

THE HOUSING BANK

(A Public Shareholding Company Established by Special Decree)

Amman - Jordan

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

1995

Headquarters and Main Branch

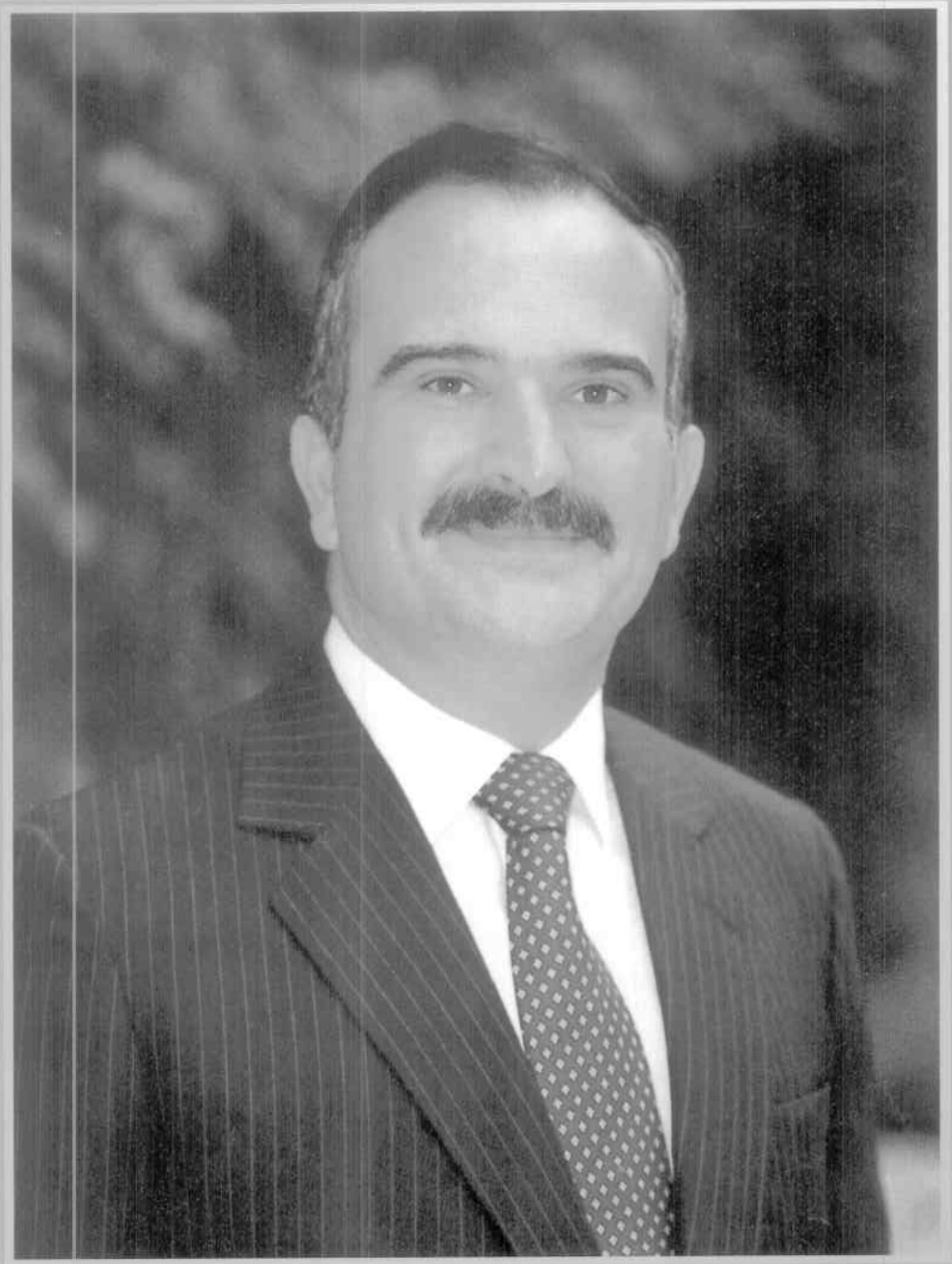
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His Majesty King Hussein



His Royal Highness Crown Prince Hassan

Board of Directors

Chairman:

Mr. Zuhair Khouri

Vice Chairman:

Mr. Abdullah Al Obaid

Representative of Kuwait Real Estate Investment Group.

Members:

Mr. Masnour Haddadin

Representative of Jordan Investment Corporation.

Mr. Mohammad Jaser

Representative of Central Bank of Jordan.

Mr. Yousef Hiyasat

Representative of Public Housing and Urban
Development Corporation.

Mr. Mansour Johar Sa'eed

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

Mr. Ahmad Abdel Khaliq : Representative of Preference Shareholders.

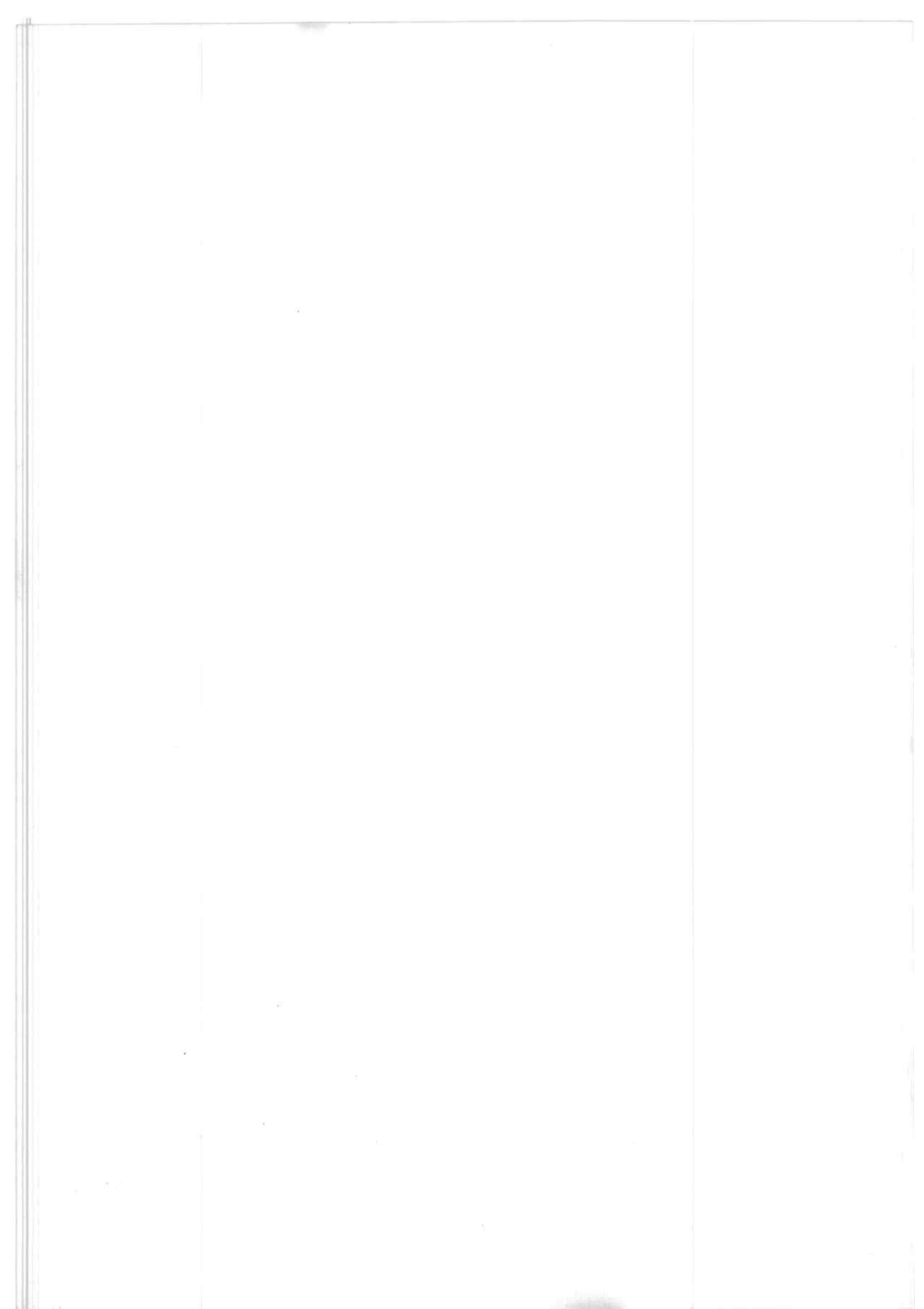
Mr. Ibrahim Al Ibrahim : Representative of Preference Shareholders.

Mr. Abdul Mohsin Kattan : Representative of Preference Shareholders.

Mr. Munther Fahoum : Representative of Preference Shareholders.

Mr. Tharwat Al Barghouthi : Representative of Preference Shareholders.

Auditors; Saba and Co.



Chairman's Message

Dear Shareholders;

On behalf of the board of directors, I have the pleasure to present to you the 22nd Annual Report on the Bank's main activities and accomplishments. You will find out that your Bank continued its steady and balanced growth in its various activities and achieved distinguished results, which enabled it to maintain its leading rank in the Jordanian banking system, and supported its financial position among Arab and international banking institutions.

In response to the political and economic changes and developments in 1995 brought by the peace process, efforts for rebuilding national economy were intensified. This year has witnessed setting of proper investment climate through the validation of investment and tax legislative package, which would make Jordan far more attractive for local and foreign investments. Middle East and North Africa Economic Summit (MENA) was held in Amman to provide a new dimension to the development process. Different political and economic changes will hopefully have positive reflections on the performance of the national economy, including the banking system.

Regarding the performance of your institution, 1995 has been a distinguished year during which the Bank's authorized and paid up capital was increased to JD (25) million, in response to the Central Bank of Jordan (CBJ) new regulations, and to enable the Housing Bank enhance its financing and investment capabilities in order to meet the requirements of the coming stage. In this regard, the board of directors congratulates you on the bonus shares which were distributed among you according to the shareholding of each of you at the date of the council of ministers decision, 1/8/1995, which was a bonus of half share to each original share.

Programmed planning and proper execution of policies on all levels has enabled the Bank to convert strategies and plans to facts and figures, showing the high level of performance achieved by the Bank in various activities.

While reviewing the Bank's financial statements you will find out that the Bank achieved significant growth in its operation results in 1995, compared with 1994 and previous years. All items of the balance sheet made distinguished growth. Total assets rose and exceeded JD one billion for the first time. It reached JD (1,103.4) million, an increment of JD (130.4) million.

Total loans and credit facilities granted by the Bank in 1995 for different residential, real estate, and development purposes amounted to JD (239.7) million. In addition to repayments exceeding JD (168) million, the balance of outstanding loans and credit facilities increased from JD (524.2) million at the end of 1994 to JD (604.5) million at the end of 1995, an increment of JD (80.3) million or (15%).

As for deposits, the Bank maintained its leading position in the Jordanian banking system. Total balance of deposits rose from JD (822.3) million at the end of 1994 to reach JD (885) million at the end of 1995, an increment of JD (62.7) million or (8%). It is worth mentioning that customers' deposits in local currency at the Bank's branches in Jordan increased by JD (37) million in 1995, which forms (35%) of the increase of total deposits in JD at all licensed banks.

As a contribution by the Bank in rebuilding the Palestinian economy, the Bank opened its first branch in Ramallah city/ West Bank. Although, short time has elapsed, the branch achieved good results in attracting savings and deposits and investing them, thus serving the Palestinian economy.

As a result of the optimum utilization of assets, 1995 has witnessed a significant growth in net profits after tax which reached JD (9.45) million, the highest since the Bank's establishment, with an increment of JD (4.44) million or (89%) compared with 1994 .

In light of the results of the Bank's operations in 1995, the board of directors recommends distributing a dividend of (20%) and transferring the remaining balance of profits to the various reserves, formed and increased by the Bank every year, thus raising their balance from JD (31.9) million at the end of 1994 to JD (52.8) million at the end of 1995, an increment of JD (20.9) million or (66%). So, total reserves exceeded twofold the capital after its recent increase, and provided a solid base to enable the Bank expand its banking services and achieve good return to the shareholders. Thus, total shareholders equity (capital and reserves) reached JD (77.8) million at the end of 1995 against JD (43.9) million at the end of 1994, a growth of (77%). This has raised its capital adequacy ratio according to Basle Committee standards (BIS ratio) to (18.4%) which by far exceeds the minimum required by Central Bank of Jordan i.e (10%).

