

28th Board of Directors Report
For the Year Ending December 31, 2001



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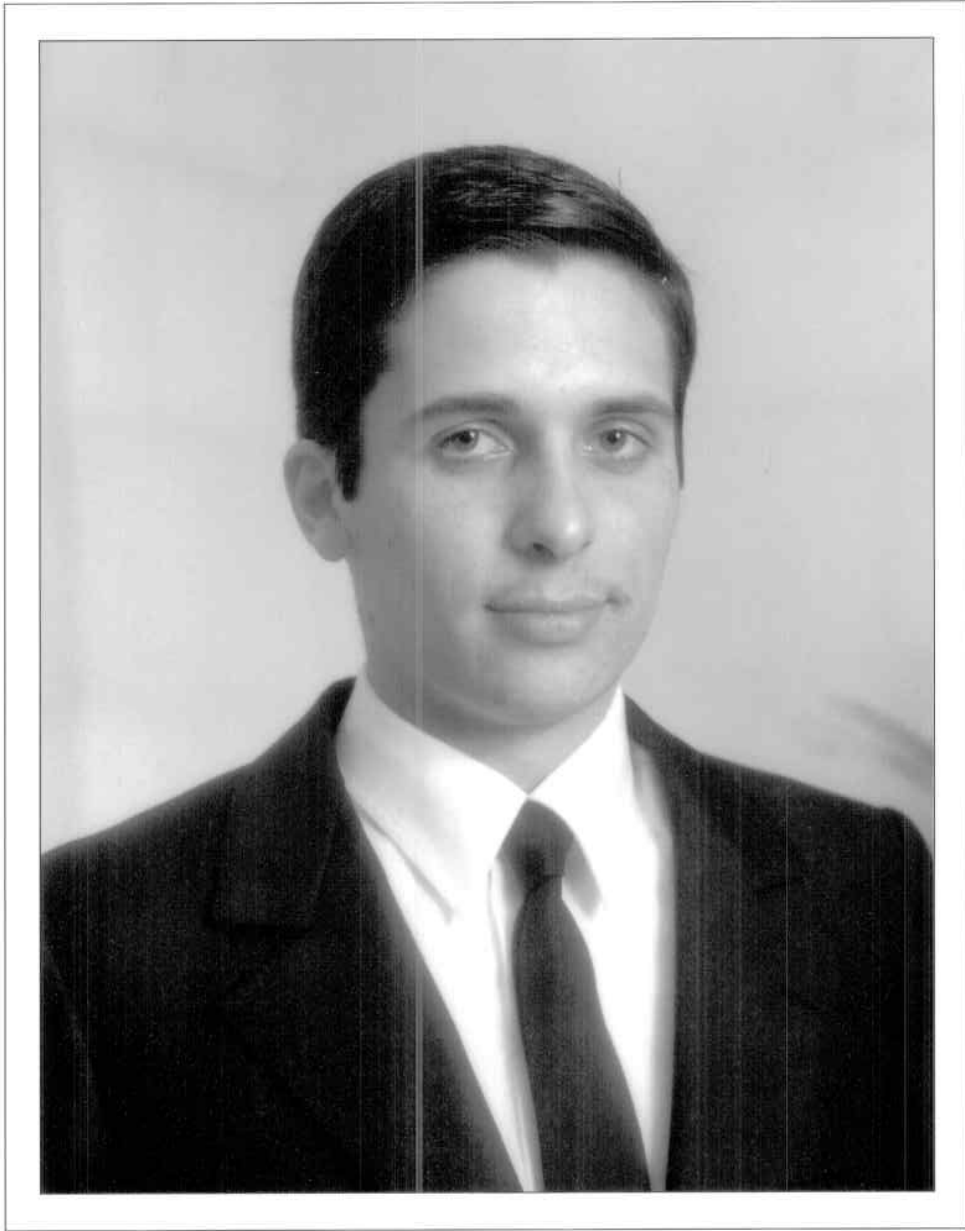


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His Majesty King ABDULLAH II BIN HUSSEIN



His Royal Highness Crown Prince HAMZAH BIN HUSSEIN



*We, King Abdullah II Bin Hussein
of the Hashemite Kingdom of Jordan*

Hereby award this appreciation certificate to

The Housing Bank for Trade & Finance

For winning

KING ABDULLAH II AWARD FOR EXCELLENCE

Large Service Corporations Category

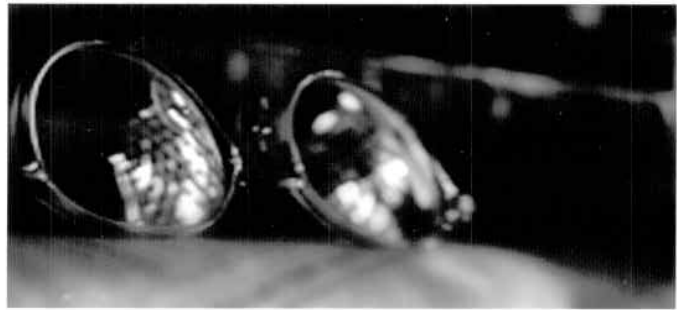
*This certificate was awarded to the bank for
the distinguished contributions and efforts made
by its management and employees*

Issued on February 25, 2001



*His Majesty King Abdullah II hands the award to Mr. Zuhair Khouri,
Chairman of the board*

The Bank's Vision



Our Vision

The Housing Bank for Trade & Finance is the preferred bank for customers.

Our Mission

provide innovated banking services of high quality to our retail and corporate customers, which meet their needs and expectations, in line with the latest developments in international financial and banking markets.

