



The Housing Bank
An International Commercial Bank
(A Jordanian Public Shareholding Limited Company)
Amman – Jordan



25th Board of Directors Report For the Year Ending December 31, 1998

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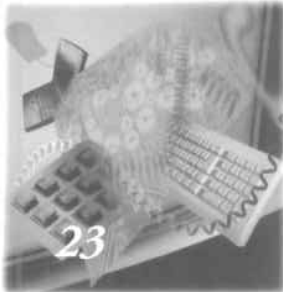
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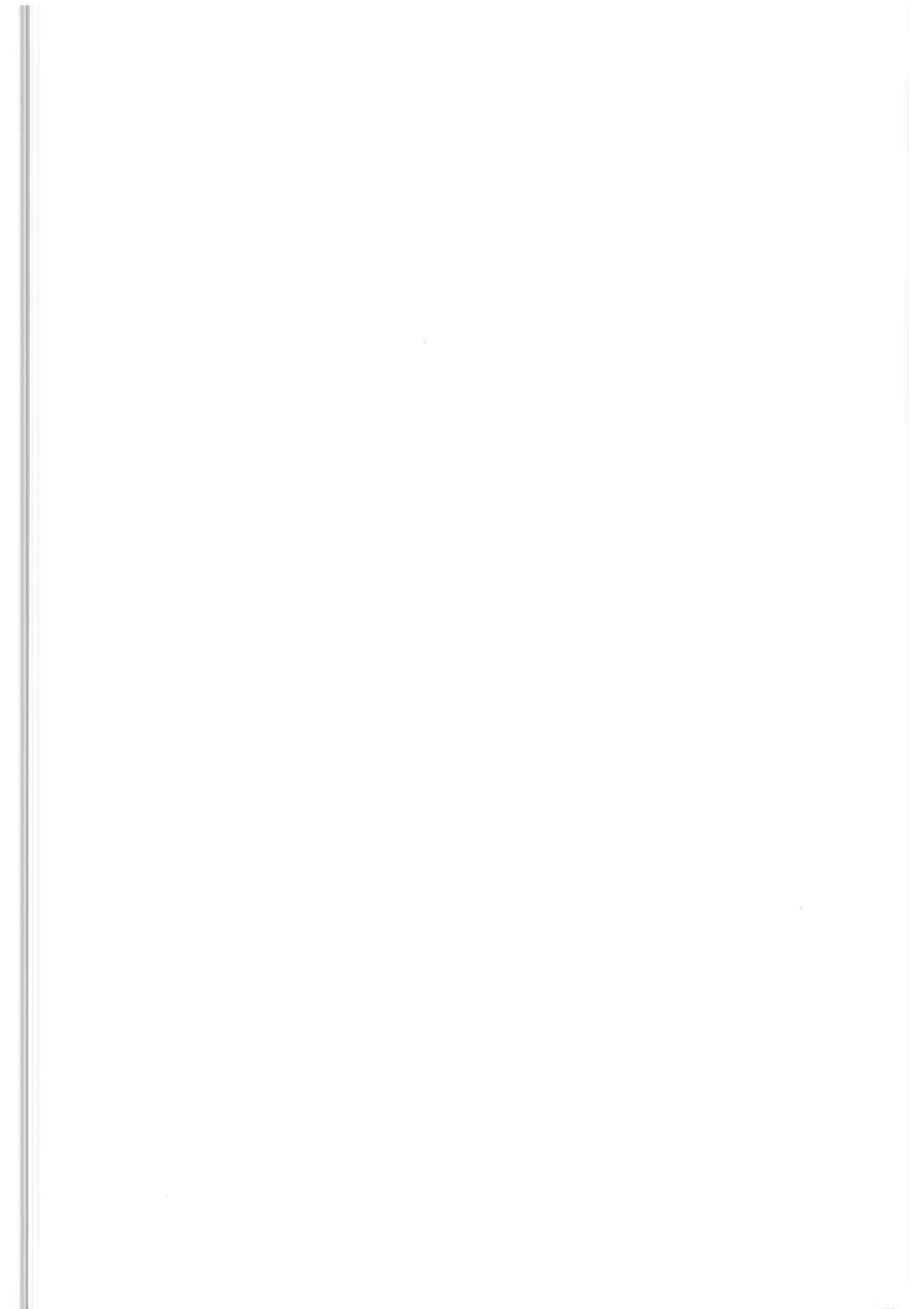


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HIS MAJESTY THE LATE KING HUSSEIN,
MAY GOD REST HIS SOUL IN PEACE









HIS MAJESTY KING ABDULLAH BIN HUSSEIN



HIS MAJESTY KING ABDULLAH BIN HUSSEIN
WITH THE HOUSING BANK'S BOARD MEMBERS.



Our Vision

-  The **Housing Bank** is the preferred commercial bank for customers in Jordan
-  The **Housing Bank** provides integrated banking services of high quality to its retail and corporate clients, which meet their needs and expectations, in line with the latest developments in international financial and banking markets.
-  The **Housing Bank** adopts total quality management to enhance the value of the firm, financially and socially.
-  The **Housing Bank's** core values are customer satisfaction, welfare of employees, reward for performance and teamwork.



THE HOUSING BANK FACTS AND FIGURES

- **The Housing Bank** was the first Jordanian bank to enjoy the trust of the Hashemite leadership of Jordan who awarded it Al- Kawkab medal of the first order in recognition of its national role in socio – economic development.
- It was the first Jordanian bank which accomplished Y2K compliance.
- **The Housing Bank** was ranked first among Jordanian banks, and rated a (Alpha) based on financial strength in Euromoney EMB ranking published in issue no. (0014 – 2433) October 1998 . The ranking covered 300 banks in 48 developing countries (emerging markets). Euromoney described the Housing Bank as the leading Bank in Jordan. "It was also ranked 14 among Arab banks and 93 among all banks covered by the ranking.
- **The Housing Bank** is ranked first in Jordan in terms of capital, which amounts to JD* (100) million.
- **The Housing Bank** is ranked first in Jordan in terms of shareholders equity which amounts to JD (221.9) million.
- It is ranked first in terms of the number of its branches i.e (111) inside Jordan.
- It is ranked first in ATM network in Jordan. It has (76) machines and was the first to introduce touch screen machines.
- **The Housing Bank** was the first Jordanian bank to introduce mutual investment fund services.
- It was the first bank to establish a mutual fund, denominated in Jordanian Dinar and invests in projects of socio – economic development, inside Jordan.
- **The Housing Bank** was the first and only bank to introduce mobile branch services in mid seventies.
- **The Housing Bank** was the first to introduce evening working hours in mid seventies.
- **The Housing Bank** was the first in Jordan and Arab world to establish a children branch.
- **The Housing Bank** is the largest saving institution for individual savers. It was the first to introduce saving account lottery prizes scheme since 1977.
- **The Housing Bank** was the first to establish a computer hot backup site.
- It is the only bank who made a cooperation agreement with Becker CPA Review, to hold training courses at the bank-based center. These courses qualify trainees to obtain the highly regarded CPA certificate.
- **The Housing Bank** was a leader among Jordanian banks in playing active social role, supporting various cultural, artistic and sport events as well as sponsoring national conferences and seminars. The bank has also, since its establishment in 1973, supported different human cases especially for poor people.

* Jordanian Dinar (JD) is pegged at One JD = 1.41 USD



BOARD OF DIRECTORS

CHAIRMAN

Mr. Zuhair Khouri

VICE CHAIRMAN:

Mr. Abdullah Al Obaid

(Representative of Kuwait Real Estate Investment Group).

MEMBERS:

Mr. Salah Al Marrikhi

(Representative of Kuwait Real Estate Investment Group).

Sheikh. Khalid Salim Bin Mahfouz

Mr. Mansour Haddadin

(Representative of Jordanian Investment Corporation).

Mr. Abdullah Saudi

Mr. Abdulhadi Shayif

{ One of them is a representative of Holding
Company for Capital Investments.

Mr. Mohammad Layas

Mr. Abdulatif Elkeep

Mr. Mohammad Al Ahmar

{ Two of them are representatives of Libyan
Arab Foreign Bank.

Sheikh. Ali Bin Jasem Al Thani (representative of Ministry of Finance and
Petroleum/ Government of Qatar).

Mr. Abdel Mohsin Kattan.

Mr. Ibrahim Al Ibrahim

Mr. Tharwat Al Barghouthi

Mr. Abdel Qader Dweik

AUDITORS: Saba and Co.



EXECUTIVE MANAGEMENT

- **Zuhair Khouri**
Chairman/ Executive president
- **Abdel Qader Dweik**
General Manager
- **Oudeh Khalil**
General Inspector.
- **Mohielden Alali**
Asst. G.M for administrative affairs.
- **Ghazi Hussein Zahdeh**
Asst. G.M for retail operations.
- **Mohammed Kamel Abu Aridah**
Asst. G.M for banking operations.
- **Nael Al Zu'bi**
Asst. G.M for credit affairs
- **Salah Rimawi**
Asst. G.M for planning and financial affairs.
- **Mohammad Abu Zeid**
Asst. G.M for marketing P.R.& research.
- **Ibrahim Daher**
Executive manager of credit risk management.
- **Awad Fadayel**
Executive manager of foreign banking, treasury & investment.
- **Ali Hamadeh**
Executive manager of credit
- **Marwan Abdel Raheem**
Executive manager of retail operations.
- **Mahmoud Kamal**
Executive manager of systems and branch automation.
- **Robeen Ga'abari**
Executive manager of banking operations.



CHAIRMAN'S STATEMENT

Dear Shareholders;

As you know, success in banking depends on financial strength, contribution of banks to the socio- economic development of their societies, as well as developing and diversifying banking services, to meet customer's needs and cope with developments in banking and financial markets. I have the pleasure to confirm on behalf of the board members, that your bank has made good progress on the above aspects in 1998 and sustained its leading position. The Bank was ranked the first among Jordanian banks and rated a (Alpha), based on financial strength in Euromoney EMB ranking, published in issue No. (0014 – 2433), October 1998. The ranking covered 300 banks in 48 developing countries (emerging markets).

At the end of a good year, I feel confident of the bright future awaiting your institution, to which we shall reach as planned. The year 1999 represents the silver in jubilee of our bank which crowns a quarter century of good efforts of which we feel proud. This anniversary motivates us to improve our productivity, so as to increase profitability, shareholders equity (net worth) and play a greater role in society.

The year 1998 was a strategic turning point and witnessed the takeoff of commercial banking. It also witnessed the continuation of reengineering and restructuring project after the Bank was converted to a full -fledged commercial bank in May 1997 .

I have the pleasure to present to you the 25th annual report showing the good operation results achieved by the Bank in 1998. The bank managed to keep its good performance and achieved net profits before tax of JD (31.8) million, against JD (20) million in 1997, a growth of (59%). Total assets rose to JD (1,418) million, from JD (1,351) million as at the end of 1997, an increase of (5%). Total deposits also increased to JD (1,056.2) million compared with JD (987.9) million at the end of 1997, a growth of (7%). Total loans and credit facilities granted by the bank for different commercial, development, housing and consumer purposes amounted to JD (246) million compared with JD (276.5) million in 1997.