The operation results achieved by the Bank in 1995 reflect the high level of performance, the soundness of investment policy, which is based on diversifying investments, and the precise procedures it

follows in housing and development finance operations. They also reflect the sophistication of services the Bank renders and the efficiency of marketing planning adopted by the Bank for achieving its strategic goals.

The board of directors would like to take this opportunity to express its sincere thanks and gratitude to the Jordanian Government and its various institutions for their cooperation, particularly the Central Bank of Jordan who has followed a wise policy, resulted in Jordanian Dinar exchange rate and monetary stability and enhancing the Kingdom foreign exchange reserves. Furthermore, CBJ plays a leading role in developing the Jordanian banking system to be more capable to meet the development needs of the new era. 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 provide quality services to customers.

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

Zuhair Khouri
Chairman of the Board

Jordanian Economy in 1995

Economic adjustment process continued in Jordan and achieved good results. All indicators showed exceptional economic performance. While the private sector played a major role, and integration between the public and private sector has been confirmed, economic legislation and laws were updated to create an encouraging climate for investments in Jordan, and make it more attractive for local, regional and foreign investments in the coming new era. 1995 could be considered a real new take - off for economic development in Jordan.

Middle East and North Africa Economic Summit in Amman

Jordan has passed the stage of participation in making peace and entered the phase of building peace. 1995 has witnessed an important economic event which was one of the fruits of peace process. It was MENA summit which was held in Amman, with the participation of (1200) businessmen, economists, and officials from (63) countries. Jordan presented (27) vital and major projects with investment cost of USD (3.5) billion, in addition to



Summit Opening Session

(135) project proposed and presented by the Jordanian private sector, with investment cost of USD (1.5) billion. Some deals were made in this international conference which would support production capabilities of the region and contribute to the development of various sectors.

Jordan has also participated actively in Barcelona conference for European - Mediterranean partnership wherein economic, financial, political and social cooperation between EU and Mediterranean countries was stressed so as to encourage economic integration between Mediterranean countries.

Investment Legislation

In order to prepare the proper investment climate to meet the requirements of the coming new era, a package of reformative economic legislation were validated. These are expected to make Jordan more attractive for local and foreign investments and activate the role of private sector in economic development. The package included modification of income tax, general sales tax, investment, and economic boycott laws, as well as the regulations of non - Jordanian investments in Jordan. This would have a big impact in encouraging investment and development in Jordan.

Gross Domestic Product (GDP)

Economic performance was exceptional in 1995 compared with 1994 and with the targets set in the national economic adjustment

program. GDP at constant prices amounted to JD* (2,689) million in 1995 against JD (2,527.1) million in 1994, a growth of (6.4%) against (5.9%) in 1994. GDP at current prices amounted to JD (4,620.7) million in 1995, against JD (4,190.6) million in 1994 with a growth rate of (10.3%) against (9.9%) in 1994 . All economic sectors achieved real growth, particularly the mining sector with a growth rate of (18%). Trade, restaurants and hotels sector 9%.

Saving & Investment

National savings as a percentage of GDP grew by (27.4%) in 1995 against (25.5%) in 1994. Demand on investment kept high levels and fixed capital formation rose to JD (1,517) million, a growth of (9.2%) compared with 1994. Thus, expenditure on fixed capital formation at current prices formed (32.8%) of GDP in 1995.

Strong momentum of establishing new firms continued, as (4,383) new company were registered with the Ministry of Trade and Industry, with total capital of JD (412) million. Activity continued in construction sector as building permits issued in 1995 were (18,558) in 1995 against (18,351) in 1994. Licensed building areas also increased to (5,145) thousand square meters in 1995 against (4,875) thousand square meters in 1994, an increment of (270) thousand square meters or 6%.

* Exchange rate was fixed at one JD = 1.41 USD as from October 1995.

General Prices Level

Official statistics showed that cost of living index was relatively stable and reached (109.5) in 1995 against (107) in 1994 , a rise of (2.3%). Base year for this index is 1992 .

Foreign Trade and the Balance of Payments

Trade deficit made a slight increase in 1995. Initial estimates indicate that exports (including reexports) amounted to JD (1,214) million, a growth of (22%) over 1994, whereas imports amounted to JD (2,629) million in 1995, an increment of (11%) over 1994. Thus, trade deficit rose to JD (1,415) million in 1995 against JD (1,363) million in 1994.

On the other hand, services balance achieved a surplus of JD (1,008) million, an increment of (18%) over 1994, due to the increase in remittances of Jordanian expatriates and tourist revenues. Expatriates remittances reached JD (862) million, an increment of (13%) over 1994, and tourist income reached JD (226) million, an increment of (72%) over 1994 due to the



Main Port - Aqaba

boom of tourism to Jordan, as the number of tourists who visited Jordan in 1995 exceeded (1) million.

As for the total balance of payment, it showed good improvement in 1995. Total deficit declined from JD (305) million in 1994 to JD (225) million in 1995, a decline of (26%).

Public Finance

Budget deficit before grants declined to JD (114) million in 1995 against JD (133.4) million in 1994, an improvement of (14.5%), due to the increase of local revenues by (15.6%) whereas public expenses increased by (12.8%) only.

Public Debt

Government efforts resulted in the decline of foreign debt to \$ (5,906) million at the end of October 1995 which forms (91%) of GDP, against \$ (6,189) million or (105%) of GDP in 1994. Debt service (principle and interest paid) also declined to (10.5%) of exports (goods and services) compared with (13.7%) in 1994. Domestic public debt also declined by (18%) and amounted to JD (966.1) million at the end of 1995 against JD (1,181.3) million at the end of 1994 .

Monetary Policy

Central Bank of Jordan (CBJ) continued in 1995 to follow monetary policies aiming to check expansion rates in domestic liquidity through

the application of indirect management which was adopted in late 1993. This is done by using certificates of deposits (CDs) as the main instrument of this policy, aiming to ensure monetary stability, externally and internally, and the stability of Jordanian Dinar exchange rate against major foreign currencies as well as the control of inflation rates. As a result of the conservative monetary policies applied by CBJ, growth of domestic liquidity (money supply M2) was (6.6%) in 1995 compared with (8%) in 1994 .

To improve the efficiency of the banking system, CBJ took several measures. Most important among them was to allow banks to invest a maximum of (50%) of their foreign exchange deposits in lending in foreign currencies to local development projects, buying treasury bonds and bills or corporate bonds in certain industrial countries, buying bonds of international or regional firms of high credit worthiness, as well as buying bonds of Jordanian Government issued in foreign currencies. Banks were allowed to borrow from each other to cover above mentioned operations.

CBJ also asked Jordanian banks in 1995 to raise their capital to a minimum of JD (20) million by the end of 1996 for banks with less than JD (15) million in capital accounts, and by the end of 1997 for banks with capital accounts exceeding JD (15) million. CBJ offered many incentives for banks which would implement this decision through merger. This decision aimed to raise the capital adequacy ratio (BIS ratio) of Jordanian banks to be able to meet the requirements of the coming era. CBJ also allowed banks to practice as global banks

under certain conditions such as minimum capital of JD (20) million, capital adequacy according to the standards required by CBJ, efficient management and availability of effective control systems. Commercial banks converted to global ones could practice many additional activities such as brokerage in Amman Financial Market, management and underwriting of new issues of shares and bonds, managing investment portfolios. Investment banks converted to global ones could accept current deposits and grant credit facilities of different terms and purposes.

CBJ decision in 1995 to fix Jordan Dinar exchange rate against U.S Dollar aimed to provide stability to the Dinar, and make it more attractive for saving, as interest rate on the Dinar exceeds by (3) percentage points interest on the Dollar.

Financial Market

Despite remarkable improvement in Jordanian economy indicators, Amman Financial Market witnessed a decline in activity. In secondary market, turnover in stocks and bonds declined during 1995 to JD (504) million against JD (535) million in 1994, a decrease of (6%). Decrease of demand on shares had many reasons, most significant is the shortage of liquidity directed to investment in listed stocks, the rise of interest rate on JD deposits, the waiting attitude by investors due to rapid regional changes, and the continuation of strong momentum of new issues in the primary market, totaling JD (326.5) million in 1995 against JD (484.3) million in 1994 . It is worth mentioning that issues

of shares in primary market in 1994 & 1995 equaled total share issues since the market establishment in 1978 to the end of 1993. However, Amman Financial Market is expected to recover and witness active trading in the coming period, after the announcement of the good results achieved by Jordanian economy and the issue of non - Jordanian investment encouragement regulations. Mutual funds regulations are expected soon. These regulations in addition to the economic legislation validated in 1995 would provide incentives to Arab and foreign investors and attract them to Amman Financial Market.

Licensed Banks

Operation results of licensed banks showed remarkable improvement in 1995. Their total assets increased from JD (7,527.8) million at the end of 1994 to JD (8,432.9) million at the end of 1995, an increment of JD (905.1) million or (12%). Total balance of deposits also rose from JD (5,391.5) million to JD (5,787.5) million, an increment of JD (396) million or (7%). Total balance of outstanding loans and credit facilities increased from JD (3,248.4) million to JD (3,705.7) million, an increment of JD (457.3) million or (14%).

The Bank's Main Activities and Accomplishments During 1995

Balance Sheet

The Housing Bank achieved good growth rates in its various activities in 1995. Total assets/ liabilities rose to exceed for the first time a one billion Dinar barrier and reached JD (1,103.4) million, against JD (973) million at the end of 1994, an increment of JD (130.4) million, or (13%). All items of the balance sheet showed remarkable growth as follows:

Item \ Year	1991	1992	1993	1994	1995
Cash, at banks & other liquid assets	413.9	525.8	358.7	332.7	361.0
Total loans and credit facilities *	334.1	383.1	443.6	524.2	604.5
Equity shareholdings	28.3	28.5	31.2	45.9	50.8
Real estate investments	30.0	28.1	26.6	26.1	27.3
Customers deposits	653.9	841.0	745.5	816.9	849.0
Interbank deposits	50.8	18.2	18.1	5.4	36.0
Total deposit	704.7	859.2	763.6	822.3	885.0
Capital and reserves (shareholders' equity)	33.0	36.1	40.8	43.9	77.8
Net profit (after tax)	3.52	4.84	6.64	5.01	9.45
Total Assets/ Liabilities	821.8	991.2	892.4	973.0	1103.4

* Includes loans granted to the Public Housing and Urban Development Corporation and other housing funds, financed by advances from the Central Bank of Jordan, which amounted to JD (80.1) million at the end of 1995 .

Capital and Reserves

The Housing Bank was the first among Jordanian banks who responded to the Central Bank of Jordan (CBJ) resolution to increase their capitals to a minimum of JD (20) million. The Bank's authorized and paid - up capital was increased to JD (25) million on two phases: In the first, it was increased from JD (12) million to JD (18) million through capitalization of JD (6) million from special reserve, distributed among shareholders whereby every shareholder was granted bonus shares equal to half the number of shares he was holding on 1/8/95, which was the date of the cabinet approval. In the second phase and upon the approval of trade and industry minister on 9/10/1995, capital was increased by a further JD (7) million or (7) million preference shares, through restricted subscription at a price of JD (4) per share, one JD is the nominal value and JD (3) is a premium. All shares were subscribed.

With this increase, the Bank's authorized and paid up capital became JD (25) million, in (25) million shares, distributed as follows:

First: Common Shares:

(1.5) million shares held by the Jordanian Government and Central Bank of Jordan in half.

