

1992

**Board of Directors' Report For
The Year Ending December 31, 1992**



THE HOUSING BANK

(A Public Shareholding Company Established by Special Decree)

Headquarters and Main Branch

Amman - Jordan

P.O.Box (7693)

Telex 21693 ISKAN JO

22061 ISKAN JO

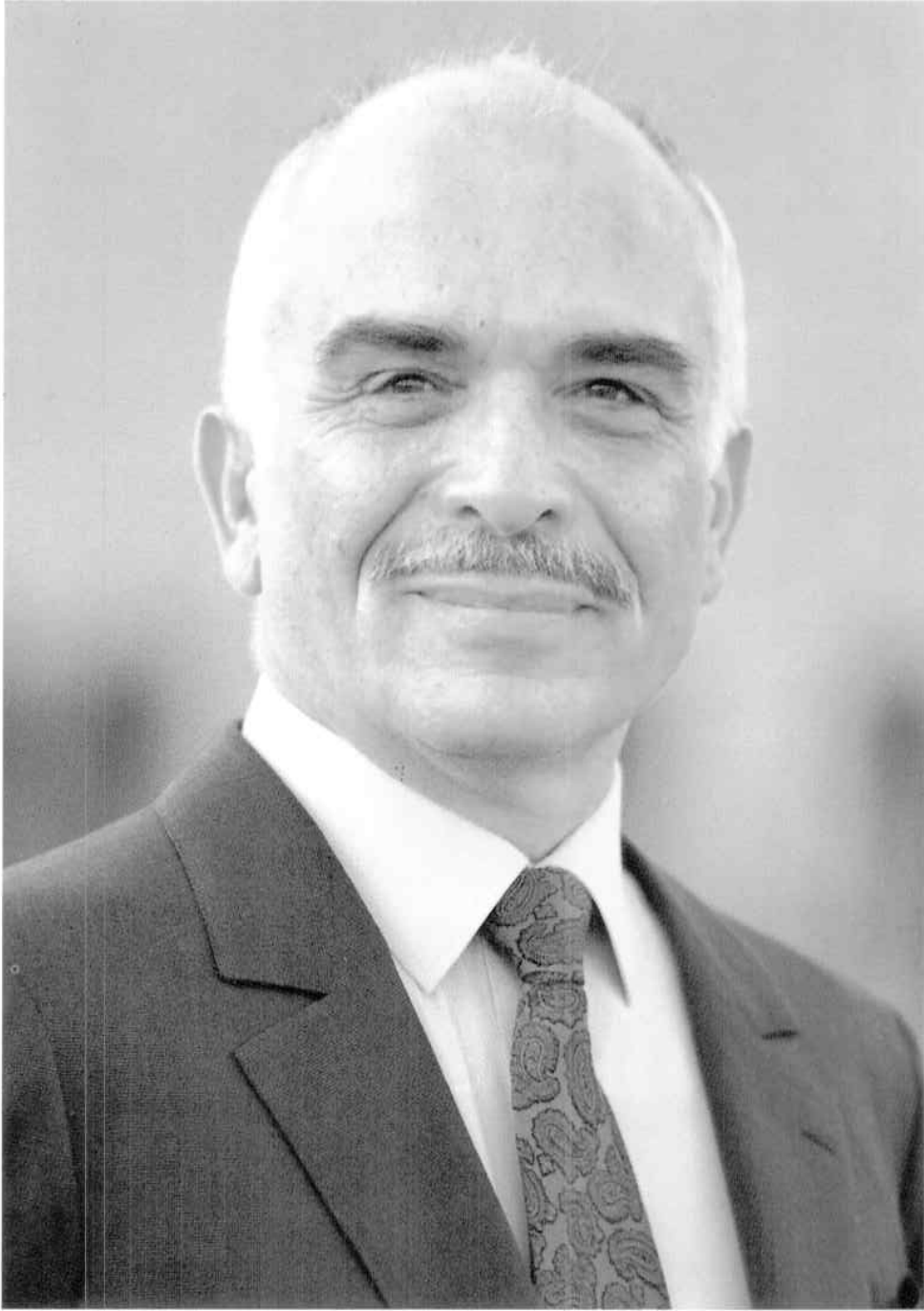
23460 ISKAN JO

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His Majesty King Hussein



His Royal Highness Crown Prince Hassan

Board of Directors

Chairman :

Mr. Zuhair Khouri

Vice Chairman :

Mr. Badr Al Rasheed

Representative of Kuwait Real Estate Investment Group.

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 and Urban
Development 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 Arab Building and Contracting Company.

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 19th Annual Report which includes the Bank's main activities and accomplishments during 1992, through which the Bank continued to accomplish more achievements and recorded distinguished growth rates and results in its various banking activities. The Bank, during 1992, achieved a record net profit since its establishment as well as the biggest increase in loans and credit facilities granted in a single year. The Bank managed to meet the big demand on housing finance for residential and other purposes building which has become increasingly strong since the start of the current construction boom in Jordan in mid 1991.

These results enhanced the Bank's position in the Jordanian banking system and among Arab and international financial institutions as well. The Housing Bank occupied an advanced position among Arab banks and financial institutions in the Arab world and abroad according to the ranking made by "EUROMONEY" magazine which is published in London. The magazine analysed the operation results of Arab banks and financial institutions (their number was around 700) in 1991 and then ranked the top 100 of them in terms of different criteria including total assets (in US Dollars) and published the ranking in its September 1992 issue. The Housing Bank occupied the rank (50) according to this criterion. It also occupied a better rank of (43) in terms of return on equity.

While reviewing the Bank's financial and statistical statements for 1992 you will find out that the Bank achieved high growth rates during that year. Total assets reached around a billion Jordan Dinars (JD) or exactly JD (988.3) million which is equivalent to USD (1.43) billion, an increment of JD (166.5) million or (20%) compared with the end of 1991 figure.

The Bank's net profit in 1992 amounted to JD (4.84) million compared with JD (3.52) million in 1991, an increment of JD (1.32) million or (37%).

