Institutions	38,060	50,000
Dividends Proposed For Distribution	1,580,000	1,580,000
<b>Total</b>	<b>3,805,996</b>	<b>3,671,492</b>

The Accompanying Notes Constitute an Integral Part of These Statements.

# Statement of Sources And Application of Funds

## For the Years Ended December 31, 1991, 1990

	1991 (JD)	1990 (JD)
<b>Funds Provided:</b>		
Net Income	3,805,996	3,671,492
Add: Depreciations, Amortizations and Provisions	4,999,127	4,900,215
<b>Total Funds Provided From Operations</b>	<b>8,805,123</b>	<b>8,571,707</b>
Increase in:		
Current Accounts and Demand Deposits	30,420,857	9,220,763
Savings, Notice and Fixed Deposits	172,485,849	41,626,670
Due to Banks	13,874,604	3,080,609
Miscellaneous Deposits	3,013,264	326,344
Other Liabilities	2,871,807	---
Decrease in:		
Other Assets	3,408,383	---
<b>Total Funds Provided</b>	<b>234,879,887</b>	<b>62,826,093</b>
<b>Funds Applied:</b>		
Increase in:		
Cash on Hand and at Banks	166,339,638	18,551,779
Securities Portfolio	50,088,211	18,277,281
Loans and Credit Facilities	7,600,114	8,665,336
Real Estate Investments	80,075	588,452
Fixed Assets - Net	468,077	964,264
Dividends Proposed For Distribution	1,580,000	1,580,000
Other Assets	---	2,880,434
Decrease in:		
Other Liabilities	---	1,541,309
Borrowings From Banks	8,339,611	6,587,043
Various Provisions	384,161	3,190,195
<b>Total Funds Applied</b>	<b>234,879,887</b>	<b>62,826,093</b>

The Accompanying Notes Constitute an Integral Part of These Statements.

# Notes to the Financial Statements

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## 1 - Accounting Policies

### a : General

- The accompanying financial statements represent the consolidated statements of the Bank's branches in Jordan. Interbranch 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.
- Attached financial statements were prepared according to the form provided by the Central Bank of Jordan.

### b : Investments

- Equity shareholdings of marketable and nonmarketable shares (including subsidiaries and affiliates) and bonds have been stated at cost. A provision for decline in their value is taken at the end of the year based on their total value and appears deducted from the securities portfolio in the attached balance sheet. This provision is debited with any loss of securities value. Dividends from equity shareholding are added to revenues when received.
- 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 write - off.

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%
safes	8%
Computer	14%
Furniture	15%
Vehicles and Equipment	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 1991. 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 - Equity Shareholdings of Marketable Shares

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,	
		1991 (JD)	1990 (JD)
Subsidiaries:			
- Darco Investment and Housing Co. (63.9% in 1990)	63.2	1,344,620	1,359,773
Affiliates:			
- Industrial Development Bank (29.9% in 1990)	34	3,135,643	2,727,359
- Arab Banking Corporation - Jordan	25.5	3,586,131	3,586,131
		6,721,774	6,313,490
<b>Total - Subsidiaries and Affiliates</b>		<b>8,066,394</b>	<b>7,673,263</b>
2 - Equity Shareholdings in Companies in which the Bank owns less than 20%		12,091,278	9,614,705
<b>Grand Total</b>		<b>20,157,672</b>	<b>17,287,968</b>

a : The market value of the marketable shares amounted to JD 27,097,717 as of the end of 1991 (against JD 18,629,288 at the end of 1990).

b : Financial statements of Darco for Investment and Housing Co. Ltd, in which the Bank owns 63.2% stake of its capital, were not incorporated in the Bank's attached statements because it is a temporary ownership and steps have been taken for merging it with another financial institution in the near future. Total assets of this Company amounted to JD 2,725,440 as of December 31,1991 (JD 2,471,744 as of December 31,1990).