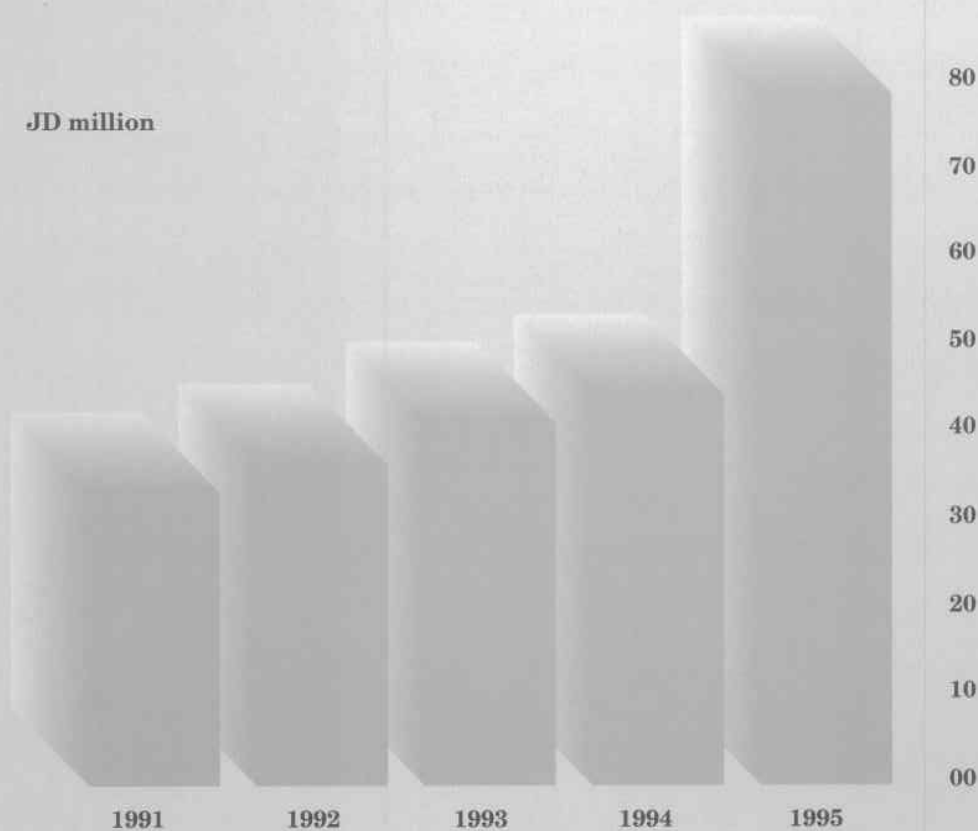
Second: Special Shares:

(9) million shares held by governments other than Jordan

government, which are Kuwait, Qatar, Oman, and Iran governments.

Third: Preference Shares:

(14.5) million shares held by individuals and corporates inside and outside Jordan, according to the corporate law. These shares are traded in Amman Financial Market.



Growth of Shareholders Equity
(1991 - 1995)

As a result of capital increase, shareholders equity increased by JD (28) million of which JD (7) million as face value of shares subscribed and JD (21) million premium, in addition to the amount deducted from this year profit and transferred to various reserves which is JD (5.87) million. Thus total shareholders equity at the end of 1995 amounted to JD (77.8) million. So the Bank's reserves exceed twofold the capital after increase which form a strong base that enable the Bank expand its banking services, achieve good return to shareholders and enjoy high capital adequacy ratios according to the international standards. B.I.S ratio at the end of 1995 was (18.4%) which by far exceeded the minimum required by CBJ, i.e (10%). This would enable the Bank increase its investments in the coming era and strengthen its competitive power inside Jordanian banking system, to occupy a leading position in terms of shareholders equity. It would also increase the confidence, the Bank enjoys among Arab and international banking institutions.

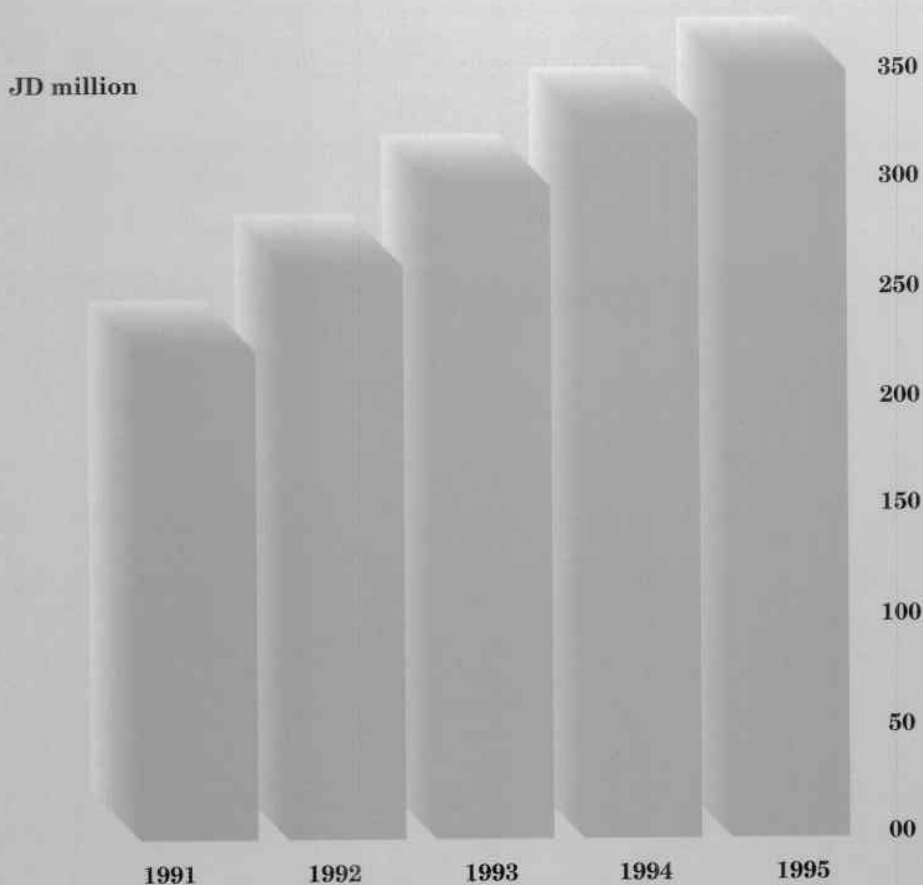
Deposits

Balance of total deposits at the Bank rose from JD (822.3) million at the end of 1994 to reach JD (885) million at the end of 1995. An increment of JD (62.7) million or (8%).

The Bank maintained its leading position in the Jordanian banking system in terms of deposits and savings attraction, particularly individual and household savings. Customers deposits in Jordanian Dinar and foreign currencies at the Bank's branches inside Jordan only amounted to JD (846.1) million, at the end of 1995 against (816.9) million at the end of 1994 .

Deposits in local currency (JD) represented the major part of customer deposits and amounted to JD (679.3) million at the end of 1995 against JD (642.3) million at the end of 1994, an increment of JD (37) million which formed (35%) of the total increase in customer deposits in JD at all licensed banks, which amounted to JD (107.2) million in 1995.

Saving deposits in local currency (JD) had the largest share of the deposits increase at the Bank's branches operating in Jordan. Their balance rose from (315.7) million at the end of 1994 to JD (337.3) million at the end of 1995, an increment of JD (21.6) million or (7%).



Growth of Saving Deposits in Local Currency
(1991 - 1995)

It is worth mentioning that saving deposits in JD at the Jordanian banking system amounted to JD (629) million at the end of 1995. So, the balance of saving deposits at the Housing Bank exceeded the balance at all other banks combined by JD (45.6) million.

Table 2
The growth of saving deposits in local currency at the Housing Bank compared with all other licensed banks combined in Jordan
(1991 - 1995)

Year	Balance / JD million		Annual Rate of Growth	
	The Housing Bank	Other Licensed Banks	The Housing Bank	Other Licensed Banks
1991	214.9	196.2	30%	43%
1992	252.3	216.7	17%	10%
1993	286.9	253.4	14%	17%
1994	315.7	274.7	10%	8%
1995	337.3	291.7	7%	6%

Under the Bank policy to encourage household savings, the saving account lottery scheme was further developed in 1995, whereby the grand monthly prize was raised from JD (30) thousand to JD (50) thousand. Three extraordinary drawings were added each year with a grand prize of JD (150) thousand. Thus, total annual prizes paid to winners became JD (1.8) million instead of JD (1.23) million and the number of monthly prizes was also increased from (6,105) to (6,185). Total number of winners of saving accounts prizes up to the end of 1995 reached (554,028) savers and they won prizes totaling JD (10,189,350).

Loans and Credit Facilities

In response to continued construction activity in the Kingdom on one side and the increasing demand on loans and credit facilities to finance productive and development projects within the noticeable activity which the Jordanian economy achieved during 1995 on the other side, the Bank was able to increase and expand lending activity for various purposes. Total loans and credit facilities which the Bank granted during 1995 reached nearly JD (239.7) million. Thus, total loans and credit facilities which the Bank granted since establishment and until the end of 1995 for housing, real estate and various commercial and development objectives reached JD (2,041.8) million.

Total loans which the Bank granted to finance various housing and real estate buildings reached JD (118.5) million in 1995, participated in financing (14,746) housing units with a total area of nearly (2.1) million sq.m. Thus, total housing and real estate loans and credit facilities which the Bank granted since establishment until the end of 1995 reached nearly JD (1,011.9) million, which participated in financing (144,068) housing unit with a total area of (20.3) million sq.m. Building area which



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

the Bank participated in financing the construction and or completion and / or expansion formed nearly (22%) of the total licensed building areas in the Kingdom during the same period.

The Bank continued during 1995 granting housing finance for low and medium - income groups, either through financing housing projects which the Public Housing and Urban Development Corporation executes, or through providing direct finance to this category of citizens. The Bank's interest in this category comes from its care to continue its leading and effective role in the general efforts exerted to solve the housing problem of low and medium - income groups. During 1995, total loans granted to this category reached nearly JD (14.9) million and financed (2,959) housing units.

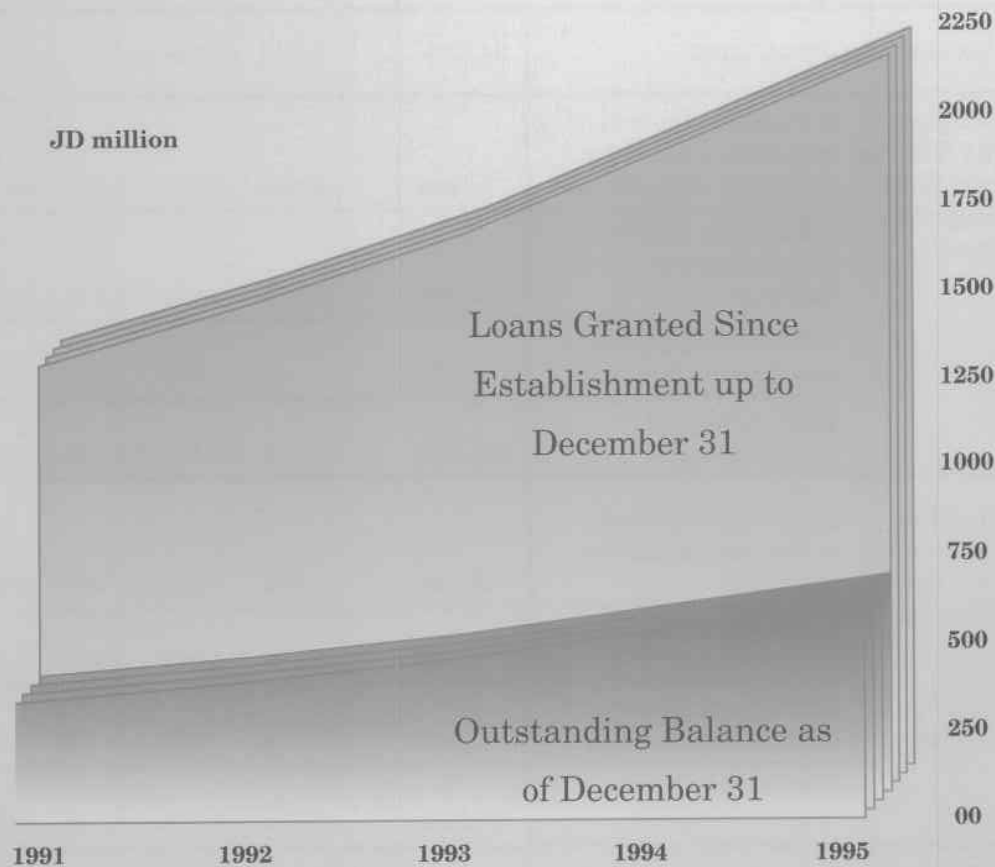
In its endeavor to activate economic development in the Kingdom, the Bank participated in providing finance to various economic



One of the Industrial Projects Financed by the Bank

projects including vocational and small investors' projects, in addition to offering development finance to public and private corporations and institutions. Total development loans reached JD (19.8) million, in addition to credit facilities granted to various purposes which totaled JD (101.4) million during 1995 .