The balance of deposits increased from JD (704.7) million to JD (859.2) million, an increment of JD (154.5) million or (22%). If inter-bank deposits at the Housing Bank were excluded the balance of other deposits would become JD (841) million against JD (653.9) million at the end of 1991, an increment of JD (187.1) million or (29%), while total balance of deposits at all licenced banks recorded an increase of JD (727.1) million in 1992. The Bank's share of this increase was nearly (26%).

The balance of loans and credit facilities granted by the Bank for dif-

ferent housing, real estate and development purposes reached JD (170.1) million during 1992 against JD (129.7) million in 1991, an increment of JD (40.4) million or (31%). In addition to repayments of outstanding loans which amounted to JD (134) million, the balance of outstanding loans and credit facilities increased from JD (334.1) million as of the end of 1991 to JD (383.1) million at the end of 1992, a net increment of JD (49) million.

It is worth mentioning that in response to the Royal wish, the Bank has, during 1992, cut the interest rate it charges on loans granted to low and medium-income groups to become (7%) per annum including the cost of life insurance for borrowers in accordance with the regulations adopted by the Bank for this purpose. This interest rate cut included outstanding loans as well as new loans which would be granted to this category of borrowers.

The operation results achieved by the Bank in 1992 reflect the high level of performance, the soundness of investment policy it applies, which depends on diversifying investments and the proper and precise procedures it follows when granting loans and credit facilities and making investment. They also reflect the sophistication of services the Bank renders to its clients.

In light of the results of the Bank's operations in 1992, the Board of Directors recommends distributing a dividend of (15%) and transferring the remaining balance of net profit to the various reserves, thus raising its balance from JD (21) million as of the end of 1991 to JD (24.1) million, an increment of JD (3.1) million or (15%). So, total reserves exceeded twofold the paid-up capital and total shareholders' equity becomes JD (36.1) 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

Jordanian Economy in 1992

Performance of Jordanian economy showed more improvement in 1992. General economic activity which has started after the end of Gulf war and especially in the second half of 1991, continued in all sectors. According to the 1993 Budget speech addressed by H.E the Minister of Finance to the lower House of the Parliament on December 13, 1992, initial estimates indicate that Gross Domestic Product (GDP) grew in 1992 by (15%) at current prices and by (11%) at constant prices. (GDP) at current prices in 1992 amounted to JD* (3,189) million compared to JD (2,773) million in 1991. Jordanian economy made such outstanding performance as a result of growth achieved by all productive sectors. Industrial and agricultural sectors grew by 10% while the growth rate of the construction sector was 22%. These rates exceeded the rates achieved by Jordanian economy in most of the economic boom years.

Initial estimates also indicate that the balance of payment made a surplus of USD (100) million in spite of the big rise in imports on one hand and the sharp decrease of capital inflows in form of loans on the other. Deficit in trade balance rose to around USD (1,700) million, an increment of (24%) over 1991 figure.

In investment field, estimates indicate that fixed capital formation in 1992 amounted to nearly JD (840) million, an increment of (38%) over 1991 which means that investment volume as a ratio of GDP has increased to around (27%) compared with (22%) in 1991. All indicators show that strong momentum of investments is continuing and this looks evident from the increase in local credit provided to private sector, the expansion in new share issues made for public subscription and the rise in the number of new projects. Number of new industrial projects registered with the Ministry of Trade and Industry in 1992 reached (1,019) with total capital of JD (227.8) million against (821) projects with total capital of JD (96.2) million in 1991. Further indication is the large expansion in loans granted by the Industrial Development Bank for purchase of machinery and equipment which increased to JD (17.2) million in 1992 against JD (7.9) million during 1991.

Construction sector showed big growth in 1992 through which the construction boom, which has started in mid 1991, continued. Building areas which were licensed in 1992 recorded a very high figure estimat-

*One JD is equivalent to USD (1.45) as of December 31, 1992.

ed at around (5.9) million square meters, against (4.4) million in 1991, an increment of (35%). Building permits also increased to reach (20,295) in 1992, an increment of (18%) over 1991. Such big growth of construction sector has increased the contribution of this sector to GDP from (4.7%) in 1991 to (5.2%) in 1992.

As a result of improvement in general investment environment in Jordan and the large growth in industry, agriculture and construction sectors, the demand on credit for investment, export finance and consumption increased in 1992. Credit provided for private sector grew by (14%) compared with (7.8%) in 1991. Interest rates tended to decline in general which helped to lower financing cost for private sector, treasury and productive projects.

Capital market also showed remarkable positive developments in 1992. Amman Financial Market achieved a record turnover of JD (887) million in 1992 against JD (303) million in 1991, an increment of JD (584) million or (193%). Moreover total shares issues in primary market amounted to JD (55) million in 1992 against JD (21) million in 1991.

Operation results of licensed banks showed remarkable improvement in 1992. Their total assets increased from JD (5,599.1) million as of the end of 1991 to JD (6,311.1) million at the end of 1992. Total Balance of deposits also increased from JD (4,022) million to JD (4,749.1) million at the end of 1992, a growth of JD (727.1) million or 18%. Total balance of outstanding loans and credit facilities also increased from JD (1,968) million to JD (2,220.6) million, an increment of JD (252.6) million or (13%).

The Bank's Main Activities and Accomplishments During 1992

Capital and Reserves

During 1992 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 (21) million as of the end of 1991 to reach JD (24.1) million at the end of 1992, an increase of nearly JD (3.1) million or (15%). Thus total reserves exceeded twofold the paid-up capital and the total capital and reserves reached JD (36.1) million.