## 3 - Equity Shareholdings of Nonmarketable Shares

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 (%)	<u>December 31,</u>	
		1991 (JD)	1990 (JD)
<b>Subsidiaries:</b>			
- Arab Bricks and Tiles Co. Ltd	99	247,500	247,500
<b>Affiliates:</b>			
- Jordan Holiday Hotels Co.	31.3	1,139,600	1,139,600
- Jordan International Bank /London (15% in 1990)	29.9	3,975,368	730,257
- Jordan Payment Services Co.	22.5	56,250	---
		5,171,218	1,869,857
<b>Total - Subsidiaries and Affiliates</b>		<b>5,418,718</b>	<b>2,117,357</b>
2 - Equity Shareholdings in Companies in which the Bank owns less than 20%		3,399,567	4,217,836
<b>Grand Total</b>		<b>8,818,285</b>	<b>6,335,193</b>

a : Arab Bricks and Tiles Co. (a limited liability Company) was established to operate the bricks and tiles factory which became owned by the Bank after the liquidation of the previous Jordan Bricks and Tiles company. Arab Bricks and Tiles Co. has leased the factory to an investor.

b : The outstanding balance of debts due from subsidiaries and affiliates amounted to JD 2,011,892 as of December 31, 1991 (JD 3,072,366 at the end of 1990).

c : As of December 31, 1991 the total uncalled capital related to the Bank's nonmarketable shareholdings amounted to JD 208,250 (JD 152,000 at the end of 1990).

#### 4 - Real Estate Investments

This item is made up of the following:

	<b>December 31,</b>	
	<b>1991 (JD)</b>	<b>1990 (JD)</b>
- Land at cost	1,395,267	1,395,267
- The Commercial Centre's and Plaza Hotel's Building - Shmeisani	14,303,084	14,303,084
- The Bank's Building - Aqaba	626,517	626,517
- The Bank's Building - Zarqa	2,183,855	2,151,366
	17,113,456	17,080,967
- Furniture, decoration, equipment, finishings and other works of the Commercial Centre and Plaza Hotel	13,541,335	13,493,749
	30,654,791	30,574,716
<u>Less: Accumulated depreciation</u>	<u>5,975,822</u>	<u>4,660,308</u>
	24,678,969	25,914,408
Shabsough and Prince Mohammad st. Complexes (50%)	3,950,000	3,950,000
<b>Total</b>	<b>30,024,236</b>	<b>31,259,675</b>

#### 5 - Fixed Assets

This item is made up of :

	<b>December 31,</b>	
	<b>1991 (JD)</b>	<b>1990 (JD)</b>
- Land	1,037,190	1,124,007
- The Bank's Buildings	1,588,116	1,588,116
- Apartments	519,879	546,923
- Furniture and Safes	1,306,593	1,183,011
- Equipment Including Computers in the Main Branch and Other Branches	3,586,336	3,142,805
- Vehicles	463,108	448,283
	8,501,222	8,033,145
<u>Less: Accumulated Depreciation</u>	<u>3,869,413</u>	<u>3,363,006</u>
<b>Fixed Assets - Net Book Value</b>	<b>4,631,809</b>	<b>4,670,139</b>

## 6 - Other Assets

This item is made up of :

	<u>December 31,</u>	
	<u>1991</u>	<u>1990</u>
	<u>(JD)</u>	<u>(JD)</u>
- Advances	29,491	17,584
- Establishment Expenses After Amortization	616,448	864,153
- Accrued Interest and Commissions	3,070,631	7,491,219
- Premium of Bond Issue	486,103	418,123
- Prepayments to Suppliers and Contractors	1,393,434	583,890
- Supplies and Stationery	562,378	530,174
- Items in Transit Between Branches	1,132,641	1,499,664
- Current Assets of Amman Plaza Hotel	850,304	917,479
- Land and Buildings Owned by the Bank in Settlement of Debts	1,909,772	1,821,279
- Deposit Placed at ABC - Jordan	3,000,000	3,000,000
- Other Items	786,255	595,481
	<u>13,837,457</u>	<u>17,739,046</u>
- <u>Less: Provision for Above Deposit at ABC - Jordan</u>	<u>3,000,000</u>	<u>3,000,000</u>
<b>Other Assets - Net</b>	<b>10,837,457</b>	<b>14,739,046</b>

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. The Bank has leased this factory to the Arab Bricks and Tiles Co.