As a result of the Bank's continued lending activity and despite repayments exceeding JD (168) million, the balance of outstanding loans and credit facilities rose to JD (604.5) million at the end of 1995, an increment of JD (80.3) million or (15%) from JD (524.2) million at the end of 1994 .

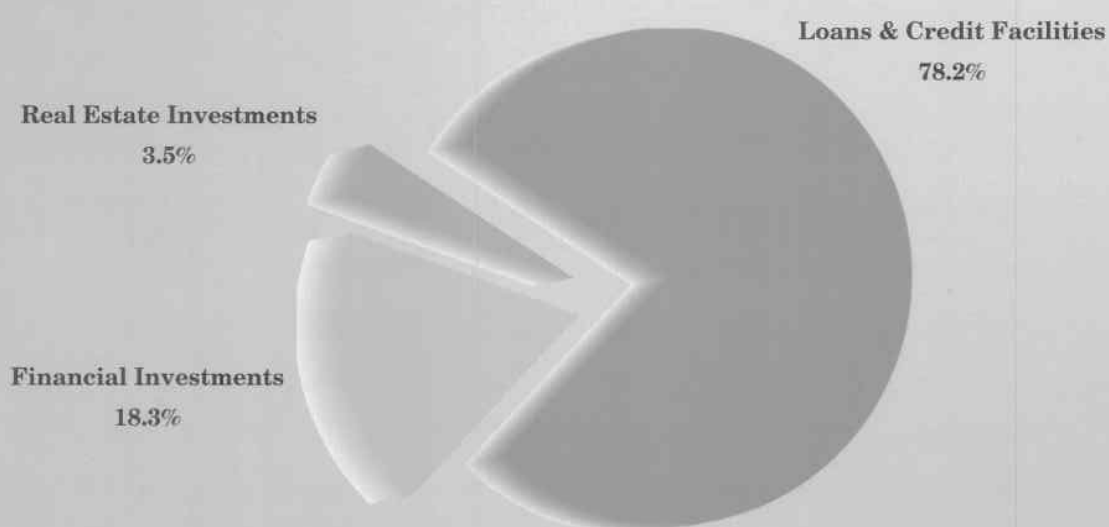


Growth of Loans & Credit Facilities
(1991 - 1995)

Table 3
Major Indicators of the Bank's Lending Activities
(1974 - 1995)

Item	Year	1974-1992	1993	1994	1995	Total
		Accumulative				
1. Amount of granted loans and credit facilities (JD million)	a: Various housing and mortgage loans	694.9	78.7	119.8	118.5	1,011.9
	b: Development loans	208.8	27.5	26.1	19.8	282.2
	c: Credit facilities for housing and other development purposes	472.0	82.8	91.5	101.4	747.7
	Grand total (a+b+c)	1,375.7	189.0	237.4	239.7	2,041.8
2. Number of granted loans		64,415	8,170	11,638	12,213	96,436
3. Number of units financed by the Bank classified by purpose	a: Construction and / or completion and / or expansion of buildings	78,939	4,825	5,540	4,457	93,761
	b: Purchase and / or maintenance of buildings	21,745	6,570	9,896	10,144	48,355
	c: Purchasing plots and constructing buildings	1,621	46	140	145	1,952
	Total number of units financed	102,305	11,441	15,576	14,746	144,068
4. Building area financed by the Bank (000' sq. m)	a: Construction and / or completion and / or expansion	10,739	758	867	702	13,066
	b: Purchasing and / or maintenance	3,112	950	1,442	1,429	6,933
	c: Purchasing plots and constructing buildings	241	6	15	15	277
	Total building area financed by the Bank	14,092	1,714	2,324	2,146	20,276
5. % of constructed and / or expanded and / or completed building area which the Bank financed out of total licensed area in the Kingdom		24%	18%	18%	14%	22%

In accordance with the decision of the Central Bank of Jordan issued at the end of 1995 which allowed licensed banks to offer credit facilities in foreign currencies, to participate in providing finance to economic projects so as to reinforce their exportation capabilities, the Bank started, during 1995, preparing a complete working program and a marketing plan to start offering this service at the beginning of 1996 .



The Bank's Investments at the end of 1995

As the Bank is interested in supporting trade between Jordan and Arab countries, an agreement was signed during 1995 with Arab Trade Finance Program/ UAE, according to which the Housing Bank of Jordan is considered as a national agency of the Program. This agreement enables the Bank to get refinance for all import and export loans which the Bank grants to exporters and importers when trading Arab origin commodities.

To respond to the needs and wishes of indirect facilities' customers such as letters of credit and guarantees, and to increase the Bank's share of such services market, the Bank added during 1995, to the list of its services providing storage to the ready - made commodities or raw materials. The Bank established the Housing Bank bonded warehouse in Amman Industrial city/ Sahab which will offer customers various advantages, most important of which is providing facilities and finance with the guarantee of bonded goods.

Diversifying and Developing Commercial and Investment Banking Services.

To carry out the Bank's strategy which aims to continue diversifying services to suit and fit customers' needs and demands on one hand, and to diversify and develop investment instruments used in money and financial markets on the other, the Bank announced during the last quarter of 1995 its intention to launch (Jordan Investment Fund/ The Housing Bank) in Jordanian Dinar, and invite local and foreign investors to subscribe in this Fund. The Fund will invest in the financial instruments available in the Amman Financial Market, with the aim of attracting foreign investments to employ them in economic development projects.

The Bank signed an agreement with Alliance Capital, the second largest fund manager in the world, to manage this Fund. The Fund is expected to be launched in early 1996 after the validation of the governing regulations in Jordan.

At the beginning of 1995, the Bank started offering margin trading services to nonresident customers. It also continued developing the service of account/ account buying, selling and transferring foreign currencies offered to resident and nonresident customers, in addition to issuing

certificates of deposits in US Dollars, as well as collective foreign investment fund services in accordance with the Central Bank's regulations.

While the Bank was diversifying its services and introducing new services to reinforce its competitive capabilities in the banking system, it also developed the procedures of rendering its services to suit customers' needs and demands. Of these services: letters of credit, issuing guarantees, transfers, travelers and draft cheques, foreign exchange and issuing Visa cards.

Regarding its external operations, the Bank gave special interest to consolidate its relations with international banks and financial institutions to facilitate its customers' operations. Therefore, the Bank expanded its correspondent banks network. By the end of 1995, total number of correspondent banks and financial institutions reached (268) covering most regions of the world. The Bank also continued using SWIFT system which is one of the most modern financial communication nets in the world, to facilitate external operations of its customers.

As for the Bank's ambitions and aspirations for 1996 regarding offering distinguished services, the Bank intends to open Private Banking Center and to introduce new investment instruments that fit the new package of laws and investment regulations which were validated during the last quarter of 1995 and provided a distinguished advantage in motivating local, Arab and foreign capital to invest in Jordan.

Various Services and Activities

During 1995, the Bank added to the list of non banking services offered to its customers and other categories of the community, new services such as receiving repayment installment on behalf of public and private institutions through its branches network. The most

distinguished of which are: receiving payment of mobile phones and pagers bills, cement purchases through (12) branches in Amman, income tax installments in Zarqa after the success of this service in Amman. This service will be generalized to all districts in the Kingdom.

In response to the needs and demands of its customers from various areas in the Kingdom, the Bank expanded the service of safe boxes. It started offering this service in Karak branch. Thus, total number of branches which offer this service reached (14) branches in various regions of the Kingdom.

Real Estate Investments

During 1995, the Bank increased its real estate investments which are the Housing Bank's commercial center, Forte Grand Hotel, commercial complexes in Zarqa, Aqaba and Prince Mohammed street/ Amman. The Bank constructed and owned a number of buildings and new premises, the most prominent of which are:

The Housing Bank Centre/ Irbid

The Bank made good progress in execution of the Housing Bank Centre in Irbid which is considered one of the biggest buildings in the north area, nearly completed now, and expected to be opened at the beginning of 1996. The building consists of:

- 1- Commercial centre which consists of four flats with an area of (311) sq.m per each.
- 2- A suite for the regional management of the Bank's branches in the northern area with a total area of (1,140) sq.m.
- 3- A suite to be used as a premises for a new branch in Irbid with a total area of (800) sq.m.
- 4- Warehouses and fortified rooms with a total area of (4,280) sq.m.

Bonded Center in Amman Industrial City/ Sahab

In its endeavor to diversify and develop its services to indirect facilities customers of commercial, industrial, agricultural and construction institutions, the building of the bonded centre in the Industrial City/ Sahab was completed during the last quarter of 1995. It will be used to warehouse customers' imports of ready-made commodities or raw - materials. The centre consists of:

- 1- A warehouse with a total area of (2,400) sq.m.
- 2- Additional warehousing yards with an area of (5,000) sq.m.
- 3- Management and customs offices with an area of (500) sq.m.

The bonded centre will commence operation at the beginning of 1996.



The Bank's Building in Ruseifeh

During 1995, the tender for execution of the Bank's building in Ruseifeh was awarded to a local contracting company. Total area of the project is (1,740) sq.m. The building consists of:

- 1- Ground floor and mezzanine to be used as a premises for the Bank's branch.
- 2- A basement, parking and services.

The Bank's Building in Salt

As the Bank intends to construct a permanent premises in salt, a consulting and engineering company was charged to prepare the preliminary design to this project which will be constructed on a plot with an area of (1,648) sq.m. This project consist of:

1. A flat for the regional management/ Balqa
2. Ground floor and mezzanine for the Bank's branch.
3. Basement, parking and services.

The Bank's Building in Abu Alanda

A local engineering company was charged to prepare the final designs for the Bank's building in Abu Alanda which will be constructed on a plot with an area of (799) sq.m. The project consists of:

- 1- Ground floor and mezzanine to be used as a premises of the Bank's branch in Abu Alanda.
- 2- First floor which may be used as a premises of the regional management of southern area or for any future expansion.
- 3- A basement to be used as parking.
- 4- A basement to be used as warehouses.

Banking Technology and Automated Services

The Bank efficiently continued executing the program of automating branches and connecting them directly with the main frame. (29) branches were linked with the network during 1995. Thus, total number of branches linked with the network reached (53) in various regions of the Kingdom, which offer services to about (60%) of the Bank's clients. Those clients are now able to obtain banking services from their original branch or other branches linked with the main frame.

In its endeavor to offer quick and quality services over the counter, a quality development of the teller performance was made. The teller became able to offer full service to clients, either the same branch or other branches clients, through enabling him to have full data on the client's account including his signature, through one screen. This procedure shortened the needed time to accomplish the banking transaction. In addition, the Bank introduced new machines such as MICR Reader and Cash Dispenser which improved and developed counter services in general. To expand its ATM network, the Bank installed (7) ATMs during 1995. Thus, total number of operating ATMs reached (15), distributed in Amman, Irbid and Zarqa. During 1995, the Bank issued (22,465) ATM cards to its clients, thus total number of cards which the Bank issued until the end of 1995 reached (31,190).

To diversify the automated services, the Bank introduced during 1995 a Phone Bank service to provide automated immediate banking services, especially to its clients and to the public in general. These services include: balance inquiry, brief statement of account by facsimile, request for statement of account and a cheque book, transfer from one account to another, inquire about currency and interest rates and other banking services.

In its endeavor to improve the technical support offered to branches, the Bank started in 1995 preparing for a project for remote control of branches to help them solve any technical problems. The Bank also started application of new systems which help distribute data and programs on branches through a central party which guarantee controlling this process and enable branches to immediately obtain the most recent copies of the developed programs.

These accomplishments of automating the Bank's operations, translates the execution stages included in the central computer project carried out under internal management and supervision in order to keep up with the latest development in utilizing banking technology in order to improve performance, productivity, and the quality of services offered by the Bank so as to support its competitive capabilities.

Staff Training

As the Bank aspired to develop the quality of services it offers to clients, it was necessary to give human resources full attention to raise the level of their competence and productivity, so as to achieve clients' satisfaction and expand dealing base with the Bank in the various activities. In this regard, the Bank developed and diversified the training process during 1995. The Arab Training Centre of The Housing Bank supported its activity with training courses that suit banking activities requirements. During 1995, the Training Centre provided (1,919) training and studying opportunity to the Bank's employees, which covered various managerial, banking, finance and computer science fields. The Bank also nominated a number of its employees to get diploma, bachelor and master degrees in managerial and banking sciences in Jordan and abroad. The Bank also continued

qualifying its employees to attend CPA exam in the United states of America.