To strengthen the bank's financial and competitive capabilities in order to meet the requirements of the coming stage, the bank's capital was doubled to become JD (100) million by distributing JD (50) million in stock dividend (an additional share for each old one) from premium reserve. The bank made good progress in its project for solving the Y2K problem (millennium bug) whereby reviewing and amending different systems was completed. Testing and commissioning phase was started to insure sound application, and it is expected to be accomplished in January 1999.

In view of these fruitful results the board of directors recommends distributing a dividend of (15%) to shareholders. We acknowledge full responsibility for the soundness of the financial statements and providing effective control system, assuring you there are no substantial matters which may adversely affect the bank's performance in the next fiscal year.

These achievements were the result of cooperation between you and the bank's executive management, whom I appreciate and compliment their efficiency, as well as the relentless efforts made by all employees.

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, whose wise policy maintained the monetary and Jordanian Dinar exchange rate stability, and who plays a leading role in developing the Jordanian banking system.

We would also extend our thanks and gratitude to our brothers of Arab shareholders from Kuwait Real Estate Investment Group, Sheikh Khalid Salim Bin Mahfouz Group, Libyan Arab Foreign Bank, the government of Qatar, Sultanate of Oman, Iran Islamic Republic as well as all other individuals and institutional shareholders for their faithful cooperation.

May God guide us in serving this country on the footsteps of the late King Hussein, may his soul rest in peace, and under the leadership of His Majesty King Abdullah Bin Hussein and His Royal Highness crown prince Hamzah. May God protect them.

Zuhair Khouri
Chairman of the Board



THE HOUSING BANK HIGH PERFORMANCE AND RECORD ACHIEVEMENTS IN 1998

The year 1998 was a good start of a new stage, and a strategic turning point in the Housing Bank life time of a quarter century. It witnessed strong launch of full commercial banking services after the bank was converted to a commercial bank in May 1997. The bank has completed restructuring and re-engineering of its activities and operations, which enabled it to maintain its leading position in the Jordanian banking system as well as its market share. The bank made record achievements compared to the banking system, on the way to achieving its vision of being the preferred bank for customers in Jordan, and achieving its strategic goal of making high return while controlling risks. Efforts will be directed to reach high standards of banking and achieve the values of customer satisfaction, reward for performance and teamwork.

To make a strong takeoff of commercial banking and in order to strengthen the bank's financial and competitive capabilities, the bank's capital was doubled to JD (100) million by the resolution of the extraordinary assembly of shareholders. The increase was made through distributing stock dividend form premium reserve (an additional share for each old one). Thus, the Housing Bank became the largest Jordanian bank in terms of capital. Capital base include Arab and Islamic shareholders such Kuwait Real Estate Investment Group with a stake of 18.7%, Sheikh Khalid Salim Bin Mahfouz Group 16.3%, Libyan Arab Foreign Bank 15%, Jordanian Investment Corporation 7.5%, Government of Qatar 6.2%, Sultanate of Oman 6%, Social Security Corp of Jordan 4.9%, Government of Iran Islamic Republic 3%. Shareholders also include large number of financial institutions as well as Arab and Jordanian individual investors.

This large Arab and Islamic capital base confirms the success of the Housing bank in attracting investments to Jordan which is a safe heaven for Arab investments. It also confirms the Housing bank as a successful model of Arab joint investment.



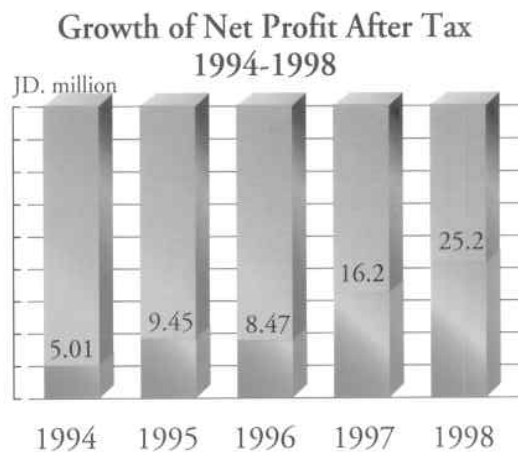
MAIN OPERATION RESULTS

Executive management was keen to see the bank maintains its leading position system. The bank was ranked first among Jordanian banks and rated a (Alpha) in Euromoney magazine EMB ranking which covered 300 banks in 48 developing countries. The Housing bank was ranked 14 among Arab banks and 93 among all banks included. Executive management motivated employees for providing better services to retail and corporate customers, under principles of total quality management. The bank achieved good growth rates compared to the Jordanian banking system.

The bank was able to support its assets structure, focusing on high- return assets while maintaining balance between risk and return. Balance sheet showed growth including main financial items. Total assets reached JD (1,418) million as of the

end of 1998 against JD (1,351) million at the end of 1997, a growth of (5%). Net profits of before tax amounted to JD (31.8) million, against net profits of JD (20) million in 1997.

These results were consistent with the strategic goals set by the bank upon conversion to a full commercial bank. The bank continued to build its different reserves and thus shareholders equity rose to reach JD (221.9) million at the end of 1998, an increase of (4.5%) over 1997.



The bank is ranked first in the Jordanian banking system according to this criterion. By virtue of its reserves, the bank enjoyed high capital adequacy ratio i.e (30.27%) which by far exceeded the minimum standard required by the Central Bank of Jordan i.e (12%), and BIS ratio (8%).



Deposits

Despite increased competition over deposits in 1998, the bank managed to increase its market share. Marketing efforts were successful in maintaining the wide base of deposit structure which always distinguished the bank. Total deposits at the bank reached JD (1,056.2) million at the end of 1998, against JD (987.9) million at the end of 1997.

The bank also maintained its first position in attracting saving deposits as their balance at the bank exceeded total balance of such deposits at all other banks combined inside Jordan by JD (25.4) million. Thus, saving deposits at the bank form (108.9%) of such deposits at all other banks combined.

Growth of Deposits 1994-1998

JD. million

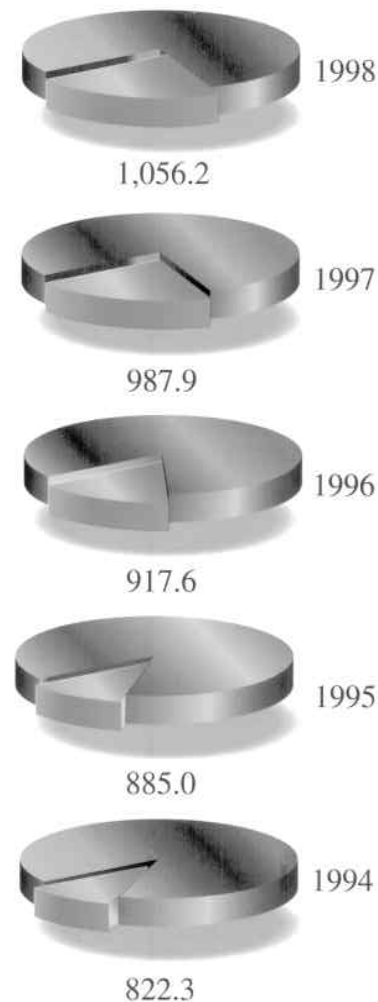




Table 1

Major Indicators of the Bank's Performance (1994 - 1998)

JD million

Item / Year	1994	1995	1996	1997	1998
Cash, at banks and other liquid assets	331.1	363.8	347.5	558.5	616.5
Total loans and credit facilities *	524.2	604.5	648.3	658	677
Equity investments	45.9	50.8	57.6	61.8	66.1
Real estate investments	26.1	27.3	27.4	14.4	14
Customer deposits	816.9	839.9	895.2	973.2	1,034.4
Interbank deposits	5.4	45.1	22.4	14.6	21.8
Total deposits	822.3	885.0	917.6	987.9	1,056.2
Capital and reserves (shareholders' equity)	43.9	77.8	81.3	212.4	221.9
Net profit (after tax)	5.01	9.45	8.47	16.2	25.2
Total Assets/ Liabilities	973.0	1,103.4	1,136.2	1,350.8	1,418

* 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 (55) million as of 31/12/1998 .



RETAIL BANKING SERVICES

Initiatives aiming to achieve retail customer satisfaction are major component of the bank's strategy. The bank was able, through market research, to identify existing and potential customers' needs and provide them with high quality services according to their expectations. Retail operations at the bank achieved noticeable growth in profitability and the bank maintained its advanced and competitive position in deposits, consumer loans and electronic services.



The bank sought, in 1998 to develop its delivery channels and diversify electronic services. ATM network was enlarged by adding (25) new machines distributed in residential and commercial areas. Thus total number of ATMs at the bank became (76) including two machines in Queen Ali International airport, two in Safeway and Abella department stores. Some of these machines have touch screen operation and drive in machines are under installation in 10 locations in Amman area. Thus the Housing Bank has now the largest ATM network in Jordan. Convenient locations of ATMs contributed to the growth of ATM cards issued to customers

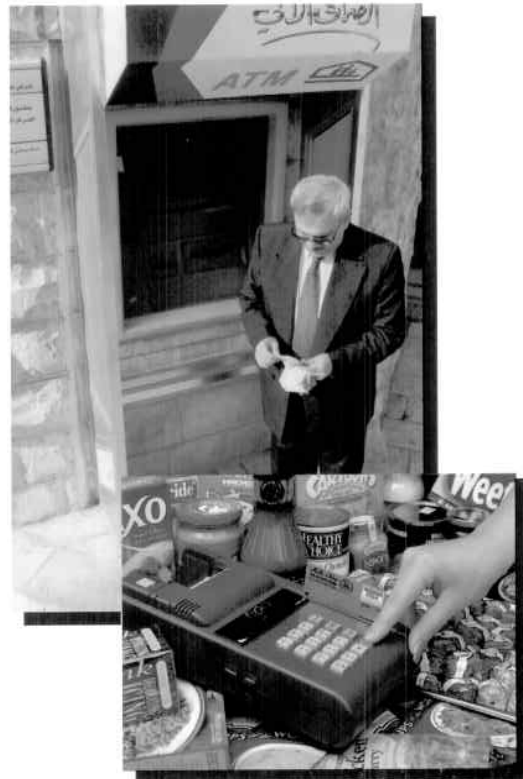
in 1998 as their number reached (104,632) and thus total cards issued up to the end of 1998 reached (206,806)

At the same time the bank developed its phone bank service which is now operating around the clock with diversified services provided to customers and public. Number of customers using this service reached (34,743) by the end of 1998. The bank also developed home bank electronic services, provided to corporations and businessmen.



The bank introduced and provided incentives for visa card holders whereby issued Visa cards rose to (9,346) by the end of 1998 against (6,691) at the end of 1997, which represented (37%) of total cards issued by banks in Jordan.