## 7 - Borrowing from Banks

This item includes advances granted to the Bank for the purpose of financing loans which pertain to the Housing Corporation projects amounted to JD 48,000,000 (JD53,000,000 in 1990). These loans are granted by the Bank to the Housing Corporation and are backed by the guarantee of Jordanian Government.

It also includes an amount of JD 2,500,000 (JD 6,087,661 in 1990) representing the rediscount of syndicated loans and corporate bonds guaranteed by the Government.



## 8 - Other Liabilities

This item is made up of:

	<u>December 31,</u>	
	1991 (JD)	1990 (JD)
- Dividends Proposed for Distribution	1,580,000	1,580,000
- The Board of Directors' Remuneration	8,250	8,250
- Salary Accounts	6,098,463	5,292,166
- Cash Margins	2,193,793	933,834
- Interest and Commissions Received in Advance	2,050,239	1,812,164
- Accrued Payable Interest	2,271,376	3,255,236
- Certified Cheques and Accepted Payable Bills	1,338,035	646,297
- Sales of Urban Development Projects Accounts	2,491,993	1,377,168
- Contribution to Borrowers Life-Insurance Fund	116,000	---
- Liabilities of Borrowers Life-Insurance Fund	462,431	489,693
- Liabilities of Savings Accounts Lottery Prizes Fund	408,031	525,675
- Current Liabilities of Amman Plaza Hotel	510,739	753,733
- Other Credit Balances	713,909	742,900
<b>Total</b>	<b>20,243,259</b>	<b>17,417,116</b>

### **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:

	<u>December 31,</u>			
	<u>1991</u>		<u>1990</u>	
	Borrowers Life- Insurance Fund	Savings Accounts Lottery Prizes Fund	Borrowers Life- Insurance Fund	Savings Accounts Lottery Prizes Fund
	JD	JD	JD	JD
<b>Liabilities</b>				
- Provisions for payment of prizes to winners in lottery	---	393,342	---	386,401
- Provision for decline in value of shares	10,000	---	45,418	1,672
- Accrued payable interest	---	---	538	---
- Provisions for amortization of loans due to death	452,431	---	443,737	---
- Accumulated saving	---	14,689	---	137,602
<b>Total Liabilities</b>	<b>462,431</b>	<b>408,031</b>	<b>489,693</b>	<b>525,675</b>

## 9 - The Bank's Capital

This item is made up of:

Share Category	Subscribed & Paid-Up Capital		Authorized
	No. of Shares	Amount	Capital
		JD	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
<b>Total</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>18,000,000</b>

\* Par value of one share is JD one.

\* Under the Bank's law, 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.

## 10 - Special Reserve

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

## 11 - Depreciations, Provisions and Other Expenses

This item is made up of:

	December 31,	
	1991 (JD)	1990 (JD)
- Depreciation of fixed assets	1,891,225	1,797,964
- Amortization of establishment expenses	493,206	467,605
- Provision for decline of shares' prices	250,000	500,000
- Provision for doubtful debts	1,500,000	1,497,259
- Other expenses	209,670	187,186
- Service - termination indemnity and other provisions	2,507,596	1,877,336
<b>Total</b>	<b>6,851,697</b>	<b>6,327,350</b>

## **12 - Income Tax**

Income tax provision was taken under amended income tax law No. 4 of 1992 which states that the Bank's income and earnings from residential loans and credit facilities are exempted from tax while other income and earnings would be subject to payment of tax with effect from the year 1991 after deducting losses resulting from residential loans. In previous years tax burden was confined to the Bank's revenues from its inter-bank deposits with local banks.

## **13 - Legal Claims**

The Bank has filed lawsuits, through which it claimed amounts totalling JD 3,704,873. Meanwhile, total amount involved in lawsuits filed against the Bank reached JD 10,005,709 as of December 31,1991. The Bank's management views that the Bank will not be liable for any financial obligations arising from such claims.

## **14 - Comparison of Figures**

Some figures of 1990 have been reclassified in order to be consistent with the classifications of 1991 for the purpose of comparison.