Table 1
Growth in the Main Items of Balance Sheet
(1988-1992)

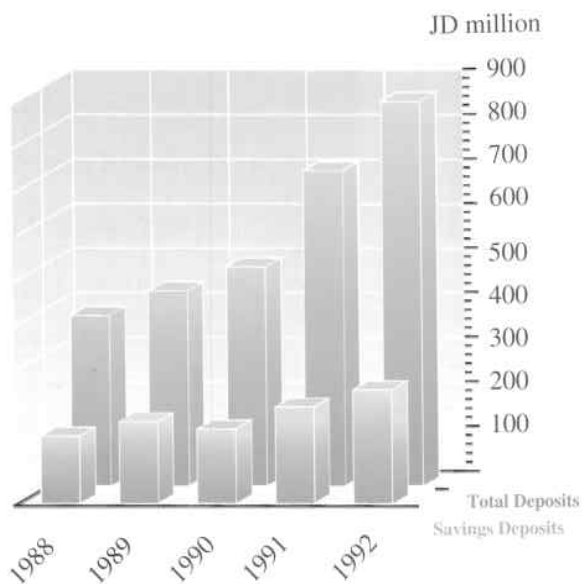
Item \ Year	JD million				
	1988	1989	1990	1991	1992
Cash, at banks and other liquid assets	136.5	172.8	204.2	413.9	525.8
Total loans and credit facilities*	317.7	323.4	330.5	334.1	383.1
Equity shareholdings	17.8	16.9	21.8	28.3	28.5
Real estate investments	28.2	32.0	31.3	30.0	28.1
Deposits	378.5	434.0	487.9	704.7	859.2
Capital and reserves (Shareholders' equity)	28.3	29.6	31.2	33.0	36.1
Net profit (after tax)	3.16	3.42	3.67	3.52	4.84
Total assets / liabilities	513.1	561.5	607.2	821.8	988.3

* Includes loans granted to the Housing and Urban Development Corporation which are financed by advances from the Central Bank of Jordan and amounted to JD (46.6) million at the end of 1992.

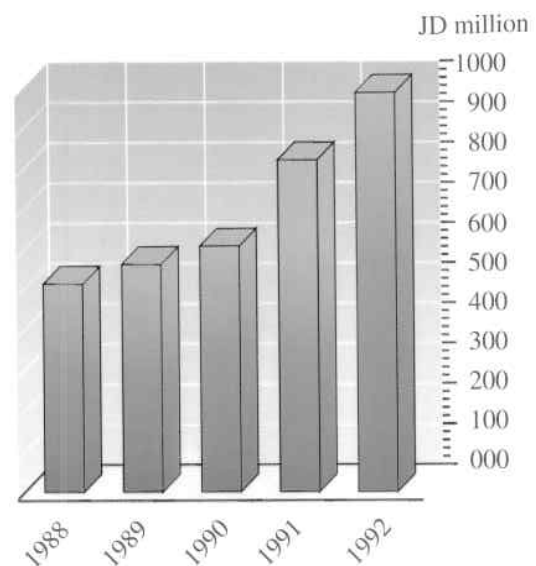
Deposits

The Bank continued attracting more deposits and savings of different types and sources during 1992 and managed to achieve distinguished results and huge increase in deposits' volume that enabled it to increase its share of deposits market in the Jordanian banking system from (16.3%) as at the end of 1991 to (17.7%) at the end of 1992.

The Bank exerted, during 1992, intensive efforts to mobilize more deposits and savings. Due to increased confidence the Bank enjoys among citizens and institutions, the diversified and developed services it offers to clients and the efficient techniques employed by the bank for savings mobilization, the efforts achieved its targets. The balance of deposits at the Bank rose from JD (704.7) million as of the end of 1991 to reach JD (859.2) million at the end of 1992, an increment of JD (154.5) million or (22%). If interbank deposits at the Housing Bank were excluded, the balance of other deposits would be JD (841) million against JD (653.9) million at the end of 1991, an increment of JD (187.1) million or (29%). This increment formed nearly (26%) of the total increase in deposits at all licensed* banks in 1992 which amounted to JD (727.1) million.



Growth of Deposits (1988-1992)



Growth of the Bank's Assets/Liabilities (1988-1992)

* Includes commercial and investment banks as well as the Housing Bank.

Foreign currencies' deposits had the largest share of such increment whereby their balance rose from the equivalent of JD (186.8) million as of the end of 1991 to JD (314.1) million at the end of 1992, an increment of JD (127.3) million or (68%). The following were savings deposits in JD whose balance increased from JD (214.9) million to JD (252.3) million, an increment of JD (37.4) million or (17%) while the balance of savings deposits at all other banks combined reached JD (216.7) million at the end of 1992. So the balance of savings deposits at the Housing Bank exceeded the balance at all other banks combined by JD (35.6) million.

During 1992, the Bank developed the incentives offered to the owners of savings accounts, whereby it raised the amount of grand prize granted monthly to JD (25,000) from JD (10,000) and raised the total amount of monthly prizes to reach JD (87,500) distributed on (5,105) prizes. Thus total number of prizes which the Bank offers to savings accounts holders reached (61,260) prizes every year with a total value that exceeds JD one million.

It is worth mentioning that during the recent few months the Bank started accepting savings accounts in foreign currencies to meet customers' needs and requirements.



**Om Al Sumaq
Branch:
Distinguished
Banking
Services**

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

Item Year	Total Deposits				Savings Deposits in JD			
	Balance		Annual Rate of Growth		Balance		Annual Rate of Growth	
	The Housing Bank	Other Licensed Banks	The Housing Bank	Other Licensed Banks	The Housing Bank	Other Licensed Banks	The Housing Bank	Other Licensed Banks
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%
1992	841.0	3,908.1	29%	16%	252.3	216.7	17%	10%

Loans and Credit Facilities

During 1992 the Bank continued offering more loans and credit facilities to meet the increased demand on housing finance to individuals and institutions. The demand on housing and real estate loans intensified during 1992 as a direct reflection of the huge construction boom which the kingdom witnessed since mid 1991.

Total loans and credit facilities which the Bank granted for various housing, real estate and development objectives reached JD (170.1) million during 1992 against JD (129.7) million in 1991, an increment of JD (40.4) million or (31%). This increment in the amount of loans and credit facilities recorded by the Bank in 1992 was the biggest in a single year since establishment.

The Bank pays continuous and increasing attention to the housing projects for low and medium-income groups. During 1992, the Bank financed the construction of various housing projects including those which the Housing and Urban Development Corporation executes for low-income groups. The Bank also continued granting subsidized interest rate loans and at affordable terms to low and medium-income groups including



**The Housing
Bank
Facilitates Your
Home
Ownership**

the beneficiaries of the Housing and Urban Development Corporation's projects. As a participation to enable low and medium - income groups to own a decent house which suits their financial capabilities and as a response to the Royal wish, the Bank during 1992 cut interest rates which it charges on loans granted to low and medium - income groups to (7%) per annum including borrowers' life insurance premium in accordance with the written regulations adopted by the Bank for this purpose. This procedure includes outstanding loans as well as new loans which will be granted to this group of borrowers.