Holders of visa cards issued by Jordanian and international banks could use the Housing Bank's ATM network for instant cash withdrawal, after it was linked with ATM switch. Moreover, holders of ATM cards issued by Jordanian banks who are members of national network JONET, are able to use the Housing Bank's ATM network.



The bank has been keen to provide investment and consulting services to its high net worth customers (VIP). So, it has developed its private banking center and provided special halls equipped with communication facilities and satellite TV. The bank provides various free services to VIP customers, by well – qualified and experienced staff in banking and investment.

As a result of market research, a special center was established to provide consumer loans to individual customers, such as car purchase loans, housing loans, as well as loans for education, medical treatment, marriage, tourist, in addition to advances to public and private sectors employees.

A service development and sale center was established in order to support retail operations, aiming to increase the bank's market share and attain customer satisfaction which is one of the core values of the bank.



CREDIT FACILITIES

The Housing Bank was able to diversify and develop its value-added credit services to its customers including individuals, institutions, large, medium and small corporations.

The bank continued its active role in meeting finance needs of these categories of borrowers according to a new credit policy which included new concepts, standards and rules which are consistent with the new legal status of the bank after being converted to a commercial bank. The credit policy includes close monitoring of risks and flexible response to the market needs as well looking for good lending opportunities and distributing credit on different economic sectors according to their size, role and

potential growth. Total loans and credit facilities granted by the bank in 1998 amounted to JD(246) million.

One of the significant loans made by the bank in 1998, was its leading a syndicated loan granted by ten Jordanian banks, with an amount of JD (18.7) million to Jordan Mobile Telephone co. (Fast Link) in order finance its expansion projects. The bank also granted a loan of JD (11) million to military housing funds for financing housing projects of military officers. This loan was consistent with the policy aiming to develop the capital and secondary mortgage markets as well as the bank's role in meeting housing finance needs of all society segments.



Signing Ceremony of a Syndicated Loan to Fast Link Co.



The bank continued supporting national economy and participated with 15 Jordanian banks in a syndicated loan, of USD (110) million, the bank's share of which was USD (15) million granted to the Jordanian government in lieu of bonds which would had been floated in international capital market. The loan would be used to finance development projects and it reflects the confidence of the banking system in the future of Jordanian economy.

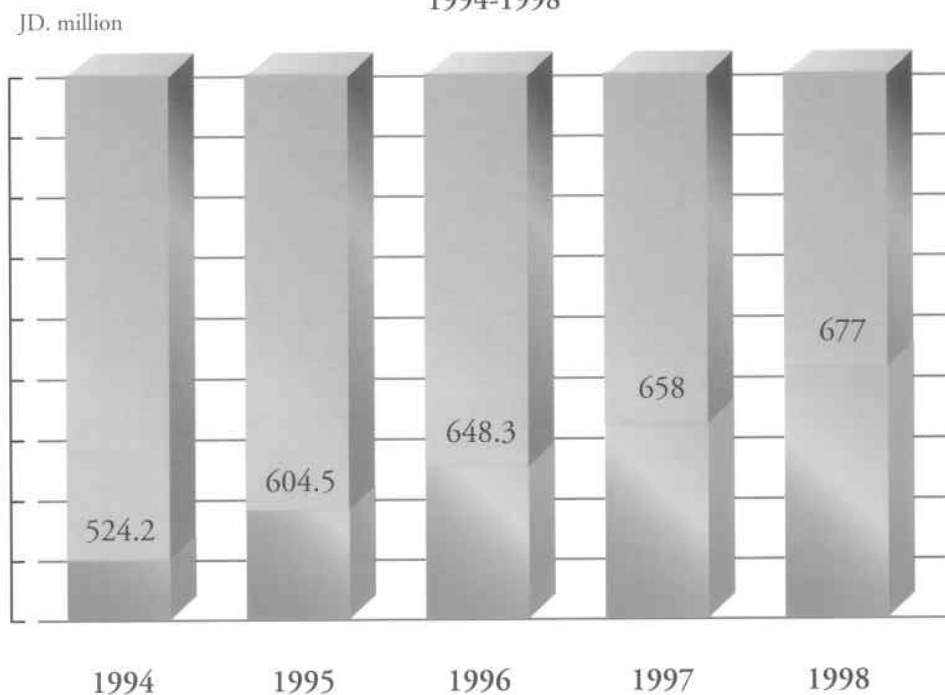
The Housing Bank also led and managed a syndicated loan granted by 9 Jordanian banks to Palestinian Telecommunication co. (PALTEL) for financing its expansion projects. Total credit of such loan amounted to USD (20.9) million, of which USD (5) million

were provided by the Housing Bank.

In line with the bank's policy in supporting trade exchange with Arab and Islamic states, The bank activated the import finance credit line granted by the Islamic Bank for Development/ Jeddah. 13 operations with a total amount of USD (5.9) million were financed from the ceiling of USD (10) million. An agreement was also signed with the Jordanian Loan Guarantee Co. whereby a total of JD (4) million of credit granted to finance low and medium productive projects.

The outstanding balance of loans and credit facilities at the bank rose to JD (677) million at the end of 1998, a growth of JD (19) million over 1997 balance which amounted to JD (658) million.

Growth of Total Loans & Credit Facilities
1994-1998





TREASURY AND FOREIGN BANKING SERVICES

The Housing Bank has kept its leading position in treasury and foreign exchange services. The Bank continued to provide a wide range of integrated services to its customers and added new ones, helped by its presence in international capital markets. The bank accomplished good results and growth rates compared with 1997.

In 1998 the bank introduced risk management function to treasury and investment operations to measure expected risk of current operations as well as any new investment instruments using modern techniques. Custody services of treasury and corporate bonds were introduced and provided to individual customers and saving, investment and pension funds as well as insurance companies. Custody services are being developed as well as trading of treasury bonds for the account of customers. Asset/liability management is being activated to achieve greater return while lowering interest rate and foreign exchange risks, as well as maintaining proper liquidity.

The international investment center, established in 1997, was developed and its activities were diversified as a specialized center looking for investment opportunities and selecting best investment instruments of good potential, either of greater return or long-term capital growth as well as being a safe heaven.

The bank continued to develop and diversify its foreign exchange services such as transfers, bank draft and travelers cheques, buying and selling foreign currencies as well as account/account and margin trading. The bank widened its base of customers dealing in international capital markets through trading of stocks and bonds for their account. The bank equipped customers' halls of foreign exchange trading with means of

communications, information and linking with international capital markets.

Regarding the launching of the Euro as official European currency at the beginning of 1999 in 11 EU countries, a team was formed and preparations for dealing in Euro were made, in cooperation with its correspondent bank network, which was enlarged to (350) banks around the world.



To become a universal bank, the Housing Bank introduced new investment services and obtained a license to act as a broker in Amman Financial Market (Jordan Stock Exchange). It would broker stock trading, underwriting of new securities issues and provide financial consultation to customers in addition to trading of its own securities portfolio. The bank invested in International Financial Center Brokerage Co. through buying a stake by Jordanian Real Estate Investment Co. which is owned by the bank. This center is a company specialized in securities trading, portfolio management and providing investment consultation to Jordanian, Arab and foreign investors. The center is also an authorized agent for Jordan and Palestine Financial Investment Co. Rammallah/ Palestine, which is also owned by the bank.



BANKING TECHNOLOGY AND SYSTEMS

The bank exerted greater efforts to keep up with banking technological developments. It continued automating all operations and developing applications, hardware and communication networks, aiming to provide customer with high quality services which are safe and available at the right time and place.

■ The bank completed amending all operation systems, applications, data bases and programs to be it in compliance with Y2K. Final testing and commissioning started and it is expected to be accomplished in January 1999. Actual operation of amended programs will start several months before the year 2000.

■ Several systems, which were automated by the bank's specialized staff, were put into operation including L/Cs, bank draft, incoming transfers. Other systems for bill collection such as electricity bills, were developed in addition to

developing existing systems to suit certain activities which were centralized.

■ The bank made plans to convert existing communication network to a digital one of high speed, which would lead to improve service and shorten response time as well as make it possible to add new services which were not possible on the old network.

■ Automated clearing system was applied in cooperation with the Central Bank, which led to speed cheque collection and lower the number of collection days.

■ The bank started in 1998, to establish a call center and Internet / intranet project, to facilitate communication between branches and provide customers with various banking services through the call center and Internet. These projects are expected to be completed in 1999.





MANAGERIAL AND HUMAN RESOURCES DEVELOPMENT

MANAGERIAL DEVELOPMENT

Upon its conversion to a commercial bank, the Housing Bank adopted total quality management (T.Q.M) in order to improve service quality and productivity, as well as reducing operational costs, aiming to achieve continuous profit growth, raise return on shareholders equity and the market share of the bank. This would be accomplished through customer satisfaction, reward for performance and teamwork.

The bank completed in 1998 the reengineering and restructuring of its various operation centers on all organizational levels. Branches were restructured and converted to direct and fast service centers, after supporting (back office) operations were withdrawn, so as to enable branch staff give more attention to customer service. Moreover, accounting, international trade and back office operations at branches were centralized.

Credit activity was also centralized, through restructuring to separate credit approval and granting function from rating and evaluating credit quality function. A single and well staffed center for credit granting was established as well as a credit risk management department to insure high quality of credit portfolio.

On the other hand evening working hours were amended so that working hours became continuous from 8.30 a.m. to 3.30 p.m. in order to provide service to customers to their convenience at the right time and place.

HUMAN RESOURCES DEVELOPMENT

The bank's belief in the importance of qualified and well trained man power, to provide high quality service to customers was translated in preparing a new strategy for human resources development. This strategy aimed to enhance performance through providing training courses which were consistent with the requirements of the bank's conversion to a commercial one.

It is worth mentioning that the bank adopts a well - defined recruiting policy which depends on criteria of excellent academic performance of candidates and passing of special exams at the bank. New employees are required to pass through fixed probation periods. Promotion depends on disclosed criteria such as competence and performance as well as availability of vacant positions.

Under this strategy, the bank identified training needs in view of the restructuring, and new operation policies, and then formulated training path plan for individual staff of all levels. The bank provided (2,852) training opportunities to the bank's employees, covering various disciplines of managerial, finance and computer sciences, with special emphasis on credit and customer services courses.

The bank also nominated a number of its employees to get diploma, bachelor and master degrees in management and banking in Jordan and abroad. The bank's training center developed a number of training courses to suit the needs of local and Arab banking and financial institutions which selected the center to train their staff from various managerial levels. Number of such trainees was (256) in 1998.



Table 2
The Growth of the Bank's Training Activities
during 1994 - 1998

Item / Year	Number of Participants				
	1994	1995	1996	1997	1998
Training programs held at the Bank - based Training Center	1,484	1,613	1,726	1,876	2,176
Training programs held in collaboration with specialized local training institutions	219	209	286	76	242
Training programs held in Arab and foreign countries	113	111	117	100	68
Seminars	997	943	629	910	363
Master programs	2	2	2	3	3
CPA training course	7	5	10	2	-
Total	2,822	2,883	2,770	2,967	2,852

SOCIAL RESPONSIBILITY

The bank was always keen on interaction with community activities, and so it continued during 1998 to assume its social role in sponsoring various social, cultural, and sport activities. The bank also provided financial support and donations to charitable activities, in all areas of Jordan, particularly low income areas.