In this regard, Becker CPA Review, an American institution, decided to open its first training center in Jordan in cooperation with the Housing Bank. It adopted Arab Training Center as a premises to hold its training courses in Jordan to enable employees in accounting field in Jordan and the Arab world to get CPA degree which is acknowledged by all economic and financial institutions in the world.

It is worth mentioning that the center developed a number of training courses to suit the need of local and Arab banking and financial institutions which selected the Center as a place to train their employees from various managerial levels. During 1995, the number of Jordanian and Arab employees who participated in various managerial, finance and banking training courses reached (112) from various managerial levels.



Table 4
The Development of the Bank's Training Activities
 Number of Participants during (1991 - 1995)

Item	Year	Number of Participants				
		1991	1992	1993	1994	1995
Training programs held at the Bank - based Training Center		1,098	1,104	1,632	1,484	1,613
Training programs held in collaboration with specialized local training institutions		111	108	140	219	209
Training programs held in Arab and foreign countries		9	70	95	113	111
Seminars		1,706	1,406	1,769	997	943
Master programs		1	3	4	2	2
CPA training course		---	---	8	7	5
Total		2,925	2,691	3,648	2,822	2,883

Geographic Expansion

Branch network expansion was one of the most distinguished characteristics of the Bank's life during the past two decades, which enabled it occupy the first position within the banking system in terms of number of branches on one side, and to occupy advanced ranks in the various banking activities and on the size of customers base, on the other. The Bank added to the list of its branches two new branches in 1995. These are: Abdulla Ghosheh Street / Amman and Central Vegetables Market/ Greater Amman. Thus, total number of the Bank's branches reached (117) in the main cities and various residential gatherings in the Kingdom, which accounts for (21%) of the total combined number of other banks' branches in the Kingdom.



Abdullah Ghosheh st. Branch

Outside the Kingdom, the Bank established in 1995 its first branch in Palestine to participate in supporting the Palestinian national economy. In September a branch was opened in Ramallah after completing the necessary legal licenses.

According to the desire of the Palestinian National Authority and Palestinian Monetary Authority, the branch services were limited to commercial and investment banking, in accordance with the laws and provisions imposed by the Palestinian Monetary Authority.



Ramallah
Branch

Social Responsibility

In its endeavor to promote and market Jordan on one hand, and support various activities of the society on the other, the Bank played a distinguished role in promoting and marketing Jordan on the Arab and international levels during Amman Economic Summit which was held in October/ 1995. The Bank executed a distinguished promotion and information plan which included establishing information and banking services centers in various sites of the conference activities, preparing advertising films on investment opportunities in Jordan and circulating information brochures among Arab and foreign participants in this huge international investment gathering.

The Bank also participated in cooperation with Jordanian businessmen society in providing information and consultation services to participants in the Jordanian and Palestinian businessmen first conference which was held in Amman during June/ 1995.

The Bank also effectively participated in a number of seminars and conferences which were held locally, such as: Housing Finance Legislation Seminar which was held in April/ 1995, and Jordanian Housing Sector Evaluation Seminar which was held in December, in which the Bank presented a paper on the Housing Bank experience in



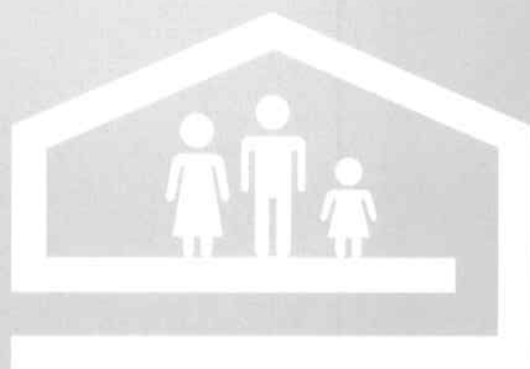
housing finance. Moreover, the Bank supported a number of conferences and specialized seminars which were held in Jordan during 1995.

The Bank continued sponsoring and supporting various social, cultural, sport and artistic activities. It participated in sponsoring the Kingdom's celebrations of International Traffic Day, and in organizing a number of national activities and demonstrations which were held to limit road accidents, smoking contention and family day.



Regarding supporting Jordanian and Arab artists the Bank expanded the activities of the Housing Bank Centre Gallery. During 1995, the Gallery entertained (13) exhibitions of Jordanian and Arab artists.

As the Bank endeavors to support social activities in the Kingdom, its role expanded to the West Bank where it sponsored the activities of the First Medical Festival which was organized by Beir Zeit University, and the activities of the Palestinian Independence Festival which was held in Jerico, Ramallah, Tulkarim, Nablus and Jenin.



THE HOUSING BANK

Strategic Future Plan

With the political and economic changes witnessed in 1995 by Jordan in particular and the region in general, restructuring of the national economy in accordance with the economic adjustment program has made pace. Jordan has set the investment climate by validation of tax and investment legislation package, as well as holding Amman Economic Summit.

In light of this new reality, the economic expectations, and the role required from the banking system to play in local development, the Housing Bank adopted a strategic plan, which includes the following goals and guidelines, for 1996:

First: Increasing the Bank's market share :

1- Deposits:

Increasing the Bank's share of deposits market, whether in JD or foreign currencies, with special emphasis on saving and current deposits. The Bank will use different promotional and marketing instruments to raise its share.

2- Commercial Banking Activities

The Bank practices these activities as other banks and seeks to increase its market share of commercial banking services, especially documentary credits, bank guarantees and transfers. The Bank intends to benefit from the expected growth in foreign trade in 1996 and to also increase activity in foreign exchange trading and managing investment portfolios in foreign currencies. It also intends to expand the customer base of visa credit card, IABA and phone bank services.

3- Loans and Credit Facilities

a- The Bank will continue granting housing loans with concentration on medium and low- income citizens, in addition to providing housing and real estate finance to developers. It will also grant loans for maintenance of buildings.

b- Increasing the Bank's market share of direct credit facilities and development loans to meet the financing needs of commercial and development projects, and activate the Bank's role in national economy.

Second: Improving profitability

Third: Utilizing Banking Technology

Expansion in utilizing banking technology through the continuation of the 3rd phase of automation project aiming for upgrading existing systems, automation of all branches and linking them in a network with the main frame. (30) branches are expected to be linked in 1996 and thus the number of linked branches will reach (83). Furthermore, (10) ATMs will be installed and operated which will raise their total number to (25), distributed among various areas.

Fourth: Geographic Expansion:

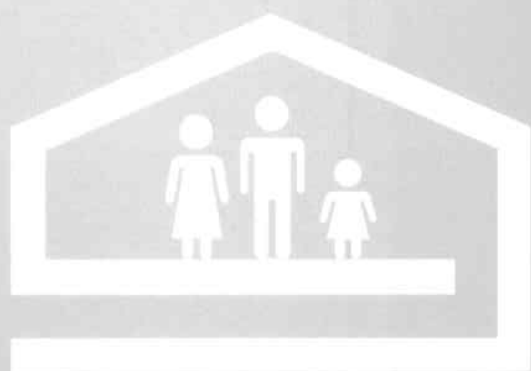
Continuation of geographic spread and increasing the number of the Bank's branches, to continue occupying the first rank in terms of the number of branches in the Kingdom.

Fifth: Management Development:

Supporting the management development and training process so as to improve the performance level, upgrade the staff skills and productivity. Developing the Arab Training Centre, owned by the Bank and marketing its courses to Jordanian and Arab financial institutions.

Sixth: New services:

Improving the quality of services provided to customers, introducing new investment services such as mutual funds, and developing foreign exchange electronic systems.



THE HOUSING BANK

Financial Statements
as of December 31, 1995 and Auditors' Report



THE HOUSING BANK

(A Public Shareholding Company Established by Special Decree)

Amman - Jordan

Auditors' Report

To the Shareholders of The Housing Bank
Amman - Jordan

We have audited the accompanying balance sheet of The Housing Bank in The Hashmite Kingdom of Jordan (a Jordanian Public Shareholding Limited Company) as of December 31, 1995 and 1994 and the related statements of income, and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have obtained the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

We conducted our audit in accordance with International Standards of Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Bank maintains proper accounting records which are in agreement with the accompanying financial statements and with the financial information included in the Board of Directors report.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Housing Bank as of December 31, 1995 and 1994 and the results of its operations and its cash flows for the years then ended in accordance with International Accounting Standards, and we recommend that the General Assembly approve these financial statements.

Amman - Jordan
January 31, 1995

Saba & Co.

Balance Sheet

	December 31	
	1995 JD	1994 JD
Assets		
- Cash, at Banks and Other Banking Institutions (Note 3)	135,219,303	145,953,608
- Balances at the Central Bank of Jordan (Note 4)	194,701,798	135,999,601
- Investments in Bonds & Treasury Bills (Note 5)	31,072,973	50,766,841
- Foreign Investment Fund - Net After Provision for Decline (Note 6)	4,991,173	4,079,176
- Loans and Credit Facilities - Net After Provision for Doubtful Debts and Interest in Suspense (Note 7)	604,482,391	524,220,371
- Investment Securities - Net After Provision for Decline in Value of Securities (Note 8)	50,846,701	45,887,807
- Real Estate Investments Less Depreciation (Note 9)	27,267,803	26,118,303
- Fixed Assets Less Depreciation (Note 10)	23,472,504	15,645,266
- Other Assets (Note 11)	31,391,628	24,313,410
Total Assets	1,103,446,274	972,984,383
Liabilities and Shareholders' Equity		
- Customers' Deposits (Note 12)	849,021,545	816,874,420
- Deposits of Banks and Other Banking Institutions (Note 13)	36,023,701	5,425,678
- Amounts Borrowed (Note 14)	81,510,118	63,884,188
- Cash Margins (Note 15)	12,748,280	9,688,814
- Various Provisions (Note 16)	5,552,641	3,409,049
- Dividends Proposed for Distribution (Note 17)	3,450,000	1,820,000
- Other Liabilities (Note 18)	37,363,673	27,980,978
Total Liabilities	1,025,669,958	929,083,127
Shareholders' Equity (Note 19) :		
- Paid - up Capital	25,000,000	12,000,000
- Statutory Reserve	7,747,627	6,722,567
- Premium Reserve	21,000,000	---
- Special Reserve	23,028,689	24,968,669
- External Branches Reserve	1,000,000	---
- Other Reserves	---	210,020
Total Shareholders' Equity	77,776,316	43,901,256
Total Liabilities and Shareholders' Equity	1,103,446,274	972,984,383

The Accompanying Notes Constitute an Integral Part of These Statements

Abdullah Al-Obaid
Vice Chairman

Zuhair Khouri
Chairman

Statement of Profit And Loss

	For The Years Ended December 31	
	1995 (JD)	1994 (JD)
- Interest Earned (Note 20)	67,772,973	52,214,916
- Received Commissions (Note 21)	6,829,561	7,762,800
Total Interest and Commissions Earned	74,602,534	59,977,716
Less: Interest Paid (Note 22)	48,734,445	38,703,678
Net Interest and Commissions	25,868,089	21,274,038
Add: Interest and Earnings from Securities Portfolio (Note 23)	16,891,905	5,815,582
Foreign Exchange Earnings (Note 24)	1,772,093	1,227,676
Other Income (Note 25)	3,682,162	2,169,463
Less: Provision for Doubtful Debts	4,030,000	2,912,000
Provision for Decline in Value of Shares	1,120,000	300,000
Provision for Decline in Value of Bonds	1,662,500	---
Other Provisions	3,800,000	---
General and Administrative Expenses (Note 26)	27,351,147	21,463,783
Net Profit Before Tax	10,250,602	5,810,976
Income Tax (Note 27)	800,000	800,000
Net Profit After Tax	9,450,602	5,010,976
Appropriation:		
- Statutory Reserve (Note 19)	1,025,060	581,098
- Special Reserve (Note 19)	3,850,000	2,530,000
- External Branches Reserve	1,000,000	---
- Board of Directors' Remuneration	8,250	8,250
- Contribution to Housing Bank Employees' Children Education Fund	14,786	13,518
- Contribution to Scientific Research & Vocational Training Institutions	102,506	58,110
- Dividends Proposed for Distribution (Note 17)	3,450,000	1,820,000
Total	9,450,602	5,010,976

The Accompanying Notes Constitute an Integral Part of These Statements.