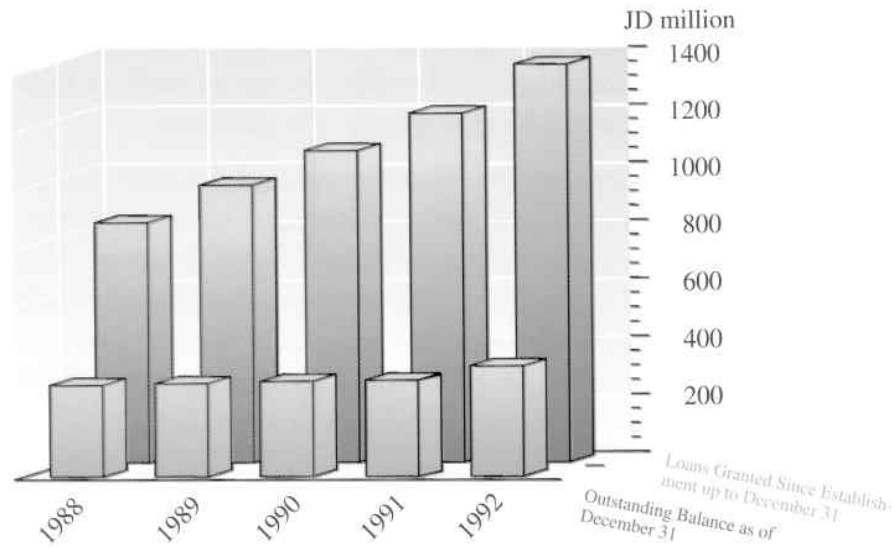
In its endeavor to encourage investment and provide development finance to individuals and institutions as a participation in the general efforts to activate national economy, the Bank continued granting loans to finance vocational and small investors' projects, whether new or old ones, which need to raise production capacity. 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 projects of economic and social development. In this regard, the Bank extended loans totalling JD (14.3) million during 1992.



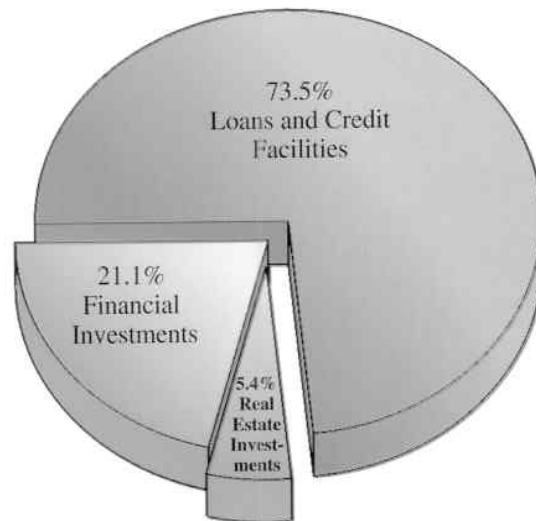
**The Housing Bank is
A primary
Source of
Finance for
Different
Productive
Projects**

In addition to repayments of outstanding loans which exceeded nearly JD (134) million, the balance of outstanding loans and credit facilities amounted to JD (383.1) million at the end of 1992 as compared with JD (334.1) million at the end of 1991, a net increase of JD (49) million.



Growth of Loans and Credit Facilities (1988-1992)

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.



The Bank's Investments as at the end of 1992

Table (3) shows the development of major indicators of the Bank's lending activities during (1974-1992).

Table No. 3

Item	Year	1974-1989 Accumulative	1990	1991	1992	Total
1. Amount of granted loans and credit facilities (JD million)	a: Various housing and mortgage loans	503.5	58.7	40.7	92.0	694.9
	b: Development loans	162.4	15.4	16.7	14.3	208.8
	c: Credit facilities for housing and other development purposes	291.1	44.8	72.3	63.8	472.0
Grand total (a+b+c)		957.0	118.9	129.7	170.1	1,375.7
2. Number of granted loans		43,593	4,751	7,003	9,068	64,415
3. Number of units financed by the Bank classified by purpose	a: Construction and / or completion and / or expansion of buildings	69,139	2,044	2,857	4,899	78,939
	b: Purchase and / or maintenance* of buildings	12,667	1,844	1,413	5,821	21,745
	c: Purchasing plots and constructing buildings	341	109	436	735	1,621
	Total number of units financed	82,147	3,997	4,706	11,455	102,305
4. Building area financed by the Bank (000' sq. m)	a: Construction and / or completion and / or expansion	9,109	368	428	834	10,739
	b: Purchasing and / or maintenance*	1,785	284	207	836	3,112
	c: Purchasing plots and constructing buildings	53	15	63	110	241
	Total building area financed by the Bank	10,947	667	698	1,780	14,092
5. % of constructed and / or expanded and / or completed building area which the Bank financed out of total licensed area in the Kingdom		30%	14%	10%	14%	25%

* 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

After entering the membership of Visa International Group which is the largest credit card issuer in the world and serves cardholders all over the globe, and after actively participating in establishing the Jordan Payment Services Company, the Bank started, during the second half of 1992, issuing Visa credit cards to its customers. By the end of 1992, total number of credit cards (golden, international and local) which the Bank issued reached (1,046) cards. Visa credit cards which the Housing Bank issues received increased acceptance from the public as a result of the wide spread of its network of branches as well as serving customers as quickly as possible.

During 1992, the Bank continued offering its customers all banking services which include letters of credit, issuing guarantees, transfers, traveller's cheques, and foreign exchange in accordance with the Central Bank's regulations.

The Bank also continued expanding its correspondent banks network abroad. By the end of 1992, the total number of correspondent banks reached (226) covering most regions of the world which helps the Bank to provide services to clients in a way that enables them to accomplish their commercial and banking business quickly and easily.