The bank participated in national programs and campaigns to curb traffic accidents and smoking as well as protection of environment

and public health.

The bank also participated in organizing conferences, seminars and industrial exhibitions to introduce Jordan and its development to participants as well as promoting the bank as a successful institution and a model for joint Arab investment. The bank also made contributions and donations to universities and grant scholarships to a group of distinguished undergraduates at universities, on the bank's account.



FUTURE PLAN-1999

In order to enhance the bank's leading position in the Jordanian banking system, and for achieving the bank's vision to be the preferred bank for customers in Jordan, the bank's plan for 1999 aims to achieve the following goals:

First: To increase the bank's net worth through achieving increased growth in the return on equity, while maintaining a sound financial position according to international standards and ratios.

Second: Increase the bank's market share and enlarge customer base in areas of deposits, credit and investment, through intensive marketing efforts. Achieve growth in available funds to maintain good liquidity levels and diversify investment instruments, within accepted risk levels as well as develop risk rating system for commercial borrowers and credit scoring system for individual borrowers.

Third: Develop existing banking services and innovate new ones according to the needs and expectations of existing and potential customers.

Fourth: Improve service quality and develop performance appraisal methods in order to enhance the bank competitiveness in the Jordanian banking system.

Fifth: Completion of restructuring and centralization of certain activities with continuous review and improvement of policies and procedures in order to improve performance and productivity as well as attain cost and time savings.

Sixth: Continue in developing market research to exploit opportunities and identify the needs and desires of customers, then meet them through developing existing and new banking competitive services.

Seventh: Preparing to receive the year 2000 by testing and commissioning all operation systems after the project of y2k compliance has been completed. Moreover, exploiting the technology base built by the bank to develop and diversify electronic services such as ATMs, phone bank, and home bank, as well as introducing Internet / Intranet service and putting management information system (MIS) into application.

Eighth: Apply human resource development strategy through developing training process to be consistent with the bank's conversion to commercial one as well as building a motivating environment which encourages teamwork and acknowledges distinguished performance.



A Jordanian public shareholding limited company
Amman - Jordan

Financial Statements
As of December
31,1998
And Auditors Report



AUDITORS' REPORT

**To The Shareholders Of The Housing Bank
Amman - Jordan**

We have audited the accompanying balance sheet of The Housing Bank in the Hashemite Kingdom of Jordan (a Jordanian Public Shareholding Limited Company) as of December 31, 1998 and 1997, and the related statements of income, changes in shareholders equity and cash flow 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. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our 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 aspects, the position of the Housing Bank as of December 31, 1998 and 1997, the results of its operations and its cash flow for the years then ended, in accordance with International Accounting Standards. We recommend that the General Assembly approve these financial statements as provided by the board of directors.

**Amman - Jordan
January 14, 1999**

**Saba & Co.
A member of Deloitte Touche Tohmatsu Group**



Balance Sheet

December 31

	Notes	1998	1997
		JD*	JD
Assets			
Cash, at Banks and Other Banking Institutions	3	168,542,320	142,873,900
Balances at the Central Bank and other monetary authorities.	4	325,098,838	344,643,401
Investments in Bonds & Treasury Bills - Net after Provision for Decline.	5	111,072,792	60,723,915
Foreign Investment portfolio	6	11,812,791	10,299,863
Securities for trading - Net after provision for decline	7	31,915,159	-
Loans and Credit Facilities - Net After Provision for Doubtful Debts and Interest in Suspense	8	676,980,025	658,085,313
Investment Securities - Net After Provision for Decline in Value of Securities	9	34,213,002	61,787,241
Real Estate Investments Less Depreciation	10	14,021,287	14,405,706
Fixed Assets less Depreciation	11	25,210,322	24,396,924
Other Assets	12	<u>19,336,611</u>	<u>33,585,913</u>
Total Assets		<u>1,418,203,147</u>	<u>1,350,802,176</u>
Liabilities and Shareholders' Equity			
Customers' Deposits	13	1,034,364,948	973,216,343
Deposits of Banks and Other Banking Institutions	14	21,812,975	14,636,140
Dividends Proposed for Distribution	18	15,000,000	9,616,255
Amounts Borrowed	15	60,425,468	74,611,488
Cash Margins	16	13,076,892	15,736,663
Various Provisions	17	11,300,365	8,169,632
Other Liabilities	19	<u>40,319,399</u>	<u>42,462,948</u>
Total Liabilities		<u>1,196,300,047</u>	<u>1,138,449,469</u>
Shareholders' Equity:			
Paid - up Capital	20	100,000,000	50,000,000
Statutory Reserve		13,977,024	10,793,560
Issuance Premium		71,000,000	121,000,000
Special Reserve		33,303,627	26,936,698
Other Reserves		72,449	72,449
External Branches Reserve		<u>3,550,000</u>	<u>3,550,000</u>
Total Shareholders' Equity		<u>221,903,100</u>	<u>212,352,707</u>
Total Liabilities and Shareholders' Equity		<u>1,418,203,147</u>	<u>1,350,802,176</u>

*One JD = USD 1.41, pegged.

The Accompanying Notes Constitute an Integral Part of These Statements



Statement of Profit and Loss

For the years ended December 31

	Notes	1998	1997
		JD	JD
Interest Earned	21	102,412,663	94,109,385
Received Commissions	22	<u>10,221,091</u>	<u>9,334,730</u>
Total Interest and Commissions Earned		112,633,754	103,444,115
<u>Less:</u> Interest Paid	23	<u>57,479,820</u>	<u>61,221,768</u>
Net Interest and Commissions		55,153,934	42,222,347
<u>Add:</u> Interest and Earnings from Securities Portfolio	24	15,615,811	4,321,162
Foreign Exchange Earnings	25	1,868,632	1,163,808
Other Income	26	12,032,623	13,123,521
<u>Less:</u> Provision for Doubtful Debts		5,570,136	2,854,630
Provision for Decline in Value of Financial Investments		--	1,464,475
Provision for Decline in value of bonds		75,000	--
Other Provisions		4,534,864	940,735
General & Administrative Expenses	28	<u>33,527,952</u>	<u>35,530,952</u>
Other expenses (Not recurrent)	27	<u>9,128,402</u>	<u>--</u>
Net Profit Before Tax		31,834,646	20,040,046
Income Tax provision	29	<u>(6,595,773)</u>	<u>(3,848,411)</u>
Net Profit After Tax		<u>25,238,873</u>	<u>16,191,635</u>
Appropriation :			
Statutory Reserve (10%)	20	3,183,464	2,004,005
Special Reserve		6,366,929	4,008,009
Other Reserves		--	72,449
Additional Fees for Jordanian Universities		311,740	205,748
Board of Directors' Remuneration		65,000	65,000
Contribution to Housing Bank Employees' Children Education Fund		--	14,421
Contribution to Scientific Research & Vocational Training Institutions	17	311,740	205,748
Dividends Proposed for Distribution (15%)	18	<u>15,000,000</u>	<u>9,616,255</u>
		<u>25,238,873</u>	<u>16,191,635</u>
Profit per share	36	<u>319</u>	<u>216</u>
Weighted average of shares number during the year	36	<u>79,166</u>	<u>75,000</u>

The Accompanying Notes Constitute an Integral Part of These Statements



Changes in Shareholders Equity

	Capital	Statutory	Issuance	Special	Other	External	Retained	Total
	JD	Reserve	premium	Reserve	Reserves	Reserve	profits	
		JD	JD	JD	JD	JD	JD	
Year 1998								
Balance at the beginning of January 1998	50,000,000	10,793,560	121,000,000	26,936,698	72,449	3,550,000	-	212,352,707
Capital increase from issuance premium.	50,000,000	-	(50,000,000)	-	-	-	-	-
Net profit of the year	-	-	-	-	-	-	25,238,873	25,238,873
Universities fees	-	-	-	-	-	-	(311,740)	(311,740)
Contribution to scientific research and vocational Training institutions	-	-	-	-	-	-	(311,740)	(311,740)
Board of Directors Remunarations	-	-	-	-	-	-	(65,000)	(65,000)
Profit transfered to reserves.	-	3,183,464	-	6,366,929	-	-	(9,550,393)	-
Dividends proposed for distribution	-	-	-	-	-	-	(15,000,000)	(15,000,000)
Balance at the end of December 1998	100,000,000	13,977,024	71,000,000	33,303,627	72,449	3,550,000	-	221,903,100
Year 1997								
Balance at the beginning of January 1997	25,000,000	8,789,555	21,000,000	22,928,689	-	3,550,000	-	81,268,244
Capital increase	25,000,000	-	-	-	-	-	-	25,000,000
Issuance premium increase.	-	-	100,000,000	-	-	-	-	100,000,000
Net profit of the year	-	-	-	-	-	-	16,191,635	16,191,635
Contribution to Housing Bank	-	-	-	-	-	-	(14,421)	(14,421)
Employees children education fund	-	-	-	-	-	-	(205,748)	(205,748)
Universities fees	-	-	-	-	-	-	(205,748)	(205,748)
Contribution to scientific research and vocational Training institutions.	-	-	-	-	-	-	(65,000)	(65,000)
Board of Directors Remunarations	-	-	-	-	-	-	(6,084,463)	(6,084,463)
Profit transfered to reserves.	-	2,004,005	-	4,008,009	72,449	-	(9,616,255)	(9,616,255)
Dividends proposed for distribution.	-	-	-	-	-	-	(9,616,255)	(9,616,255)
Balance at the end of December 1997.	50,000,000	10,793,560	121,000,000	26,936,698	72,449	3,550,000	-	212,352,707