Statement of Cash Flow

	For The Years Ended	
	December 31	
	1995	1994
	(JD)	(JD)
Cash Flow From Operations:		
- Interest and Commissions Earned	79,232,818	64,954,588
- Interest and Commissions Paid	(46,701,482)	(39,212,588)
- Other Income	6,909,782	4,686,172
- General and Administrative Expenses Paid	(24,884,224)	(19,600,296)
	<hr/>	<hr/>
- Cash Flow from Operations Before Change in Assets and Liabilities	14,556,894	10,827,876
	<hr/>	<hr/>
- (Increase) Decrease in Assets:	(91,265,148)	(90,287,119)
	<hr/>	<hr/>
- Loans and Credit Facilities - Net	(84,292,020)	(83,546,676)
- Other Assets	(6,973,128)	(6,740,443)
- Increase (Decrease) in Liabilities:	72,318,265	64,248,438
	<hr/>	<hr/>
- Current Accounts & Demand Deposits	(3,470,798)	(6,628,094)
- Savings, Fixed and Notice Deposits	35,617,923	77,960,884
- Interbank Deposits for Other Banks and Financial Institutions	30,598,023	(12,720,616)
- Cash Margins	3,059,466	4,394,432
- Various Provisions	(178,466)	2,334
- Other Liabilities	6,692,117	1,239,498
	<hr/>	<hr/>
- Net Cash From Operations Before Tax	(4,389,989)	(15,210,805)
- Income Tax Paid	(2,380,448)	(2,751,692)
	<hr/>	<hr/>
- Net Cash Used in Operations	(6,770,437)	(17,962,497)
	<hr/>	<hr/>
- Cash Flow From Investments:		
- (Buy) Sale of Investments in Fixed Assets	(9,774,779)	(6,497,512)
- (Buy) Sale of Real Estate Investments	(2,826,859)	(1,175,524)
- (Buy) Sale of Investments in Securities	(6,078,894)	(15,007,841)
- (Buy) Amortize Treasury Bonds & Bills and Corporate Bonds	18,031,368	37,955,857
- Foreign Investment Portfolio	(911,997)	(559,176)
- Received Shareholdings Dividends	12,271,728	2,386,202
	<hr/>	<hr/>
- Net Cash From Investments	10,710,567	17,102,006
	<hr/>	<hr/>
Cash Flow From Finance:		
- Increase in Capital and Premium Reserve (Note 19)	28,000,000	---
- Borrowings From the Central Bank of Jordan	23,762,848	20,100,000
- Repayments of Borrowings From the Central Bank of Jordan	(6,136,918)	(5,831,094)
- Distributed Dividends	(1,820,000)	(1,820,000)
	<hr/>	<hr/>
- Net Cash From Finance	43,805,930	12,448,906
	<hr/>	<hr/>
- Foreign Exchange Evaluation Differences	221,832	393,881
	<hr/>	<hr/>
- Net Increase in Cash	47,967,892	11,982,296
- Cash at Year Beginning	281,953,209	269,970,913
	<hr/>	<hr/>
- Cash at Year End	329,921,101	281,953,209

The Accompanying Notes Constitute an Integral Part of These Statements.

Notes to the Financial Statements

1 - General

a - The Housing Bank (a public shareholding company) has been established in accordance with the special law No. 4 of 1974. The head office of the Bank is in Amman - The Hashemite Kingdom of Jordan, and it may establish branches and offices and appoint agents and correspondents within the Kingdom and abroad. The Bank is a financially and administratively autonomous corporate body and the provisions of the companies law in force in the Kingdom apply to the Bank to the extent that such provisions do not conflict with the provisions of the Bank's law or of any regulations enacted thereunder.

b - Objects of the Bank :

The objects of the Bank are to promote construction and development activities in the Kingdom in accordance with general needs of citizens and with the Government development plans. In particular the Bank endeavours to realize the following goals :-

- 1 - Promoting the erection, completion or expansion of residential houses, as well as housing or commercial buildings.
- 2 - Encouraging savings for housing by all possible ways and means.
- 3 - Encouraging the establishment and formation of housing cooperative societies, housing funds and savings and loans societies for housing purpose.
- 4 - Encouragement of the adoption of model standard specifications and measurements for buildings and building materials with a view to creating an industry for the manufacture of standard prefabricated building materials, and to the reduction of building costs.
- 5 - Promoting the establishment of factories and plants for manufacturing building materials.

The Bank carries out all activities as may be necessary to achieve its objectives through its branch network all over the Kingdom and Palestine on commercial bases to enable it cover its expenses and other liabilities from its own resources. It is worth mentioning that the Board of Directors of the Central Bank of Jordan has agreed to allow the Housing Bank to practice direct commercial banking activities as of the beginning of January, 1994.

c - Jordanian Government Guarantees :

The Government unconditionally guarantees the obligations of the Bank towards third parties.

2 - Major Accounting Policies

a : General

- The financial statements are prepared on the basis of historical cost and in accordance with laws and regulations of the Central Bank of Jordan and the prevailing banking customs as well as International Accounting Standards.
- The accompanying financial statements represent the consolidated statements of the Bank's branches in The Hashimite Kingdom of Jordan and Palestine. Interbranch transactions and balances have been excluded, but transaction in transit among branches at the end of the year have been included within the item "other assets" (note11) in the attached balance sheet.
- Attached financial statements were prepared according to the form provided by the Central Bank of Jordan.

b : Revenues Realization.

- Interests and commissions are realized on accrual basis while dividends from equity shareholdings are added to revenues when received.
- Interests on doubtful credit facilities are suspended and they are not included within income.

c : 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%.

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 : Foreign currencies transactions that were carried out during 1995 were recorded at the prevailing rates at the dates of those transactions. Assets and liabilities in foreign currencies were translated into JD at the medium rate announced by the Central Bank of Jordan at the end of 1995. Discrepancies resulting from the evaluation were taken to the Profits and Loss Account.

f : Securities Portfolio :

- Investment securities portfolio of marketable and non marketable shares (including subsidiaries and affiliates) are stated at cost. A provision for decline in their market value at the year end appears deducted from the portfolio's value in the attached balance sheet. The provision account is debited with any loss in securities value.
- Equity investment in nonmarketable shares is evaluated based on book value in accordance with the latest audited financial statements and their fair value and earning ability.
- Foreign Investment Portfolio is stated either at cost or market value which is less. This portfolio is treated individually and evaluated at the prevailing exchange rates at the year end. Profit or loss resulting from the evaluation is taken to the Profit and Loss Account.
- Investments in treasury bonds, & bills and corporate bonds which the Bank intends to keep until maturity date are stated at cost, adjusted by amortizing premium or discount from buying date until maturity date, on the basis of equal installments. A provision for any decline in their value is taken.
- Profits and loss resulting from investments sale are taken to the Profit and Loss Account when the sale transaction is accomplished, while profits resulting from deferred sale of these investments are taken to the Profits and Loss Account when the profits are received.

g : Doubtful Debts Provision :

A provision for doubtful loans and credit facilities is taken based on a special study of these debts according to their collaterals and the ability to collect additional amounts from debtors and guarantors. A general provision is taken against other loans and credit facilities to face their general risks which may appear in the future, in accordance with the Central Bank of Jordan's instructions. Profit and Loss Account is debited with these provisions.

h : Employees Service Termination Provision :

On the date of the balance sheet, a provision for lawful and contractual obligations related to employee service termination or social security is estimated based on the accumulated service term of employees, in accordance with the Bank's personnel regulations. This provision is transferred to employees end of service indemnity fund, which has separate accounts. Any compensations for employees is spent through this fund.

i : Taxes ;

Income tax provision is estimated 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.

j : Real Estate and Other Assets :

Land and real estates for sale, which the Bank owns in settlement of clients debts are stated at cost within the item "Other Assets" in the attached balance sheet. When these assets are sold, discrepancies between book and sale value appear as profit or loss.

k : The establishment expenses are amortized at the rate of 20% per annum.

l : Contra Accounts :

Contra accounts appear in the attached notes with their total amounts. Their received cash margins against emergent risks appear within the liabilities in the attached balance sheet.

3 - Cash, at Banks and Other Financial Institutions

This item represents cash at branches and current, notice and fixed accounts at banks in Jordan and abroad, detailed as follows :

	December 31	
	1995 JD	1994 JD
Cash	8,838,037	8,103,098
Balances in Jordan	29,388,937	22,011,359
Balances abroad	96,992,329	115,839,151
Total	135,219,303	145,953,608

4 - Balances at the Central Bank of Jordan:

a: This item includes certificate of deposits with the amount of JD 54,661,500 as of the end of 1995, (against JD 57,450,000 in 1994) detailed as follows:

	<u>December 31</u>	
	1995	1994
	JD	JD
Certificate of Deposits - Local currency for three months	17,500,000	22,000,000
Certificate of Deposits - Local currency for six months	20,500,000	400,000
Certificate of Deposits in US Dollars for three months	-----	10,515,000
Certificate of Deposits in US Dollars for one year	9,571,500	-----
Certificate of Deposits in US Dollars for one and a half year	3,545,000	3,505,000
Certificate of Deposits in US Dollars for two years	3,545,000	21,030,000
Total	54,661,500	57,450,000

b: This item includes compulsory reserve amounted to JD 60,694,577 as of December 31, 1995. (JD 54,274,294 as of December 31, 1994).

5 - Investments in Bonds and Treasury Bills :

This item is made up of the following :

	<u>December 31</u>	
	1995	1994
	JD	JD
Bonds and Bills in Local Currency:		
- Jordanian Treasury Bonds and Bills	-----	17,980,000
- Jordanian Development Bonds	13,016,580	18,356,470
- Government and Government-Backed Corporate Bonds	7,643,380	9,418,180
	<u>20,659,960</u>	<u>45,754,650</u>
Add: Bond Issuance Premium (unamortized)	143,567	221,046
Total Bonds and Bills in Local Currency:	<u>20,803,527</u>	<u>45,975,696</u>
Bonds and Bills in Foreign Currency:		
- Foreign Bonds and Bills	2,390,288	1,787,060
- Government Bonds and Corporate Bonds	11,546,367	3,004,085
	<u>13,936,655</u>	<u>4,791,145</u>
Less: Bonds Issuance Discount	<u>(2,004,709)</u>	---
	11,931,946	4,791,145
Less: Provision for Decline in Value of Bonds	<u>(1,662,500)</u>	---
Total Bonds and Bills in Foreign Currency	<u>10,269,446</u>	<u>4,791,145</u>
Total	31,072,973	50,766,841

Development bonds mature during the period from 1996 until 2004, while government-backed corporate bonds mature during the period from 1996 until 2001 with an interest rate of 5% - 10%. Foreign bonds and bills mature during the period from 1996 until 2023 with an interest rate of 4% - 9%

6 - Foreign Investment Portfolio - Net

This item is made up of the following:

	December 31,	
	1995 JD	1994 JD
- Foreign Investment Fund - Net After Provision for Decline in Value of Investments	3,927,673	3,378,176
- Other Investment Portfolio	1,063,500	701,000
Total	4,991,173	4,079,176

a: This Fund represents a collective investment portfolio without private equity. It was established in cooperation with major international institutions in accordance with foreign exchange control regulations, and the Central Bank of Jordan's laws and regulations. This Fund is considered as an opportunity to invest in main international financial markets for all non resident, present and prospective clients.

The Bank manages the Fund aiming to achieve the best results and returns but on customers' own liability. The Bank is not responsible for any loss or depreciation in market value of the Fund's portfolio. The investor in the Fund irrevocably undertakes to bear all risks resulting from investment in the Fund.

The Fund's term is three years ends at February 28, 1997, and its basic currency is US Dollar. Nominal value of a unit is US Dollars 100.

Total number of the Fund's investment units reached 60,000 as of the end of 1995, of which 5943 were sold to clients. These are subject to compulsory reserve in accordance with the regulations of the Central Bank of Jordan. The remaining balance represents unsold investment units as follows:

	December 31,	
	1995 JD	1994 JD
Fund's Book Value	4,361,059	4,206,000
Less: Sold Investment Units	421,386	815,824
Unsold Investment Units	3,939,673	3,390,176
Less: Provision for Decline in Value of the Fund's Investments	12,000	12,000
	3,927,673	3,378,176

b: Book value of the portfolio amounted to JD 1,063,500 (US Dollars 1,500,000), while its market value amounted to JD 1,065,614 as of the end of 1995.