The Bank's Branches

As a continuation of the expansionary policy followed by the Bank with the intention of providing services to citizens in various parts of the kingdom, the Bank opened (6) new branches in 1992. These are:

- Al Barha branch / Irbid
- Beni Kananeh branch / Irbid
- Om Al Sumaq branch / Amman
- Theiban branch / Madaba
- Hai Ma'soum branch / Zarqa
- Al Azraq Al shamali branch / Zarqa

Thus total number of the Bank's operating branches reached (107) at the end of 1992, which accounts for (30%) of the total combined number of other Banks' branches in the kingdom.

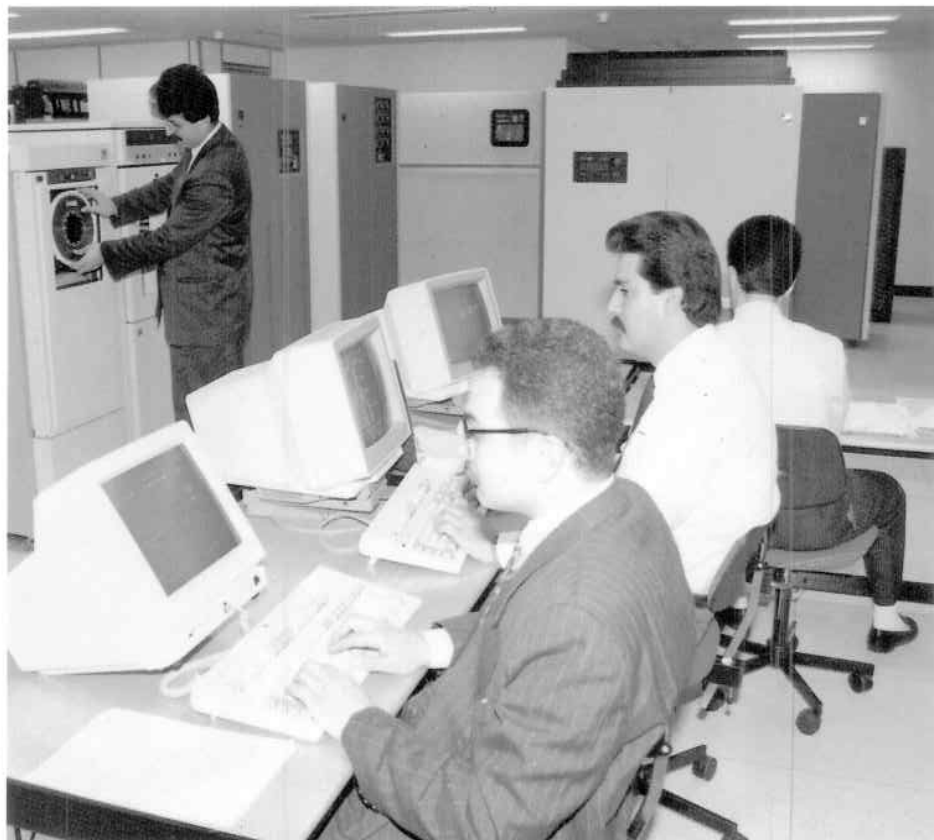


**Visa Card:
A New Service
Provided by
the Bank to its
Clients with
Personalized
Attention**

Computer

In its continuous attempt to improve speed and quality of services offered to its customers, and to offer new and distinguished services in the Jordanian banking market, and to found technical and data base that enables it to face banking market challenges in future, the Bank made during 1992, numerous steps toward establishing a modern computer center which will enable it to link all its branches which cover all parts of the kingdom with one central computer, in addition to establishing ATM network linked to this center. Through this project, retail system will be developed, and a central data base will be established that will help in obtaining information and financial statements for the Bank and its customers at any time.

The Bank has achieved a noticeable progress in this program. Thereby, branches will be linked with this center gradually starting from the first quarter of 1993.



**The Computer Center:
Towards automation of all banking activities using up to date technology**

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 (1,282) training opportunity to employees from various sections and managerial levels during 1992. The training courses covered various banking, finance and managerial fields. The Bank also nominated a number of its employees to get diploma and bachelor degrees in various specializations, in addition to master degree 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 1992, the number of such employees reached (117) from various managerial levels.



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

Table No. (4) shows the development of the Bank's training activities during the years (1988-1992).

Table (4)