The Accompanying Notes Constitute an Integral Part of These Statements



Statement of Cash Flow

For the years ended December 31

	1998	1997
	JD	JD
Cash Flow From Operation:		
Interest and Commissions Earned	117,087,729	100,340,347
Interest and Commissions Paid	(58,493,650)	(62,684,482)
Other Income	9,219,737	5,556,470
General and Administrative Expenses Paid	<u>(38,530,980)</u>	<u>(31,907,749)</u>
Cash Flow from Operations Before Change in Assets and Liabilities	<u>29,282,836</u>	<u>11,304,586</u>
(Increase) Decrease in Assets		
Securities for trading	(3,662,997)	--
Loans and Credit Facilities - Net	(30,525,252)	(12,670,561)
Other Assets	<u>12,693,868</u>	<u>4,069,160</u>
	<u>(21,494,381)</u>	<u>(8,601,401)</u>
Increase (Decrease) in Liabilities:		
Current Accounts & Demand Deposits	(21,252,946)	42,966,174
Savings, Fixed and Notice Deposits	82,401,551	35,036,917
Interbank Deposits for Other Banks and Financial Institutions	7,176,835	(7,746,217)
Cash Margins	(2,659,771)	5,174,667
Various Provisions	--	(97,773)
Other Liabilities	<u>(4,549,700)</u>	<u>3,425,273</u>
	<u>61,115,969</u>	<u>78,759,041</u>
Net cash flow From Operations Before Tax	68,904,424	81,462,226
Income Tax Paid	<u>(3,900,000)</u>	<u>(2,591,904)</u>
Net Cash flow From Operations	<u>65,004,424</u>	<u>78,870,322</u>
Cash Flow From Investments:		
(Buy) Sale of Investments in Fixed Assets	(266,880)	(2,583,893)
(Buy) Sale of Real Estate Investments	(427,135)	18,097,663
(Buy) Sale of Investments in Securities	--	(5,601,923)
(Buy) Amortize Treasury Bonds & Bills and Corporate Bonds	(49,756,597)	(30,313,683)
Foreign Investment Portfolio	(1,512,928)	(4,446,994)
Received Shareholdings Dividends	<u>15,615,811</u>	<u>4,321,162</u>
Net Cash used in Investments	<u>(36,347,729)</u>	<u>(20,527,668)</u>
Cash Flow From Finance :		
Increase in Capital and premium Reserve	--	125,000,000
Borrowings From the Central Bank of Jordan	--	1,720,807
Repayments of Borrowings From the Central Bank of Jordan	(14,186,020)	(4,613,437)
Distributed Dividends	<u>(9,616,255)</u>	<u>(4,892,070)</u>
Net Cash From Finance	<u>(23,802,275)</u>	<u>117,215,300</u>
Foreign Exchange Evaluation Differences	<u>1,269,437</u>	<u>734,813</u>
Net Increase in Cash	<u>6,123,857</u>	<u>176,292,767</u>
Cash at Year Beginning	<u>487,517,301</u>	<u>311,224,534</u>
Cash at year End	493,641,158	487,517,301

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) was 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. It may establish branches and offices within the kingdom and abroad. The said law was abolished by law No. (16) of 1997. Meanwhile regulations enacted under the special law remain in force and considered as resolutions issued by the bank board of directors, which has the right to amend or cancel them at any time. As from the validity date of law No. 16 of 1998 the Bank became a commercial bank subject to both banks and corporations laws applied in the kingdom. Number of its' employees was 2,162 as at the end of 1998 (against 2,405 employee at the end of 1997).

b- Objectives of the Bank:

Practicing all types of banking activities which are allowed to banks (in accordance with effective rules of banks law and other banking regulations of the Central Bank of Jordan and other related regulations) through the bank branches distributed all over the kingdom and Palestine.

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 prevailing banking customs well as well as International Accounting Standards.

b: Basis of Presentation of financial statements:

* The accompanying financial statements represent the consolidated statements of the Bank's branches in The Hashemite Kingdom of Jordan and abroad and the affiliate (i.e Palestine Company for Financial Investments and Jordan Real Estate Investment Company). Interbranch transactions and balances have been excluded, but transactions in transit among branches at the end of the year have been included within the item "other assets" in the attached balance sheet.

* Attached financial statements were prepared according to the form provided by the Central Bank of Jordan.

c- 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.

d - Real estate investments are stated at cost. Depreciations is being computed according to the straight line method (except land) at annual rates ranging from 2% - 12%.

e- Fixed assets are stated at cost value. Depreciation is being computed according to the straight line method (except land) at the following annual rates:

Buildings	2%
Safes	8%
Computer	14%
Furniture and decorations	15%
Vehicles and Equipments	20%



f- Foreign currencies transactions that were carried out during 1998 were recoded at the prevailing rates at the dates of those transactions. Assets and liabilities in foreign currencies were translated into JD at the average rate announced by the Central Bank of Jordan at the end of 1998. Discrepancies resulting from the evaluation were taken to the Profits and Loss Account.

g- Securities Portfolio

- * Trading securities portfolio is stated either at cost or market price which is less, and it is computed at a gross value. A provision for decline is taken when the total cost of the portfolio is higher than the total market value.
- * Investment securities portfolio is stated at cost. A provision for decline is taken to meet any decline in any share value on an individual basis.
- * The affiliates (i.e. the bank owns 20% - 50% of their capitals) are evaluated according to the Shareholders equity method. These companies which the bank intends to hold their shares for long term.
- * Equity investment in non-marketable 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 hold 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 decline in their value is taken except for treasury bonds.
- * Profits and loss resulting from investments sale are taken to the Profit and Loss Account when the sale transaction is accomplished.

h- 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.

i- 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. The board of directors has decided to dissolve this fund. A sum of JD 8,128,402 (not recurrent) was paid to the employees who were holding their Jobs in 1998 (note 27).



j- Taxes:

Income tax provision is estimated under amended income tax law No. (57) of 1985 which is amended by law No. 4 of 1992 and No. (14) of 1995 effective since January 1, 1996 which states that the Bank's income and earnings from residential loans and credit facilities are exempted from tax, while other income and earning would be subject to tax with effect from the year 1991, after deducting losses which may result from residential loans.

k- 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 for the year in which sale took place and a provision for decline is taken.

l- The establishment expenses are amortized at the rate of 20% per annum.

m- 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, fixed accounts and certificates of deposits at banks in Jordan and abroad, detailed as follows:

	December 31	
	1998	1997
	JD	JD
Cash	13,474,709	13,866,964
Balances in Jordan	31,949,319	14,125,991
Balances abroad	<u>123,118,292</u>	<u>114,880,945</u>
	<u>168,542,320</u>	<u>142,873,900</u>

Balances abroad include certificates of deposits in foreign currencies at foreign Banks amounted to JD 7,444,500 as of December 31, 1998 (against JD 7,100,363 in 1997) and have terms ranging from three months to one year. They mature during the year 1999 and they earn an interest rate from 6.5% to 8.250%.



4- Balances at the Central Bank and other monetary authorities

	December 31	
	1998	1997
	JD	JD
a: Certificate of Deposits:		
Certificate of Deposits- local currency for three months	71,000,000	64,500,000
Certificate of Deposits- local currency for six months	78,800,000	107,600,000
Certificate of Deposits- local currency for one year	<u>26,000,000</u>	<u>41,900,000</u>
	175,800,000	214,000,000
b: Fixed deposits:		
for one to three months - cash reserve for foreign currencies	34,219,424	26,772,527
c: Compulsory Reserve (two days notice)	86,140,181	84,536,379
d: Current accounts and demand deposits	<u>23,366,864</u>	<u>15,604,173</u>
e: Reserves deposited with Palestinian Monetary Authority	5,177,787	3,182,796
f: Current accounts at Palestinian Monetary Authority	<u>394,582</u>	<u>547,526</u>
	<u>325,098,838</u>	<u>344,643,401</u>

* Certificates of deposits in local currency have interest rate of 6.100% - 10.750%.

* The balance of current accounts and demand deposits for the year 1998 are blocked for the compulsory reserve at Central Bank of Jordan. The amount blocked is JD 21,232,966 as of December 31,1998 (against JD 21,189,870 in 1997).



5- Investments in Bonds and Treasury Bills:

This item is made up of the following:

December 31

	1998	1997
	JD	JD
Bonds and Bills in Local Currency:		
Jordanian treasury bills	43,300,000	5,000,000
Jordanian Development Bonds	7,155,750	11,385,530
Government and Government - Backed Corporate Bonds	<u>6,719,880</u>	<u>3,940,080</u>
	57,175,630	20,325,610
Add: Bond Issuance Premium (Unamortized)	77,898	55,392
Less: Issuance discount	(908,340)	-
Less provision for decline of Bonds in local currency	<u>(75,000)</u>	<u>-</u>
Net Bonds and Bills in Local Currency	56,270,188	20,381,002
Foreign Bonds and Bills:-		
Government Bonds and Corporate Bonds	58,661,896	44,641,615
Add: Bond Issuance Premium	13,526	11,214
Less: Bond Issuance Discount	<u>(3,352,613)</u>	<u>(3,122,431)</u>
	55,322,809	41,530,398
Less: Provision for Decline in Value of Bonds	<u>(520,205)</u>	<u>(1,187,485)</u>
Net Bonds and Bills in Foreign Currency	<u>54,802,604</u>	<u>40,342,913</u>
	111,072,792	60,723,915

Jordanian treasury bills mature during the period from 1999 until 2004 and development bonds mature during the period from 1998 until 2005 while government - backed corporate bonds mature during the period from 2000 until 2003 with an interest rate of 5% - 9.21%. Foreign bonds and bills mature during the period from 1999 until 2023 with an interest rate of 3.5265% - 8.125%).



6- Foreign Investment Portfolio:-

This item is made up of the following:

December 31

	1998	1997
	JD	JD
	11,812,791	10,299,863
	=====	=====

The market value of the other foreign investment portfolios amounted to JD 12,033,014 as of 31 December 1998 (against JD 12,652,267 in 1997).

7-Securities for trading

A- This item is made up of the following:-

December 31

	1998	1997
	JD	JD
Comapanies shares in local currency	31,718,539	-
Comapanies shares in foreign currency	<u>1,707,595</u>	-
Total securities for trading	33,426,134	-
Less: Provision for decline in securities for trading	<u>1,510,975</u>	-
	31,915,159	-
	=====	=====

B- During the year of 1998 a part of investment securities was classified as securities for trading as a result of adopting new investment policy by the board of directors .This was made in the second meeting of the board which was held on April 21, 1998.

- The market value of securities for trading in Jordan amount to JD 30,506,984 and in Jordan and abroad JD 31,915,159 as of December 31,1998.
- As of December 31,1998 the value of uncalled capital of the bank shareholdings amounted to JD 940,900.



8- Loans and Credit Facilities

A -This item is made up of the following:

December 31

	1998	1997
	JD	JD
Bills Discounted	24,227,202	29,825,002
Overdraft	46,784,506	36,895,962
Utilized Loans and Advances	595,521,911	546,395,999
Loans to the Housing and Urban Development Corporation and Public Housing Funds and Advances for Exports Support Financed by Advances From Central Bank of Jordan.	<u>55,038,350</u>	<u>73,190,370</u>
	721,571,969	686,307,333
Less: Balance of Interest in Suspense	<u>13,660,725</u>	<u>8,753,347</u>
	707,911,244	677,553,986
Less: Provision for Doubtful Loans and Credit Facilities	<u>30,931,219</u>	<u>19,468,673</u>
Net Loans and Credit Facilities	<u>676,980,025</u>	<u>658,085,313</u>

B- Details of the changes in provision for doubtful loans and credit facilities during 1998 are as follows:

December 31

	1998	1997
	JD	JD
Balance at the beginning of the year	19,468,673	16,729,253
Add: Amounts taken from profit	5,570,136	2,854,630
Amounts taken from other provisions and other liabilities	6,091,218	-
Less: Amortized debts during the year	<u>198,808</u>	<u>115,210</u>
Balance at the end of the year	<u>30,931,219</u>	<u>19,468,673</u>



C- Change in interest in suspense during the year is as follows:

December 31

	1998	1997
	JD	JD
Balance at the beginning of the year	8,753,347	4,247,129
Add: Interest suspended during the year	9,997,876	5,882,475
Less: Interest in suspense on accounts settled during the year	<u>5,090,498</u>	<u>1,376,257</u>
Balance at the end of the year	<u>13,660,725</u>	<u>8,753,347</u>

* The amount of interest in suspense during 1998 represents total interest overdue 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 after six months from the date clients stop payment.