7 - Loans and Credit Facilities - Net.

a : This item is made up of the following :

	December 31,	
	1995 JD	1994 JD
- Bills Discounted		
- Utilized Loans and Advances	19,503,044	16,202,695
- Loans to the Housing and Urban Development Corporation and Public Corporations' Housing Funds Financed by Advances From Central Bank of Jordan	524,028,314	460,692,228
	80,089,000	63,800,000
	623,620,358	540,694,923
Less : Balance of Interest in Suspense	3,455,633	4,559,752
	620,164,725	536,135,171
Less : Provision for Doubtful Loans and Credit Facilities	15,682,334	11,914,800
Net Loans and Credit Facilities	604,482,391	524,220,371

b - Details of the changes in provision for doubtful loans and credit facilities during 1995 are as follows :-

	December 31,	
	1995 JD	1994 JD
- Balance at the beginning of the year	11,914,800	9,002,800
Add: Increase of the provision during the year	4,030,000	2,912,000
Less: Amortized debts during the year	262,466	---
Balance at the end of the year	15,682,334	11,914,800

This item includes the amount of JD (8,978,063) as a general provision for good loans which was taken in accordance with the Central Bank of Jordan's regulations.

c - Change in interest in suspense during 1995 is as follows :

	December 31,	
	1995 JD	1994 JD
Balance at the beginning of the year	4,559,752	4,497,896
Add : Interest in suspense during the year	241,801	1,372,845
Less : Interest in suspense on accounts settled during the year	1,345,920	1,310,989
Balance at the end of the year	3,455,633	4,559,752

- The amount of interest in suspense during 1995 represents total interest due on loans and credit facilities granted to clients in accordance with the Central Bank of Jordan's regulations which require suspending interest on non performing loans and credit facilities for six months from the date clients stop payment.

- During 1995 interests on loans and credit facilities of JD 2,815,686 (against JD 2,312,406 in 1994) were suspended and settled during the same year by adding them to income, and they were not included in the change in interest in suspense mentioned above.

d - Credit facilities are distributed on the following sectors : -

	December 31	
	1995 JD	1994 JD
- Construction	390,505,080	345,877,250
- Transportation Services (including air transportation)	72,550,071	68,782,152
- General Trade	65,205,652	37,288,084
- Industry and Mining	11,580,820	13,585,573
- Services and Public Utilities	18,833,703	13,500,000
- Agriculture	1,067,345	631,163
- Other	63,877,687	61,030,701
Total	623,620,358	540,694,923

- As of the end of 1995, balance of loans and credit facilities guaranteed by or granted to Jordanian Government amounted to JD 225,921,522 (against JD 208,392,495 in 1994).

- As of December 31, 1995 the balance of non-performing loans & credit facilities in accordance with the Central Bank of Jordan's regulations amounted to JD 14,868,957 (against JD 14,477,649 in 1994). It is worth mentioning that the Bank has collaterals against non-performing loans and credit facilities and they were taken into consideration when considering doubtful debts. Their interests are not added to income.

8 - Investment Securities - Net

This item is made up of the following :

	December 31	
	1995 JD	1994 JD
Local Companies Shares	46,837,048	40,154,476
Foreign Companies Shares	5,928,478	6,804,315
	<u>52,765,526</u>	<u>46,958,791</u>
Less : Provision for Decline in Value of Local Securities	1,917,927	798,825
Provision for Decline in Value of Foreign Securities	898	272,159
	<u>1,918,825</u>	<u>1,070,984</u>
Total Provisions	1,918,825	1,070,984
Net Investment of Shares	50,846,701	45,887,807

- Net equity investments of non marketable shares (including the subsidiary and affiliates) amounted to JD 12,759,826 at the end of 1995, (against JD 13,632,882 in 1994). Details are as follows:

	December 31,	
	1995 JD	1994 JD
Shares of local companies	8,010,084	9,025,728
Less : Provision for decline in value of local securities	<u>220,361</u>	<u>150,247</u>
Net value of local securities	<u>7,789,723</u>	<u>8,875,481</u>
Shares of foreign companies	4,971,001	4,757,401
Less: Provision for decline in value of foreign securities	<u>898</u>	<u>---</u>
Net value of foreign securities	4,970,103	4,757,401
Net Investments of Non marketable Shares	12,759,826	13,632,882

- Cost of marketable shares (including affiliates) amounted to JD 38,086,875 as of December 31,1995 (against JD 32,254,925 in 1994)whereas their market value amounted to JD 62,881,443 as at the end of 1995 (against JD 56,915,331 in 1994).
- At the end of 1995 equity investments in subsidiaries and affiliates (i.e companies in which the Bank owns 20% of capital or more) amounted to JD 15,695,866 (against JD 11,976,052 in 1994) detailed as follows :

Company	Bank's Share of Capital (%)	December 31,	
		1995 JD	1994 JD
Subsidiary:			
Arab Bricks and Tiles Co. Ltd	99	<u>247,500</u>	<u>247,500</u>
Affiliates :			
- Jordan Holiday Hotels Co.		---	1,139,600
- Arab Banking Corporation - Jordan	26	3,758,689	3,758,689
- Engineering Applications Co.	23	100,000	---
- Jordan International Bank / London	22.5	3,883,492	3,883,492
- Industrial Development Bank (24.9% in 1994)	33.7	7,493,685	2,784,271
- Jordan Payment Services Co.	22.5	112,500	112,500
- Green Oasis for Venture Agriculture (50% paid in 1994).	20	100,000	50,000
Sub total - Affiliates		15,448,366	11,728,552
Total Shareholdings in the Subsidiary and Affiliates		15,695,866	11,976,052

- On July 2, 1995, the Bank sold 70,000 shares out of 75,000 stake it owned in Jordan Holiday Hotels to the other partner, Nabih Nazzal & Sons, against JD 10,000,000. As per sale agreement, this amount is payable in seven installments. The first and second became due on July 15 and October 15, 1995 respectively. The last installment will become due on July 1, 2000.
- 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 Jordan Bricks and Tiles Co. Arab Bricks and Tiles Co. leased the factory to an investor. Under the agreement made on February 1, 1994 between the Bank and Arab Bricks and Tiles Co. the Bank would sell all equipment to the investor and abolish all previous contracts between parties as from January 1, 1994. The general assembly of shareholders of Arab Bricks and Tiles Co. has decided in its extraordinary meeting held on June 15, 1995 to liquidate the company.

The Outstanding balance of debts due from affiliates amounted to JD 1,144,330 as of December 31, 1995 (JD 1,419,308 in 1994).

- As of December 31, 1995 the total uncalled capital of the Bank's shareholdings amounted to JD 5,065,690 (against JD 5,700,384 in 1994).

9 - Real Estate Investments

This item is made up of the following:

	December 31,	
	1995 (JD)	1994 (JD)
- Land at cost	2,214,219	2,214,219
- The Commercial Centre and the Hotel's Building - Shmeisani	14,870,435	14,672,935
- The Bank's Building - Aqaba	626,517	626,517
- The Bank's Building - Zarqa	2,203,301	2,203,301
- Prince Mohammad st. Complex	2,306,725	2,306,725
- The Bank's Building - Irbed	4,133,194	1,715,124
	<u>24,140,172</u>	<u>21,524,602</u>
- Furniture, decoration, equipment, finishings and other works of the Commercial Centre and the Hotel	13,368,848	13,157,559
	<u>37,509,020</u>	<u>34,682,161</u>
Less: Accumulated depreciation	<u>12,455,436</u>	<u>10,778,077</u>
	<u>25,053,584</u>	<u>23,904,084</u>
Total	27,267,803	26,118,303

10 - Fixed Assets - Net

This item is made up of :

	December 31,	
	1995 (JD)	1994 (JD)
- Land	11,468,654	6,395,058
- The Bank's Buildings	3,426,384	2,081,222
- Apartments	519,879	519,879
- Equipment including computers in the Main Branch and other branches	11,102,189	9,134,050
- Vehicles	970,404	727,174
- Furniture, decorations and safes	4,811,925	3,850,834
	<u>20,830,781</u>	<u>16,313,159</u>
Less: Accumulated depreciation	<u>8,826,931</u>	<u>7,062,951</u>
	<u>12,003,850</u>	<u>9,250,208</u>
Total	23,472,504	15,645,266

11 - Other Assets

This item is made up of :

	December 31,	
	1995 (JD)	1994 (JD)
- Advances	126,811	160,248
- Establishment expenses after amortization	900,267	781,392
- Accrued interest and commissions	3,081,841	2,457,369
- Prepayments to suppliers and contractors	3,736,082	2,830,999
- Supplies and stationery	1,332,225	722,743
- Items in transit among branches	7,579,328	7,882,821
- Debtors against sales of deferred stocks (Note 8)	6,000,000	---
- Current assets of Forte Grand Amman Hotel	2,741,069	3,776,230
- Land and buildings owned by the Bank in settlement of debts	1,934,829	1,395,284
- Accrued rents	966,177	1,283,528
- Other items	2,992,999	3,022,796
Total	31,391,628	24,313,410

According to the Bank's special law, land and buildings owned by the Bank in settlement of customers' debts should be sold within 4 years.

12 - Customers' Deposits

This item is made up of the following :

	December 31,	
	1995 (JD)	1994 (JD)
- Current accounts & demand deposits	85,572,969	89,043,767
- Savings deposits	349,878,795	321,294,160
- Fixed and notice deposits	411,267,550	404,125,288
- Certificates of deposits (CD)	2,302,231	2,411,205
Total	849,021,545	816,874,420

- Government deposits amounted to JD 76,745,294 as of December 31, 1995 (against JD 71,076,197 in 1994).
- Noninterest bearing deposits amounted to JD 104,507,653 at the end of 1995 (against JD 95,321,538 in 1994).
- Retained deposits as collaterals for credit facilities granted to customers amounted to JD 17,110,169 as of December 31, 1995 (against JD 8,732,902 in 1994).

13 - Interbank Deposits for Other Banks and Financial Institutions

This item is made up of :

	December 31, 1995			December 31, 1994		
	Inside Jordan	Abroad	Total	Inside Jordan	Abroad	Total
	JD	JD	JD	JD	JD	JD
- Current accounts and demand deposits	632,820	336,846	969,666	671,403	253,018	924,421
- Deposits due within one year	24,366,248	10,687,787	35,054,035	3,093,509	1,407,748	4,501,257
Total	24,999,068	11,024,633	36,023,701	3,764,912	1,660,766	5,425,678

14 - Amounts Borrowed

This item is made up of :

	December 31,	
	1995 (JD)	1994 (JD)
- Amounts borrowed from the Central Bank of Jordan	80,089,000	63,800,000
- Amounts borrowed locally from Jordanian Government.	1,421,118	84,188
Total	81,510,118	63,884,188

- Above mentioned item of amounts borrowed from the Central Bank of Jordan includes advances granted to the Bank for the purpose of financing loans related to the Public Housing and Urban Development Corporation's projects which amounted to JD 58,200,000 (JD 48,700,000 in 1994). These loans are regranted by the Bank to the Public Housing and Urban Development Corporation. It also includes an amount of JD 21,889,000 (against 15,100,000 in 1994) representing the rediscount of corporate loans guaranteed by the Government.
- Above mentioned item of amounts borrowed locally from the Government represents the balance of loans granted to the Bank by the Jordanian Government who obtained them from World Bank. The Bank rechanneled these loans to the Public Housing and Urban Development Corporation for financing the third urban development project.