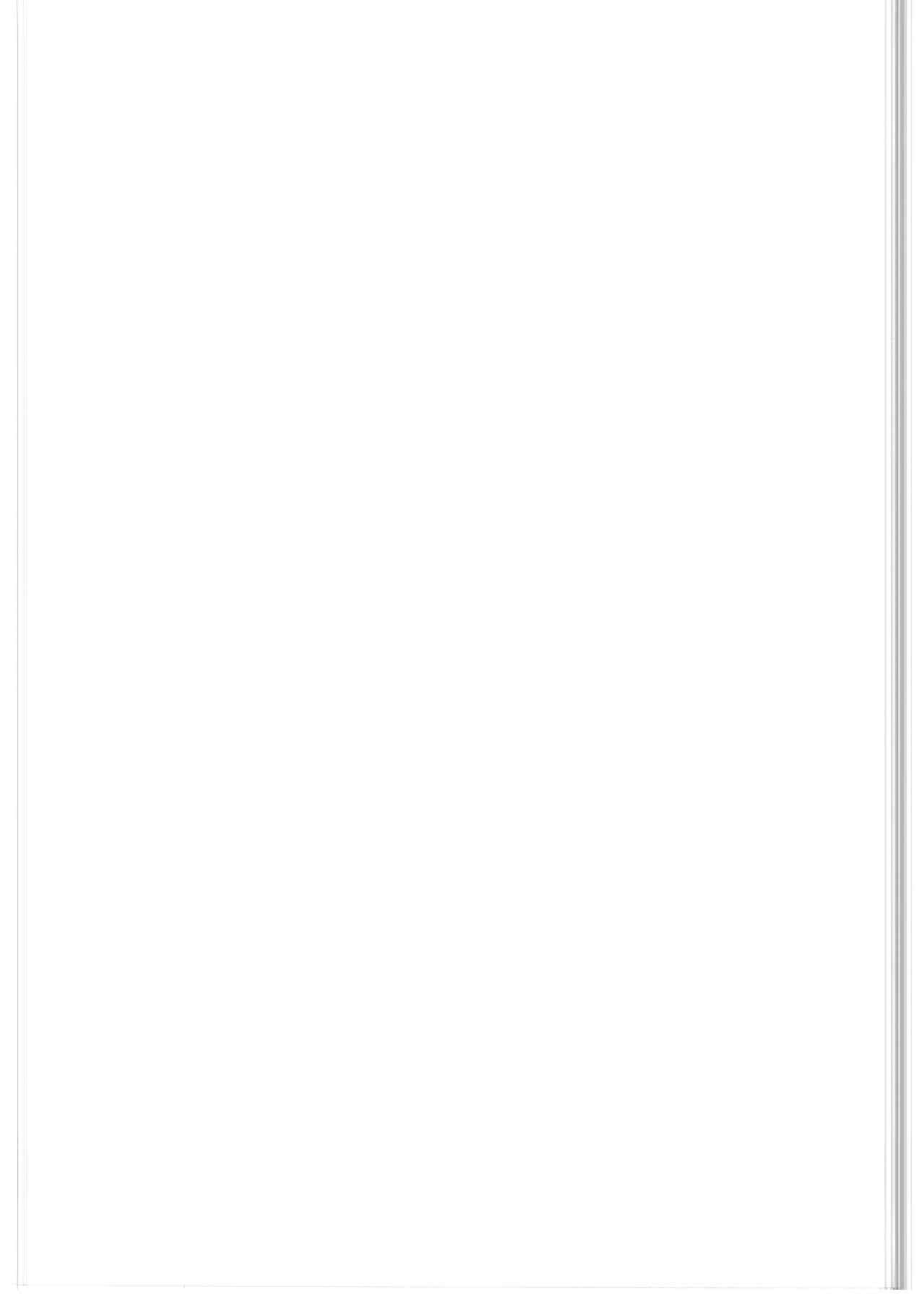
Item	Year	Number of Participants				
		1988	1989	1990	1991	1992
Training programs held at the Bank-based Training Center		1,051	1,218	1,001	1,098	1,104
Training programs held in collaboration with specialized local training institutions		605	97	156	111	108
Training programs held in Arab and foreign countries		44	56	44	9	70
Seminars		2,404	2,035	1,874	1,706	1,406
Total		4,104	3,396	3,075	2,924	2,688



THE HOUSING BANK

(A Public Shareholding Company Established by Special Decree)

**Financial Statements
as of December 31, 1992
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, 1992 and 1991 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, 1992 and 1991, 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 shareholders approves these financial statements.

Amman - Jordan
January 26, 1993

Saba & Co.

Balance Sheet As At

Assets	December 31, 1992		December 31, 1991	
	Total (JD)*	Subtotal Foreign Currencies, Equiv. in (JD)	Total (JD)	Subtotal Foreign Currencies, Equiv. in (JD)
Cash and at Banks	444,395,240	338,467,845	321,146,876	220,704,905
- In Jordan	299,077,138	193,149,743	205,068,979	104,627,008
- Abroad	145,318,102	145,318,102	116,077,897	116,077,897
Net Securities Portfolio	109,891,027	4,887,858	121,077,072	4,505,957
- Bonds & Treasury Bills	81,435,450	---	92,727,850	---
- Marketable Equity Shareholdings (Note 2)	19,185,311	---	20,157,672	---
- Non Marketable Equity Shareholdings (Note 3)	9,634,091	4,887,858	8,818,285	4,505,957
less: Provision for Decline in Value of Securities	363,825	---	626,735	---
Net Credit Facilities	383,123,685	9,089,471	334,132,240	9,779,257
- Bills Discounted	12,992,711	---	11,964,299	---
- Used Loans and Advances	334,868,332	9,089,471	285,639,760	9,779,257
- Loans to the Housing and Urban Development Corporation Financed by Advances From Central Bank of Jordan (Note 7)	46,600,000	---	48,000,000	---
less: Provision for Doubtful Debts	6,752,800	---	6,757,936	---
less: Balance of Interest in Suspense	4,584,558	---	4,713,883	---
Real Estate Investments Less Depreciation (Note 4)	28,089,136	---	30,024,236	---
Fixed Assets Less Depreciation (Note 5)	6,873,719	---	4,625,809	---
Other Assets (Note 6)	15,907,455	---	10,843,457	---
Total Assets	988,280,262	352,445,174	821,849,690	234,990,119
Contra Accounts				
Liabilities of Customers for Undisbursed Amounts of Approved Loans	48,294,640	---	34,668,677	---
Liabilities of Customers for Documentary Credits	28,952,483	---	13,844,105	---
Liabilities of Customers for Guarantees	21,049,694	---	11,758,043	---
Liabilities of Customers for Other Obligations	6,609,254	---	7,581,862	---
Total Contra Accounts	104,906,071	---	67,852,687	---

*One JD is equivalent to nearly US Dollars (1.45) as of December 31, 1992, (1.50) as of December 31, 1991.
The Accompanying Notes Constitute an Integral Part of These Statements.

December 31, 1992, 1991

Liabilities	December 31, 1992		December 31, 1991	
	Total (JD)	Subtotal Foreign Currencies, Equiv. in (JD)	Total (JD)	Subtotal Foreign Currencies, Equiv. in (JD)
Customers' Deposits	840,985,007	314,146,553	653,884,881	186,795,356
- Demand Deposits	210,847,727	145,955,945	79,499,900	23,646,695
- Savings and Fixed Deposits	630,137,280	168,190,608	574,384,981	163,148,661
Due to Banks	18,186,926	7,775,561	50,785,259	25,331,420
- In Jordan	17,685,840	7,675,993	27,441,236	1,987,397
- Abroad	501,086	99,568	23,344,023	23,344,023
Borrowings from Banks (Note 7)	51,122,469	---	58,073,458	---
Cash Margins	14,650,396	12,191,811	4,244,010	2,781,163
Various Provisions	7,699,456	---	4,102,432	---
Other Liabilities (Note 8)	19,569,850	---	17,751,267	---
Capital Accounts	36,066,158	---	33,008,383	---
- Paid - up Capital (Note 9)	12,000,000	---	12,000,000	---
- Statutory Reserve	5,382,469	---	4,785,694	---
- Special Reserve (Note 10)	18,473,669	---	16,012,669	---
- Other Reserves	210,020	---	210,020	---
Total Liabilities	988,280,262	334,113,925	821,849,690	214,907,939
Contra Accounts				
Liabilities of the Bank for Undisbursed Amounts of Approved Loans	48,294,640	---	34,668,677	---
Liabilities of the Bank for Documentary Credits	28,952,483	---	13,844,105	---
Liabilities of the Bank for Guarantees	21,049,694	---	11,758,043	---
Liabilities of the Bank for Other Obligations	6,609,254	---	7,581,862	---
Total Contra Accounts	104,906,071	---	67,852,687	---