D- Credit facilities are distributed on the following sectors:

December 31

	1998	1997
	JD	JD
Construction	380,603,142	401,544,849
Transportation Services (including air transportation)	62,647,274	73,842,137
General Trade	189,412,150	138,449,007
Industry and Mining	3,468,943	12,754,636
Services and Public Utilities	9,596,317	17,494,592
Agriculture	3,303,282	2,850,407
Other	<u>72,540,861</u>	<u>39,371,705</u>
	<u>721,571,969</u>	<u>686,307,333</u>

* As of December 31, 1998, balance of loans and credit facilities guaranteed by or granted to Jordanian Government amounted to JD 156,791,183 (against JD 172,463,116 in 1997).

* As of December 31, 1998 the balance of non-performing loans and credit facilities in accordance with the Central Bank of Jordan's regulations amounted to JD 70,825,605 (against JD 36,418,645 in 1997). It is worth mentioning that the Bank has collaterals against non-performing loans and credit facilities and they were taken into consideration when classifying doubtful debts. Their interests are not added to income.



9- Investment Securities

This item is made up of the following:

	December 31	
	1998 JD	1997 JD
Companies Shares in local currency	33,090,724	61,526,096
Companies Shares in foreign currency	<u>4,205,660</u>	<u>5,510,184</u>
	<u>37,296,384</u>	<u>67,036,280</u>
Less: Provision for Decline in Value of securities in local currency	1,838,062	5,160,395
Provision for Decline in Value of Securities in foreign currencies	<u>1,245,320</u>	<u>88,644</u>
Total Provisions	<u>3,083,382</u>	<u>5,249,039</u>
Net securities for investment	<u>34,213,002</u>	<u>61,787,241</u>

The market value of securities for investment, in Jordan, and abroad amounted to JD 37,223,791 as of December 31, 1998 (against JD 55,336,927 in 1997).

-At the end of 1998 equity investment in affiliate (i.e companies in which the bank owns 20% to 50% of capital) amounted to JD 13,274,020 detailed as follows:-

Company	Bank's Share of Capital (%)	December 31	
		1998 JD	1997 JD
Affiliates included in investment portfolio:-			
Iskan for Tourist and Hotels Investment Co.	50	10,629,153	3,522,478
Jordanian Real Estates Market Co.	50	38,327	63,000
Arab Banking Corporation - Jordan		-	5,084,622
Engineering Applications Co.		-	100,000
Jordan Payment Services Co.		-	112,500
Philadelphia Investment Bank		-	2,134,198
Jordan International Bank/ London	22.1	2,569,141	3,814,460
The Housing Bank Jordan Fund/ Bahrain	27.56	2,885,725	2,037,399
Green Oasis for Venture Agriculture		-	<u>100,000</u>
		<u>16,122,346</u>	<u>16,968,657</u>



* The Housing Bank Jordan Fund has been established as an investment company with a limited liability in the state of Bahrain. The fund is a close - ended investment company and it will become open - ended on the third anniversary of closing date, at such time shares will be available for issue and redemption at price based on the prevailing net asset value per share. The investment objective and policy of the fund are to achieve long term capital appreciation by investing in a portfolio of equity and equity- related securities and debt instruments issued in Jordan as specified in the fund's prospectus. The fund's policy at the time being is to reinvest all the fund's income in accordance with the investment objective . The housing bank sharholding in the fund includes a value of JD 37,399 of ordinary shares as of December 1998, 1997.

Number of shares issued by the fund is 200,000 having a par value 0.001 JD (it is a figurative value just to prove ownership) and at a price of JD 100 payable in full upon subscription. Shares floated represent preference shares with no voting right at the meeting of general assembly of the fund. These shares have the right to obtain any dividends paid out of the fund's profits, while the ordinary shares in the fund are not yet available for subscription. It is worth mentioning that the fund manager is Alliance Capital Management L.P. Whereas the fund sponsor is the Housing Bank who is also an investment consultant to the fund manager.

The fund currency is Jordan dinar. Total assets of the fund amounted to JD 10,443,981 as of 31 December 1998 and its profit amounted to JD 306,190. A 20% of profit (i.e the Bank's stake) appeared in income statement under item of other revenues.

* The Housing Bank made a partnership with the Arab Libyan Company For Foreign Investment (fifty - fifty for each) and established the Iskan Company For Tourist And Hotel Investment (a limited liability company) with a capital of JD 20 million paid in cash. The two partners have granted the company a loan of JD 10 million (in half) . It is worth mentioning that the Housing bank will reduce its share from 50% to 10% (at maximum) during four years from the date of establishment as demanded by the Central Bank of Jordan.

* The Meridian Hotel, which was fully owned by the bank, was sold to the Iskan Company For Tourist and Hotel Investment. The land, building, furniture, decoration, inventory of the hotel have been sold for an amount of JD 28,113,600 and due to that capital gains of JD 12,955,044 were made. The Iskan Company For Tourist And Hotel Investment is an affiliate and in accordance with international accounting standards, the value of investment in this company should be reflected according to the shareholders equity method. A 50% of sale profits (i.e JD 6,477,522) have been added to the revenues account of the year 1997.

* As of December 31, 1998 the total uncalled capital of the Bank's shareholdings amounted to JD 1,360,000 (against JD 4,624,830 in 1997).



10- Real Estate Investments

This item is made up of the following:

December 31

	1998	1997
	JD	JD
Land at cost	<u>1,571,293</u>	<u>1,571,293</u>
The Commercial Centre - Shemisani	4,260,524	4,260,524
The Bank's Building - Aqaba	649,431	649,431
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	4,913,663	4,878,063
The Bank's Building - Sahab (Bonded)	<u>1,111,384</u>	<u>719,849</u>
	15,445,028	15,017,893
Furniture, decoration, equipment, finishings and other works of the Commercial Centre.	<u>4,036,557</u>	<u>4,036,557</u>
	19,481,585	19,054,450
Less: Accumulated depreciation	<u>7,031,591</u>	<u>6,220,037</u>
	<u>12,449,994</u>	<u>12,834,413</u>
Total	<u>14,021,287</u>	<u>14,405,706</u>

11- Fixed Assets

This item is made up of:

December 31

	1998	1997
	JD	JD
Land	<u>6,200,333</u>	<u>7,251,014</u>
The Bank's buildings	4,320,711	3,372,460
Apartments	574,879	520,856
Equipment including computers in the Main Branch and other branches	23,070,727	19,663,089
Vehicles	761,520	1,112,900
Furniture, Decorations, and Safes	<u>7,141,011</u>	<u>6,709,028</u>
	35,868,848	31,378,333
Less: Accumulated depreciation	<u>16,858,859</u>	<u>14,232,423</u>
	<u>19,009,989</u>	<u>17,145,910</u>
	<u>25,210,322</u>	<u>24,396,924</u>



12- Other Assets

This item is made up of:

	December 31	
	1998 JD	1997 JD
Advances	107,451	115,371
Establishment expenses after amortization	815,530	875,275
Accrued interest and commissions	6,716,302	7,789,319
Prepayments to suppliers & contractors	851,886	2,222,729
Supplies and stationery	696,308	793,170
Items in transit among branches	2,142,351	7,769,289
Debtors against sales of deferred stocks	-	5,000,000
Land and buildings owned by the Bank in settlement of debts	2,849,603	2,732,654
Accrued rents	654,536	1,324,203
Other items	<u>4,502,644</u>	<u>4,963,903</u>
Total	<u>19,336,611</u>	<u>33,585,913</u>

* According to the law of Banks, lands and buildings owned by the Bank in settlement of customers' debts should be sold within 2 years.

13- Customer Deposits

This item is made up of following:

	December 31	
	1998 JD	1997 JD
Current accounts & demand deposits	103,531,800	124,784,746
Saving deposits	347,979,416	352,196,322
Fixed and notice deposits	<u>582,853,732</u>	<u>496,235,275</u>
	<u>1,034,364,948</u>	<u>973,216,343</u>

* Government deposits amounted to JD 69,655,183 as of December 31, 1998, (against JD 93,105,544 in 1997).

* Non interest bearing deposits amounted to JD 91,712,603 at the end of 1998 (against JD 127,343,196 in 1997).

* Retained deposits as collaterals for credit facilities granted to customers amounted to JD 13,768,225 as of December 31, 1998 (against JD 18,667,400 in 1997).



14- Interbank Deposits for other Banks & Financial Institutions

This item is made up of:

December 31

	1998			1997		
	Inside Jordan	Abroad	Total	Inside Jordan	Abroad	Total
	JD	JD	JD	JD	JD	JD
Current accounts & demand deposits	5,865,234	11,331,320	17,196,554	2,025,157	385,993	2,411,150
Deposits due within one year	<u>4,259,810</u>	<u>356,611</u>	<u>4,616,421</u>	<u>3,846,948</u>	<u>8,378,042</u>	<u>12,224,990</u>
Total	<u>10,125,044</u>	<u>11,687,931</u>	<u>21,812,975</u>	<u>5,872,105</u>	<u>8,764,035</u>	<u>14,636,140</u>

The decline in interbank deposits is the result of excluding transaction between the head office & branches

15- Amounts Borrowed

This item is made up of :

December 31

	1998	1997
	JD	JD
Amounts borrowed from Central Bank of Jordan	55,038,350	73,190,370
Amounts borrowed locally from Jordanian Government	1,421,118	1,421,118
Amounts borrowed from Jordanian Mortgage Refinance Company	<u>3,966,000</u>	<u>-</u>
	<u>60,425,468</u>	<u>74,611,488</u>

* Above mentioned item of amounts borrowed from 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 38,900,000, (JD 52,200,000 in 1997). These loans are regranted by the Bank to the Public Housing and Urban Development Corporation and guaranteed by the Jordanian government. It also includes an amount of JD 14,943,320 (against 19,276,500 in 1997) representing the re-discount of corporate loans guaranteed by the Government and advances for exports support amounted to JD 1,195,030.

* 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 re-channels these loans to the Public Housing and Urban Development Corporation for financing the third urban development project.

* Amounts borrowed from Mortgage Refinance co. represent balance lent to the Bank by the said co. to refinance mortgage granted by military housing funds to beneficiaries.