15 - Cash Margins

This item is made up of :

	December 31,	
	1995 (JD)	1994 (JD)
- Cash margins for direct credit facilities	147,915	92,675
- Cash margins for indirect credit facilities	12,600,365	9,596,139
Total	12,748,280	9,688,814

16 - Various Provisions

This item is made up of :

	December 31,	
	1995 (JD)	1994 (JD)
- Income tax provision	839,184	839,184
- Scientific research support provision	102,506	110,760
- Other provisions	4,610,951	2,459,105
Total	5,552,641	3,409,049

17 - Dividends Proposed for Distribution

Dividends proposed for distribution amount to 200 fils per share i.e 20% except for common shares for which dividend per share amounted to 100 fils. Dividend proposed is subject to the approval of the shareholders' General Assembly in the annual meeting. Details of dividends are as follows :

	JD
- For preference and special shareholders (20%)	3,300,000
- For common shareholders (10%) in excess of 10% according to article 53 (A) of the Bank's law.	150,000
Total	3,450,000

18 - Other Liabilities

This item is made up of:

	December 31,	
	1995	1994
	(JD)	(JD)
- The Board of Directors' remuneration	8,250	8,250
- Salary accounts	10,235,056	9,907,822
- Cash margins	2,564,276	3,195,467
- Interest and commissions received in advance	2,921,359	2,286,780
- Accrued payable interest	5,453,172	3,420,209
- Certified cheques and accepted payable bills	2,942,385	2,043,625
- Cheques reserved by phone	1,094,502	----
- Liabilities of borrowers life insurance fund	1,308,518	907,082
- Liabilities of savings accounts lottery prizes fund	478,149	557,002
- Current liabilities of Forte Grand Amman Hotel	975,408	575,914
- Deferred profit of shares sales (Note 8)	5,361,787	----
- Other credit balances	4,020,811	5,078,827
Total	37,363,673	27,980,978

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,			
	1995		1994	
	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	---	444,425	---	510,245
- Provision for decline in value of shares	31,354	---	11,341	---
- Accumulated saving	1,277,164	33,724	895,741	46,757
Total Liabilities	1,308,518	478,149	907,082	557,002

19 - Shareholders Equity :

Changes of shareholders equity during 1995 are as follows :-

	Paid-up Capital	Statutory Reserve	Premium Reserve	Special Reserve	External Branches Reserve	Other Reserves	Total
	JD	JD	JD	JD	JD	JD	JD
1994							
Balance at year beginning	12,000,000	6,141,469	---	22,438,669	---	210,020	40,790,158
Changes during the year	---	581,098	---	2,530,000-	---	---	3,111,098
Balance at year end	12,000,000	6,722,567	----	24,968,669	----	210,020	43,901,256
1995							
Balance at year beginning	12,000,000	6,722,567	---	24,968,669	---	210,020	43,901,256
Changes during the year	13,000,000	1,025,060	21,000,000	(1,939,980)	1,000,000	(210,020)	33,875,060
Balance at year end	25,000,000	7,747,627	21,000,000	23,028,689	1,000,000	---	77,776,316

Capital

Capital is made up of:

Share Category	Authorized, Subscribed & Paid-Up Capital	
	No. of Shares	Amount JD
- Ordinary shares	1,500,000	1,500,000
- Preference shares	14,500,000	14,500,000
- Special shares	9,000,000	9,000,000
Total	25,000,000	25,000,000

- The general assembly of shareholders approved in its extraordinary meeting on August 24, 1995 the increase of the Bank's capital from JD 12,000,000 to JD 25,000,000 divided into 25,000,000 shares. An amount of JD 6,000,000 from the special reserve was capitalized (equivalent to 50% of paid up capital at that time. These bonus shares are entitled to receive dividend as from January 1,1995). 7,000,000 preference shares were floated for restricted subscription against JD one nominal value and JD 3 as premium. These shares are entitled for dividend with effect from January 1, 1996. The controller of companies agreed to these measures on October 9, 1995.
- Reserve of external branches outside Jordan is formed, as per the regulations of the Central Bank of Jordan which require forming such reserve to meet the demands of external branching.
- Premium reserve can't be distributed among shareholders as dividend. The regulations concerning statutory reserve in the companies law are applicable to it.
- As per the board of directors resolution No 8/95 dated Januray 21,1995, the balance of other reserves was transfered to the special reserve.
- Under the Bank's law, special shares are issued in accordance with the board of directors' decision and are subscribed by institutions, establishments and individuals outside Jordan, and by any government other than the Government of Jordan.
- Under the Bank's law, a minimum of 10% of net profits before tax is deducted for statutory reserve. This deduction may be stopped if the reserve exceeds half the paid - up capital.
- Under the Bank's law, the special reserve is deducted from profits by the decision of the Bank's board of directors.

20 - Interest Earned :

Details of this item are as follows :

	1995 JD	1994 JD
- Interest from credit facilities :-		
- Bills discounted	2,153,996	1,815,770
- Loans and advances	52,896,544	41,003,785
Total interest from credit facilities	55,050,540	42,819,555
Interest from interbank accounts and others	12,722,433	9,395,361
Total	67,772,973	52,214,916

21 - Received Commissions :

Details of this item are as follows :

	1995 JD	1994 JD
- Commissions on direct credit facilities	5,768,005	6,953,419
- Commissions on indirect credit facilities	1,061,556	809,381
Total	6,829,561	7,762,800

22 - Interest Paid :

Details of this item are as follows :

	1995 JD	1994 JD
Interest paid on customers' deposits :		
- Current accounts & demand deposits	1,024,703	752,709
- Savings deposits	14,783,825	13,624,441
- Fixed and notice deposits	27,445,825	21,232,657
- Certificates of deposits	119,944	72,454
Sub total - interest paid on customers' deposits	43,374,373	35,682,261
Interest paid on interbank deposits and others	5,360,072	3,021,417
Total	48,734,445	38,703,678

23 - Interest and Profits of Securities Portfolio :-

This item is made up of :-

	1995			1994		
	Dividend	Shares	Total	Dividend	Shares	Total
	of Shares	Trading		of Shares	Trading	
	and Bonds	Profits	JD	and Bonds	Profits	JD
- Government and Government - backed securities	4,620,177	----	4,620,177	3,429,380	----	3,429,380
- Investment securities	1,298,057	10,973,671	12,271,728	2,142,135	244,067	2,386,202
Total	5,918,234	10,973,671	16,891,905	5,571,515	244,067	5,815,582

24 - Foreign Exchange Earnings :

This item is made up of :

	1995	1994
	JD	JD
- Foreign exchange trading profits	1,550,261	833,795
- Currency differences on banking services	276,825	271,061
- Foreign exchange evaluation differences at the year end	(54,993)	122,820
Total	1,772,093	1,227,676

25 - Other Revenues :

This item is made up of :

	1995	1994
	JD	JD
- Real estate investment net revenues	2,253,579	1,006,325
- Received fees on salary accounts	350,546	325,841
- Revenues from previous years	61,234	100,181
- Profits of fixed assets sales	1,182	3,590
- Visa cards revenues	324,693	180,554
- Fees from managed loans	56,236	59,151
- Safes lease revenues	73,851	65,356
- Various revenues	560,841	428,465
Total	3,682,162	2,169,463

Details of real estate investments net revenues are as follows :

	1995	1994
	JD	JD
- Real estate investments revenues	<u>9,515,664</u>	<u>7,324,171</u>
Less: Real estate expenses:		
- Operation expenses of Forte Grand Hotel	5,029,295	4,194,504
- Expenses of the Commercial Centre	381,182	378,218
- Expenses of the Prince Moh'd st. complex	112,810	8,124
- Expenses of the Bank's building in Zerqa	37,781	32,113
- Expenses of the Bank's building in Aqaba	9,019	15,125
- Other expenses	14,639	6,848
- Depreciation of buildings	<u>1,677,359</u>	<u>1,682,914</u>
Total real estate expenses	7,262,085	6,317,846
	2,253,579	1,006,325

26 - General and Administrative Expenses :

Details of this item are as follows :

	1995	1994
	JD	JD
- Staff salaries and benefits	11,862,441	10,067,771
- Depreciation of fixed assets	1,947,541	1,622,071
- End of service indemnity paid to staff	3,618,191	1,611,499
- Rent of computer software and hardware	579,761	246,869
- Bank's contribution to social security	906,357	840,225
- Amortization of establishment expenses	519,382	241,416
- Medical care expenses	958,279	847,494
- Bank's contribution to employees saving fund	827,226	726,258
- Stationery and printed matters	1,193,011	711,316
- Maintenance and repair	538,384	611,676
- Post, telephone and telex	578,832	480,426
- Rents	438,297	486,994
- Electricity, water and fuel	535,707	364,173
- Travel expenses and allowances	491,126	425,846
- Advertisements	296,334	284,847
- Donations	380,259	314,509
- Transportation expenses	240,901	215,170
- Employees life insurance	79,063	209,736
- Hospitality	104,778	85,111
- Insurance of the Bank's assets	156,707	134,303
- Subscription fees to banking associations	197,342	224,778
- Foreign exchange dealings fees	12,809	35,247
- Board of Directors' travel expenses	33,000	32,450
- Borrowers transactions' expenses	108,994	101,829
- Miscellaneous expenses	746,425	541,769
Total	27,351,147	21,463,783

27 - Income Tax Provision:

This item represents the Bank's income tax provision for 1995. A final settlement had been reached with the Income Tax Dept. covering up to the end of 1992. The Dept. claimed from the Bank JD 2,209,280 as tax for 1993. The Bank has appealed the assessment and the case is still under jurisdiction, whereas the Bank agreed to, and paid a tax of JD 1,655,637. As for 1994 the Bank initially agrees to the assessment of the Income Tax Dept; claiming a tax of JD 1,736,200. The Bank paid an amount of JD 1,493,764 in cash but it is entitled to a discount of JD 71,904.

28- Staff Service Termination Endemny Provision:

As per the board of directors decision No. 76/80 dated December 3,1980 taken in accordance with articles 35 and 36 of the Bank's law No. 4 of 1974, the Bank has kept separate accounts for staff end of service indemnity fund from the Banks accounts since the application of social security law in December 1, 1980. Rules and regulations of the fund had been set by the Bank's board of direcors.

Details of this Fund's assets and liabilities are as follows:

	December 31,	
	1995 (JD)	1994 (JD)
Assets:		
Current Assets:		
- Deposits in local currency	4,578,774	7,355,155
- Investment in stocks and bonds less provision for decline (i.e. JD 7,160 in 1995 and JD 25,550 in 1994).	765,328	475,026
- Loan to the employees saving fund	4,000,000	---
- Other debit balances	20,881	41,236
Subtotal Current Assets	9,364,983	7,871,417
- Long-term advances granted to staff from their dues	10,368,334	8,235,616
Total Assets	19,733,317	16,107,033
Liabilities:		
Staff end of service endemny provision	17,991,482	14,529,400
Profits carried forward	1,741,835	1,577,633
Total Liabilities	19,733,317	16,107,033

29 - Maturity Periods of Assets and Liabilities :

Assets and liabilities due on certain dates were classified into groups based on the maturity periods remaining on the date of balance sheet, as follows :-

	December 31,			
	1995		1994	
	Assets JD	Liabilities JD	Assets JD	Liabilities JD
- Due in one year or less	536,794,713	869,922,408	489,939,347	819,792,059
- Due in a year to two	117,909,389	17,493,838	104,568,556	12,508,039
- Due in more than two years	322,734,793	79,139,118	278,907,070	53,884,188
Total	977,438,895	966,555,364	873,414,973	886,184,286

30 - Net Position in Foreign Exchange :

Balances of foreign exchange accounts were evaluated at the prevailing exchange rates at the year end. Details of which are as follows :-

	December 31,	
	1995 (JD)	1994 (JD)
- Total assets	219,659,736	200,012,714
- Total liabilities	(204,387,918)	(182,596,590)
- Net assets	15,271,818	17,416,124
- Total cash balances	192,098,035	179,358,533
- Securities portfolio	22,863,598	15,686,636
- Direct credit facilities	4,698,103	4,967,545
- Interbank deposits	29,216,899	1,671,704
- Customers' deposits	167,188,589	174,608,546
- Cash margins	7,982,430	6,316,340
- Interest and commissions earned	9,502,681	7,839,737
- Interest and commissions paid	9,055,014	6,844,451
- Interest and profits of securities portfolio	178,976	9,853
- Contra accounts	50,379,847	32,924,277

31 - Contra Accounts :

This item is made up of the following :

	December 31,	
	1995 (JD)	1994 (JD)
- Irrevocable documentary credits	39,511,037	25,117,815
- Guarantees	47,186,675	22,117,786
- Guaranteed acceptances	9,578,246	9,841,970
- Approved but undisbursed loans	31,212,477	39,103,551
Total	127,488,435	96,181,122

32 - Legal Claims :

The Bank has filed lawsuits, through which it claims amounts totalling JD 6,082,379. Meanwhile, total amounts implicated in lawsuits filed against the Bank reach JD 12,058,088. In the Bank's management view, the Bank will not be liable for any financial obligations arising from such claims.

33 - Comparison of Figures :

Some figures of 1994 have been reclassified in order to be consistent with the classification of 1995 for the purpose of comparison.