Badr Al Rasheed
Vice Chairman

Zuhair Khouri
Chairman

Statement of Profit, Loss And Distribution

For the Years Ended December 31, 1992, 1991

	1992 (JD)	1991 (JD)
Interest Earned	41,451,122	39,302,170
- From Credit Facilities	29,958,019	29,902,232
- From Interbank Accounts and Others	11,493,103	9,399,938
Received Commissions	5,801,362	3,635,416
- On Direct Facilities	4,951,262	3,106,030
- On Indirect Facilities	850,100	529,386
Less:		
Interest Paid	35,338,675	33,277,410
- On Customers' Deposits	30,715,961	28,595,128
- On Interbank Accounts and Others	4,622,714	4,682,282
Gross Profit (Operating Profit)	11,913,809	9,660,176
Add:	14,554,870	11,592,390
- Interest and Earnings from Securities Portfolio	9,104,678	5,937,515
- Other Income	5,450,192	5,654,875
Less:	20,501,120	17,446,570
- General and Administrative Expenses	12,503,242	10,754,714
- Depreciation, Provisions & Other Expenses (Note 11)	7,997,878	6,691,856
Net profit Before Tax	5,967,559	3,805,996
Income Tax (Not 12)	1,127,097	284,000
Net Profit After Tax	4,840,462	3,521,996
Appropriation:		
Statutory Reserve	596,775	380,600
Special Reserve	2,461,000	1,385,000
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	14,760	14,086
Contribution to Scientific Research & Vocational Training Institutions	59,677	38,060
Dividends Proposed For Distribution	1,700,000	1,580,000
Total	4,840,462	3,521,996

The Accompanying Notes Constitute an Integral Part of These Statements.

Statement of Sources And Application of Funds

For the Years Ended December 31, 1992, 1991

	1992 (JD)	1991 (JD)
Funds Provided:		
Net Income After Tax	4,840,462	3,521,996
Add: Depreciations, Amortizations and Provisions	2,572,545	5,283,127
Total Funds Provided From Operations	7,413,007	8,805,123
Increase in:		
Current Accounts and Demand Deposits	131,347,826	30,420,857
Savings and Fixed Deposits	55,752,300	172,485,849
Due to Banks	---	13,874,604
Miscellaneous Deposits	10,406,386	3,013,264
Various Provisions	3,537,349	---
Other Liabilities	1,795,572	2,871,807
Decrease in:		
Securities Portfolio	11,186,045	---
Real Estate Investments	335,393	---
Other Assets	---	3,408,383
Total Funds Provided	221,773,878	234,879,887
Funds Applied:		
Increase in:		
Cash and at Banks	123,248,364	166,339,638
Securities Portfolio	---	50,088,211
Loans and Credit Facilities	48,991,445	7,600,114
Real Estate Investments	---	80,075
Fixed Assets - Net	2,893,492	468,077
Dividends Proposed For Distribution	1,700,000	1,580,000
Other Assets	5,391,255	---
Decrease in:		
Due to Banks	32,598,333	---
Borrowings From Banks	6,950,989	8,339,611
Various Provisions	---	384,161
Total Funds Applied	221,773,878	234,879,887

The Accompanying Notes Constitute an Integral Part of These Statements.

Notes to the Financial Statements

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 marketable and nonmarketable shares 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 and the Hotel's fixed assets are stated at cost. Depreciation is being computed according to the straight line method (except land) at annual rates ranging from 2% to 12%.

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	2%
safes	8%
Computer	14%
Furniture and decorations	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 1992. Discrepancies resulting from the evaluation 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,	
		1992 (JD)	1991 (JD)
Subsidiaries:			
- Darco Investment and Housing Co. (63.2% in 1991)	63	1,340,480	1,344,620
Affiliates:			
- Industrial Development Bank (34% in 1991)	35.9	3,350,507	3,135,643
- Arab Banking Corporation - Jordan (25.5% in 1991)	26	3,758,689	3,586,131
		7,109,196	6,721,774
Total - Subsidiaries and Affiliates		8,449,676	8,066,394
2 - Equity shareholdings in companies in which the Bank owns less than 20%		10,735,635	12,091,278
Grand Total		19,185,311	20,157,672

a : The market value of the marketable shares amounted to JD 39,157,999 as of the end of 1992 (against JD 27,097,717 at the end of 1991).

b : Financial statements of Darco for Investment and Housing Co. Ltd, in which the Bank owns 63% 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 3,428,638 as of December 31,1992 (JD 2,725,440 as of December 31,1991).

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 (%)	December 31,	
		1992 (JD)	1991 (JD)
Subsidiaries:			
- Arab Bricks and Tiles Co. Ltd	99	247,500	247,500
Affiliates:			
- Jordan Holiday Hotels Co.	31.3	1,139,600	1,139,600
- Jordan International Bank /London	29.9	3,867,160	3,975,368
- Jordan Payment Services Co.	22.5	112,500	56,250
		5,119,260	5,171,218
Total - Subsidiaries and Affiliates		5,366,760	5,418,718
2 - Equity shareholdings in companies in which the Bank owns less than 20%			
		4,267,331	3,399,567
Grand Total		9,634,091	8,818,285

- Arab Bricks and Tiles Co. (a limited liability Company) was established to operate the bricks and tiles factory which was eventually 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.
- The outstanding balance of debts due from subsidiaries and affiliates amounted to JD 2,368,509 as of December 31, 1992 (JD 2,011,892 at the end of 1991).
- As of December 31, 1992 the total uncalled capital of the Bank's nonmarketable shareholdings amounted to JD 813,235 (JD 208,250 at the end of 1991).