16- Cash Margins

This item is made up of:

December 31

	1998	1997
	JD	JD
Cash margins for direct credit facilities	114,945	25,976
Cash margins for indirect credit facilities	<u>12,961,947</u>	<u>15,710,687</u>
	<u>13,076,892</u>	<u>15,736,663</u>

17- Various Provisions

This item is made up of:

December 31

	1998	1997
	JD	JD
Income tax provision	6,595,773	3,992,811
Scientific research support provision	311,740	205,748
External branches service termination provision	-	32,858
Other provisions *	<u>4,392,852</u>	<u>3,938,215</u>
Total	<u>11,300,365</u>	<u>8,169,632</u>

* The decline in other provisions is the results of the elimination of transactions between head office and branches

18- Dividends Proposed for distribution

	Amount	Capital	Percent	Dividend per share
	JD	JD	%	FILS
Dividend proposed for distribution 1998	15,000,000	100,000,000	15	150
Dividend proposed for distribution 1997	9,616,255	50,000,000	19.23	200

Dividend proposed for distribution for 1998 shall be subjected to the approval of the general assembly of shareholders in it's annual ordinary meeting. Capital increase made in 1998 was through distributing stock dividend. New shares got profit since the beginning of 1998.



19- Other Liabilities

This item is made up of:

December 31

	1998	1997
	JD	JD
The board of Director's remuneration	65,000	65,000
Salary accounts	11,130,447	11,761,371
Cash margins	3,841,733	9,537,926
Interest and commissions received in advance	8,610,730	5,229,772
Accrued payable interest	4,534,317	5,548,147
Certified cheques and accepted payable bills	2,848,883	2,157,756
Cheques reserved by phone	-	58,565
Liabilities of borrowers life - insurance fund	57,720	1,220,505
Liabilities of savings accounts lottery prizes fund	-	393,768
Profit of deferred shares sales	562,500	4,468,187
Other credit balances	<u>8,668,069</u>	<u>2,021,951</u>
	<u>40,319,399</u>	<u>42,462,948</u>

Liabilities of Borrowers Life - Insurance fund

According to the board of directors' decision, accounts of Borrowers Life - Insurance Fund are incorporated into the bank's assets and liabilities. On other hand, the accumulated saving of this fund is JD 57,720 (against 1,220,505 in 1997) (It appears in other liabilities). An amount of JD 1,200,000 of accumulated saving was transferred to doubtful debt provision.

20- Capital

Capital is made up of:

December 31

	1998	1997
	JD	JD
Capital	100,000,000	50,000,000

* The general assembly on its extraordinary meeting held on April, 23 1998 approved to increase the Bank's capital by JD 50 million to become JD 100 million through distributing JD 50 million in stock dividend from premium reserve.

* Under the Bank's law, a minimum of 10% of net profits before tax is deducted for statutory reserve. This deduction is forbidden to be stopped before the reserve equals the paid up capital. This item includes statutory reserve of Palestine branches.

* 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.



21- Interest Earned

Details of this item are as follows:

December 31

	1998	1997
	JD	JD
Interest from loans & credit facilities:		
Bills discounted	3,533,816	3,354,529
Overdraft	3,315,267	3,033,415
Loans and advances	<u>67,372,117</u>	<u>63,756,750</u>
Total interest from loans & credit facilities	74,221,200	70,144,694
Interest from securities portfolio	5,546,322	5,172,646
Interest from interbank accounts and others	<u>22,645,141</u>	<u>18,792,045</u>
	<u>102,412,663</u>	<u>94,109,385</u>

22- Received Commissions:-

Details of this item are as follows:

December 31

	1998	1997
	JD	JD
Commission on direct credit facilities	7,916,761	7,268,710
Commission on indirect credit facilities	<u>2,304,330</u>	<u>2,066,020</u>
	<u>10,221,091</u>	<u>9,334,730</u>

23- Interest Paid:-

Details of this item are as follows:

December 31

	1998	1997
	JD	JD
Interest paid on customers' deposits:		
Current accounts & demand deposits	1,222,913	1,312,310
Savings deposits	13,390,228	15,244,681
Fixed & notice deposits	38,822,456	39,284,315
Certificates of deposits	-	<u>39,964</u>
Sub Total - Interest paid on customers' deposits	53,435,597	55,881,270
Interest paid on interbank and other deposits	<u>4,044,223</u>	<u>5,340,498</u>
	<u>57,479,820</u>	<u>61,221,768</u>



24- Profits of Securities Portfolio:-

This item is made up of:-

December 31

	1998	1997
	JD	JD
Dividend from Shareholdings	1,583,493	1,486,236
Shares Trading Profits*	<u>14,032,318</u>	<u>2,834,926</u>
Total	<u>15,615,811</u>	<u>4,321,162</u>

25-Foreign Exchange Earnings:-

This item is made up of:-

December 31

	1998	1997
	JD	JD
Foreign exchange trading profits	599,195	428,995
Currency differences on banking services	571,253	428,095
Foreign exchange evaluation differences at the year end	<u>698,184</u>	<u>306,718</u>
Total	<u>1,868,632</u>	<u>1,163,808</u>

26- Other Revenues:-

This item is made up of:-

December 31

	1998	1997
	JD	JD
Profits from selling Meridian Hotel (note9)	-	6,477,522
Profits from lands selling **	4,223,635	2,507,386
Real estate investment net revenues	88,714	960,859
Received fees on salary accounts	1,597,613	652,973
Revenues from previous years	74,409	34,128
Visa cards revenues	729,185	518,517
Fees from managed loans	43,684	56,172
Safes lease revenues	111,963	99,199
Returned checks commissions	323,970	178,659
Revenues from affiliates	768,748	-
Various revenues	<u>4,070,702</u>	<u>1,638,106</u>
	<u>12,032,623</u>	<u>13,123,521</u>

*Shares trading profits include deferred profits from sale of Holiday Inn Hotel shares, which amounted to JD 3,458,887. This profit is included within 1998 profits because paying is guaranteed.

** A plot of land in Oum Authena/ Amman was sold and made a profit of JD 3,900,000.



Details of real estate investments net revenues, are as follows:

	December 31	
	1998	1997
	JD	JD
Real estate investments revenues	1,519,919	5,730,753
Less: Real estate expenses:		
Operation expenses of Meridian Hotel	-	2,749,785
Expenses of the Commercial Centre	395,579	423,493
Expenses of buildings and apartments	12,735	4,441
Expenses of the Bank's building in Irbid	7,455	6,483
Expenses of the Bank's building in Zerqa	36,213	35,106
Expenses of the prince Moh'd st. complex	145,636	123,038
Expenses of the Bank's building in Aqaba	22,033	17,964
Depreciation of buildings	<u>811,554</u>	<u>1,409,584</u>
Total real estate investment expenses	<u>1,431,205</u>	<u>4,769,894</u>
	<u>88,714</u>	<u>960,859</u>

27- Other expenses (not recurrent)

This item is made up of :-

	December 31	
	1998	
	JD	
- Capital increase expenses	1,000,000	
- Service termination indemnity (only once)	<u>8,128,402</u>	
	<u>9,128,402</u>	

The board of directors took a resolution on its meeting No 13/98 held on July 9,1998 to cancel service termination indemnity regulations and replace it with other package since January 1999. Thus the service termination indemnity was paid to employees and it amounted to JD 8,128,402 (only once) .



28- General and Administrative Expenses:-

Details of this item are as follows:-

December 31

	1998 JD	1997 JD
Staff Salaries and benefits	14,248,358	14,484,260
Depreciation of fixed assets	3,642,957	3,201,661
Service termination indemnity paid to staff	2,885,568	3,992,789
Rent of computer software and hardware	516,476	936,534
Bank's contribution to social security	1,329,781	1,354,201
Amortization of establishment expenses	482,417	421,542
Medical care expenses	1,180,740	1,346,968
Bank's contribution to employees saving fund	1,107,841	1,109,967
Stationery and printed matters	880,081	975,720
Maintenance and repair	877,831	903,577
Post, telephone and telex	656,602	676,552
Rents	821,556	749,243
Electricity, water and fuel	601,757	579,047
Travel expenses and allowances	397,016	672,100
Advertisements	323,237	424,707
Donations	148,803	253,426
Transportation expenses	148,611	229,755
Employees life insurance	162,646	194,128
Hospitality	106,235	119,733
Insurance of the Bank's assets	208,452	235,247
Subscription fees to banking associations	286,731	223,860
Foreign exchange dealings fees	97,050	49,700
Board of Directors' travel expenses	47,076	53,993
Borrowers transactions' expenses	77,499	37,357
Miscellaneous expenses	<u>2,292,631</u>	<u>2,304,885</u>
Total	33,527,952	35,530,952

29- Income Tax Provision

This item represents the Bank's income tax provision for the year ending December 31, 1998. A final settlement had been reached with the Income Tax Dept. covering up to the end of 1996. The Bank received the finalized tax assessments which exceeded the agreed and paid amount by JD 557,000. The Bank objected to the income tax dept. assessment whereas the dept. has not yet finalized tax assessment of 1997. A final settlement had been reached with the Income Tax Dept. covering the period up to the end of 1995.



30- Maturity Periods of Assets and Liabilities:

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

December 31

	1998		1997	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Due in one year or less	639,042,527	1,073,016,273	665,805,491	1,013,367,322
Due in a year to two	68,172,648	38,200,000	56,816,431	-
Due in more than two years	<u>619,665,949</u>	<u>5,387,118</u>	<u>524,446,998</u>	<u>58,876,500</u>
	<u>1,326,881,124</u>	<u>1,116,603,391</u>	<u>1,247,068,920</u>	<u>1,072,243,822</u>

31- Geographic Distribution of Assets, Liabilities and off- Balance Sheet Items.

Major items of assets, liabilities and off- balance sheet items are distributed on geographic areas as follow:-

December 31

December 31

	1998			1997		
	Inside Jordan	Abroad	Total	Inside Jordan	Abroad	Total
	JD	JD	JD	JD	JD	JD
Cash & at banks	363,395,980	130,245,178	493,641,158	367,159,906	120,357,395	487,517,301
Securities portfolio	187,605,569	1,408,175	189,013,744	132,223,654	587,365	132,811,019
Loans & credit facilities	650,397,027	26,582,998	676,980,025	650,321,857	7,763,456	658,085,313
Real estate investments	14,021,287	-	14,021,287	14,405,706	-	14,405,706
Other assets	17,316,580	2,020,031	19,336,611	32,300,748	1,285,165	33,585,913
Customers deposits	990,257,660	44,107,288	1,034,364,948	944,746,535	28,469,808	973,216,343
Borrowed funds	60,425,468	-	60,425,468	74,611,488	-	74,611,488
Other liabilities	39,041,392	1,278,007	40,319,399	41,714,516	748,432	42,462,948
Contra accounts	224,193,570	5,231,193	229,424,763	226,392,732	4,870,562	231,263,294



32- 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	
	1998 JD	1997 JD
Total assets	285,004,711	235,562,307
Total liabilities	<u>(278,652,787)</u>	<u>(213,934,254)</u>
Net assets	<u>6,351,924</u>	<u>21,628,053</u>
Total cash balances	162,297,412	146,392,907
Securities Portfolio	71,232,280	56,064,316
Direct credit facilities	48,814,372	31,031,207
Other assets	2,660,647	2,073,877
Interbank deposits	15,911,840	6,157,031
Customers' deposits	255,450,260	201,286,955
Cash margins	6,383,481	5,274,080
Other liabilities	907,206	1,216,188
Interest and commissions earned	13,822,113	11,761,638
Interest and commissions paid	11,409,526	9,668,468
Interest and profits of securities portfolio	93,375	57,582
Contra accounts	118,158,606	112,355,879