4 - Real Estate Investments

This item is made up of the following:

	December 31,	
	1992	1991
	(JD)	(JD)
- Land at cost	<u>1,395,267</u>	<u>1,395,267</u>
- The Commercial Centre's and the Hotel's Building - Shmeisani	14,357,577	14,303,084
- The Bank's Building - Aqaba	626,517	626,517
- The Bank's Building - Zarqa	<u>2,199,862</u>	<u>2,183,855</u>
	17,183,956	17,113,456
- Furniture, decoration, equipment, finishings and other works of the Commercial Centre and the Hotel	<u>13,135,442</u>	<u>13,541,335</u>
	31,714,665	32,050,058
Less: Accumulated depreciation	<u>7,575,529</u>	<u>5,975,822</u>
	24,139,136	26,074,236
Shabsough and Prince Mohammad st. Complexes (50%)	3,950,000	3,950,000
Total	28,089,136	30,024,236

5 - Fixed Assets

This item is made up of :

	December 31,	
	1992	1991
	(JD)	(JD)
- Land	2,371,874	1,037,190
- The Bank's Buildings	1,589,280	1,588,116
- Apartments	519,879	519,879
- Equipment Including Computers in the Main Branch and Other Branches	4,424,581	3,580,336
- Vehicles	487,758	463,108
- Furniture, Decorations and Safes	<u>2,001,343</u>	<u>1,306,593</u>
	11,394,715	8,495,222
Less: Accumulated Depreciation	<u>4,520,996</u>	<u>3,869,413</u>
Fixed Assets - Net Book Value	6,873,719	4,625,809

6 - Other Assets

This item is made up of :

	<u>December 31,</u>	
	<u>1992</u>	<u>1991</u>
	<u>(JD)</u>	<u>(JD)</u>
- Advances	34,583	29,491
- Establishment Expenses After Amortization	1,340,125	616,448
- Accrued Interest and Commissions	2,705,835	3,070,631
- Premium of Bond Issue	394,344	486,103
- Prepayments to Suppliers and Contractors	3,235,000	1,393,434
- Supplies and Stationery	691,748	562,378
- Items in Transit among Branches	2,521,706	1,132,641
- Current Assets of Forte Grand Amman (Formerly Amman Plaza) Hotel	1,706,696	850,304
- Land and Buildings Owned by the Bank in Settlement of Debts	1,709,001	1,915,772
- Deposit Placed at ABC - Jordan	3,000,000	3,000,000
- Other Items	1,568,417	786,255
	<u>18,907,455</u>	<u>13,843,457</u>
- <u>Less:</u> Provision for Above Deposit at ABC - Jordan	3,000,000	3,000,000
Other Assets - Net	15,907,455	10,843,457

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 related to the Housing and Urban Development Corporation projects which amounted to JD 46,600,000 (JD 48,000,000 in 1991). These loans are granted by the Bank to the Housing and Urban Development Corporation and backed by the guarantee of the Government of Jordan.

It also includes an amount of JD 4,200,000 (JD 2,500,000 in 1991) representing the rediscount of corporate loans guaranteed by the Government.

8 - Other Liabilities

This item is made up of:

	December 31,	
	1992 (JD)	1991 (JD)
- Dividends Proposed for Distribution	1,700,000	1,580,000
- The Board of Directors' Remuneration	8,250	8,250
- Salary Accounts	7,185,376	6,098,463
- Cash Margins	1,823,746	2,193,793
- Interest and Commissions Received in Advance	1,062,745	2,050,239
- Accrued Payable Interest	1,960,526	2,271,376
- Certified Cheques and Accepted Payable Bills	878,063	1,338,035
- Contribution to Borrowers Life-Insurance Fund	---	116,000
- Liabilities of Borrowers Life-Insurance Fund	962,430	462,431
- Liabilities of Savings Accounts Lottery Prizes Fund	543,028	408,031
- Current Liabilities of Forte Grand Amman (Formerly Amman Plaza) Hotel	589,675	510,739
- Other Credit Balances	2,856,011	713,910
Total	19,569,850	17,751,267

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 are incorporated in the Bank's assets and liabilities. Liabilities of these funds are given within "Other Liabilities" and detailed as follows:

	December 31,			
	1992		1991	
	Borrowers Life- Insurance Fund	Savings Accounts Lottery Prizes Fund	Borrowers Life- Insurance Fund	Savings Accounts Lottery Prizes Fund
	JD	JD	JD	JD
Liabilities				
- Provisions for payment of prizes to winners in lottery	---	515,440	---	393,342
- Provision for decline in value of shares	10,000	---	10,000	---
- Provisions for amortization of loans due to death	500,000	---	452,431	---
- Accumulated saving	452,430	27,588	---	14,689
Total Liabilities	962,430	543,028	462,431	408,031

9 - The Bank's Capital

This item is made up of:

Share Category	Subscribed & Paid-Up Capital		Authorized Capital JD
	No. of Shares	Amount 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

* 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,	
	1992 (JD)	1991 (JD)
- Depreciation of fixed assets	2,347,372	1,891,225
- Amortization of establishment expenses	321,256	493,206
- Provision for decline of shares' prices	---	250,000
- Provision for doubtful debts	---	1,500,000
- Other expenses	70,826	49,829
- End of service indemnity	1,385,521	1,573,596
- Other provisions	3,872,903	934,000
Total	7,997,878	6,691,856

12 - Income Tax

This item is made up of the following :

	<u>December 31,</u>	
	<u>1992</u>	<u>1991</u>
	<u>(JD)</u>	<u>(JD)</u>
Income tax provision	655,000	284,000
Income tax paid for past years	472,097	---
Total	1,127,097	284,000

Income tax provision was calculated 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 tax with effect from the year 1991 after deducting losses which may result from residential loans.

13 - Legal Claims

The Bank has filed lawsuits, through which it claimed amounts totalling JD 10,690,197. Meanwhile, total amounts involved in lawsuits filed against the Bank reached JD 10,879,028 as of December 31,1992. 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 1991 have been reclassified in order to be consistent with the classifications of 1992 for the purpose of comparison.