33- Contra Accounts:-

This item is made up of the following:

	December 31	
	1998 JD	1997 JD
Approved but undisbursed loans	48,442,577	42,993,109
Irrevocable documentary credits	55,130,134	65,784,847
Guarantees	76,542,972	77,212,370
Guaranteed acceptances	<u>49,309,080</u>	<u>45,272,968</u>
Total	<u><u>229,424,763</u></u>	<u><u>231,263,294</u></u>



34- Transactions with Related Parties:-

	December 31	
	1998	1997
	JD	JD
Deposits with affiliates	20,221,092	20,797,417
Loans & credit facilities granted to affiliates	5,534,849	6,599,426
Deposits from affiliates	953,974	302,222
Deposits from related parties	280,237	341,321
Interest earned from affiliates	1,372,861	1,581,683
Interest paid to affiliates	104,056	53,590
Interest paid to related parties	7,275	1,391
Credit facilities granted to certain board of directors' members	407,132	466,966
	407,132	466,966

35- Legal Claims: -

The Bank has filed lawsuits, through which it claims amounts totaling JD 11,194,552. Meanwhile, total amounts implicated in lawsuits filed against the Bank reached JD 8,814,478. In the Bank's management view, the Bank will not be liable for any financial obligations arising from such claims

36- Profit per share

It is calculated by dividing net profit after tax on the weighted average of total share number during the year. Profit per share for 1997 was amended to unify comparison basis of shares number, because capital increase was made through distributing stock dividend.

37- Comparison of Figures

Some figures of 1997 have been reclassified in order to be consistent with the classification of 1998 for the purpose of comparison.



Shares held by the Board and executive management members in person:

According to disclosure regulations issued by securities commission, followings is a list of names of Board and executive management members, number of shares held by them and their families (wife and sons):-

A- Board of directors:

Name of Shareholder	Nationality	Number of Shares	
		1998	1997
Mr. Zuhair Khouri	Jordanian	129,500	63,408
Mr. Abdullah Al Obaid	Kuwaiti	15,000	-
Sheikh Khalid Salim Bin Mahfouz	Saudi	11,301,684	5,650,842
Sheikh Ali Bin Jasem Al Thani	Qatari	3,150	-
Mr. Abdullah Saudi	Libyan	10,000	-
Mr. Abdulhadi Shayif	Saudi	5,554	-
Mr. Ibrahim Al Ibrahim	Kuwaiti	55,000	14,450
Mr. Salah Al Marrikhi	Kuwaiti	20,000	10,000
Mr. Abdel Mohsin Kattan	Kuwaiti	530,620	265,310
Mr. Tharwat Al Barghothi	Jordanian	222,462	111,231
Mr. Abdel Qader Dweik	Jordanian	67,500	30,000

A sum of JD (65,000) from the profit of 1997 was paid to the Board members as per the law. Also a sum of JD 47,076 was paid to them as transportation allowances. This is included in the item of general and administrative expenses on page (51) of this report. Regarding the shareholding of Jordanian Government, social security corp. and the Arab and Islamic Governments, it is mentioned on page (14) of this report.

B- Executive Management

Executive Management	Number of Shares	
	1998	1997
Mr. Zuhair Khouri – Chairman/ Executive President	129,500	63,408
Mr. Abdel Qader Dweik – General Manager	67,500	30,000
Mr. Oudeh Khlil – General Inspector	5,038	2,119
Mr. Mohi Iden Alali – Asst. G.M for Administrative Affairs	12,524	6,262
Mr. Ghazi Hussein Zahdeh- Asst. G.M for Retail Operations	5,500	1,000
Mr. Mohammad Kamel Abu Aridah – Asst. G.M for Banking Operations	11,014	5,507
Mr. Nael Al Zu'bi asst. G.M for Credit	8,652	4,326
Mr. Salah Rimawi: Asst. G.M for Planning and Financial Affairs	5,976	3,288
Mr. Mohammad Abu Zeid – Asst. G.M for Marketing P.R. and Research	2,000	1,445
Mr. Ibrahim Daher – Executive Manager of Credit Risk	13,784	7,347
Mr. Ali Hamadeh – Executive Manager of Credit	11,406	3,203
Mr. Awad Fadayel – Executive Manager of Foreign Banking and Investment	3,932	1,966

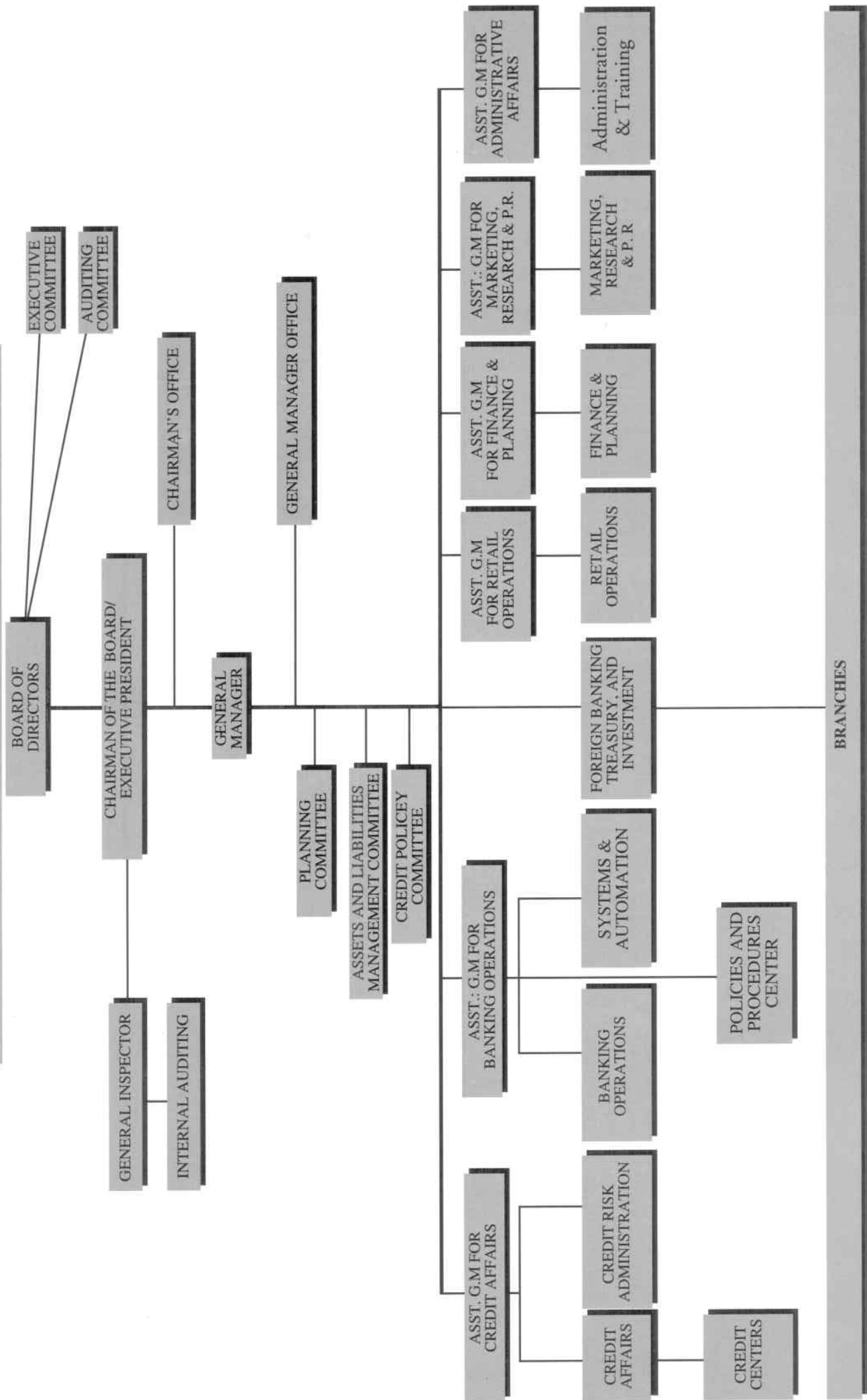
Total number of the bank's employees was 2,162 at the end of 1998 including executive management of high ranking officers whose salaries and benefits reached JD 517,810 out of total salaries and other fringe benefits of all staff which amounted to JD 14,248,358 as detailed in the item of administrative and general expenses, mentioned on page 51 of this report.



MAJOR SHAREHOLDERS TO THE HOUSING BANK

Name of Shareholder	Number of Shares	% of Capital
Kuwait Real Estate Investment Group	18,741,618	18.742%
Libyan Arab Foreign Bank	15,000,000	15.000%
Sheikh Khalid Salim Bin Mahfouze Group	16,301,684	16.300%
Jordanian Investment Corporation	7,481,566	7.4820%
Ministry of Finance, Economy and Trade - Government of Qatar	6,164,650	6.1650%
Ministry of Finance - Sultanate of Oman - and Omani Investment Funds	6,000,000	6.00%
Jordanian Social Security Corporation	4,868,856	4.869%
Iran Foreign Investment Company	3,000,000	3.00%
Central Bank of Jordan	1,500,000	1.500%
Secudder Emerging Markets Equity Investment Trust	1,172,800	1.173%
Arab Bank Limited	709,082	0.709%
United Arab Investors Co.	615,655	0.616%
Mr.Rafiq Baha Eldin Al Hariri	609,747	0.610%
Mr.Abdul Mohsin Kattan	530,620	0.531%
Jordanian Military Saving Fund	520,000	0.520%
Jordan Emerging Markets Index Common Trust Fund	472,400	0.472%
Mr.Ahmed and Mohammad Saleh Ka'ki-	440,002	0.440%
United Nation Joint Staff Pension Fund	440,002	0.440%
Housing Bank Fund	391,600	0.392%
Barclays Global Investor N.A	374,420	0.374%
Mr.Abdullah Bin Abdul Mohsin Al Twajari	368,000	0.368%
American Life Insurance Co.	352,000	0.352%
Mr.Nabil Ghattas Kalil Al sarraff	314,830	0.315%
Municipality of Greater Amman	300,000	0.300%
Jorhdanian Insurance company PLC	261,000	0.261%
Mr.Nidhal Yousif Mohammad Al Basha	247,100	0.247%
Pictet And CIE	245,000	0.245%
Mr.Saleh Omar Shamlan	228,400	0.228%
Mr.Tharwat Al Barghouthi	222,462	0.222%
Mr.Munther Rashad Sama'n Farah	215,652	0.216%
Yarmouk University Investment Fund	207,718	0.208%
Cooperative fund of Jordanian Military Officers	200,000	0.200%
Sheikh Mohmmad Bin Hamad Al Thani	200,000	0.200%
Revolving Fund of Public Housing and Urban development Corp.	200,000	0.200%

ORGANIZATIONAL STRUCTURE



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