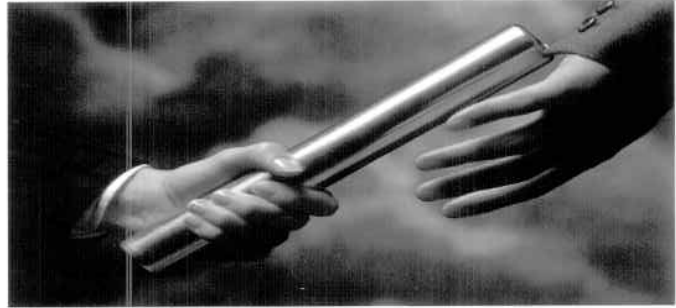
Our Policy

adopt total quality management T.Q.M to enhance the value of the firm, financially and socially, in order to become leaders in domestic & regional banking markets.

Our Core Values

customer satisfaction, welfare of employees, reward for quality performance and teamwork.

Strength Starts with Self - Development



Innovative financial institutions are those who cope with new trends in banking & finance, operate according to international standards and who are customer oriented. Those are the successfuls.

When talking about the financial sector in Jordan & Arab region, the Housing Bank for Trade & Finance, founded in 1973 , emerges as a major financial institution which coped with change and developments in banking industry.

The bank has been a leader in developing the traditional banking business to innovative value - added business, and has a sound track record, leading position in local market, good reputation & high international ratings.

Facts & Figures

- The bank won the King Abdullah II Award for Excellence for the year 2000, the highest national award.
- It won Arab Quality Award, 2001.
- It was the first and only bank in Jordan to obtain the ISO 9001 - 2000 international quality certificate, new version.
- It was the first bank in Jordan to apply total quality management (T.Q.M).
- It is ranked first in Jordan in terms of capital, which amounts to JD* (100) million.
- It is ranked first in Jordan in terms of shareholders equity which amounts to JD (256.5) million.
- It is ranked first in Jordan in terms of the number of its branches i.e. (100)
- It is a leader in banking technology, as shown by the following facts:
 - 1- It is the only bank in Jordan whose all branches are linked through frame relay.
 - 2- The only bank in Jordan whose all branches are linked online real time.
 - 3- The only bank in Jordan which provides services through its branches which are linked with the main frame and back up site, through fiber optic cables, as well as through its ATM network, (150 machines) which form (46%) of total machines in Jordan.
- It was the first bank in Jordan & Arab countries to introduce mobile bank service.
- It was the first bank in Jordan to introduce Internet banking service, through the use of Visa Electron Card.

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

- ① The first Bank in Jordan to introduce call center services.
- ① The first bank in Jordan to establish virtual bank .
- ① The first bank in Jordan to join international E- Commerce club, according to a strategic partnership agreement with M/s INSTINGO AG of Germany, in order to activate trade on Internet between Jordan and European countries.
- ① The first bank in Jordan which established a paperless environment through internal E- mail between different operation centers in head office & branches.
- ① The first & only bank in Jordan & Arab world to establish a children branch.



Chairman's Statement

Dear Shareholders;

The economic environment whether on domestic, regional or international level is always full with challenges, that motivate us to improve the performance of our bank, which has an outstanding track record.

Despite the difficult economic environment, faced by the Jordanian banking system in the year 2001, our bank maintained its leading position in local and regional markets, accomplished good achievements and made excellent growth rates, compared with other local banks.

While reviewing the financial statements in our annual report, you will find out that our bank made increasing growth rates in different financial indicators. Net operating profit rose significantly and amounted to JD (26.1) million in the year 2001, against JD (14.2) million in the year 2000, a growth rate of (84%). Net interest and commission income also rose to JD (61.3) million, against JD (55.5) million in 2000, a growth of (10.5%), which reflected improved management of available funds and rationalization of expenses. As a result of that, net profits before tax rose to JD (30) million, compared with JD (16.5) million in 2000, a growth of (82%). Net profits after tax amounted to JD (21.94) million in the year 2001, against JD (11.75) million in 2000, a growth rate of (86.7%).

The bank's balance sheet showed increased growth as total assets rose to JD (1,708.8) million as of December 31, 2001 against JD (1,623.2) million at the end of 2000, an increase of JD (85.6) million or (5.3%). These results have strengthened the bank's capital base as shareholders equity increased by JD (20.2) million and amounted to JD (256.5) million, at the end of 2001, against JD (236.3) million, at the end of 2000, a growth of (8.5%).

Despite strong competition on savings and deposits attraction, the bank maintained its leading position and increased its total deposits to JD (1,313.2) million, an increase of JD (47.4) million or (4%). The bank also maintained its leadership as the largest bank for saving accounts.

The bank continued playing its active role in the economic development, according to market trends, by providing credit and finance to economic sectors, of potential, better performance, and promising future forecasts. The bank's credit policy is based on sound criteria and regulations, which resulted in a high - quality loan portfolio. Total loans and credit facilities granted by the bank in the year 2001 amounted to JD (225.6) million.

The outstanding performance and achievements in this year and the previous ones came as a result of adopting a well - advised strategy of coping with change and making continuous development of products, to meet customers needs and expectations. Moreover, the bank has adopted total quality management, to improve service performance as well as aggressive marketing communication strategy, of continuous contact with current and potential customers. The bank was able to provide total banking services, conventional and electronic, relying on its advanced IT base, which was described by certain international rating agencies as the most advanced in the domestic market. The bank has also relied on an integrated strategy for human resources development, in order to qualify staff ot deal with modern banking techniques.

The bank was able to get high international ratings and excellence awards, such as the King Abdullah II Award 2000, the highest national award, and Arab Quality Award 2001. The bank also got the new version of (ISO 9001- 2000) international quality certificate. Thus it is the first bank in Jordan and Arab world to get such certificate.

The bank is currently working on expansion in Arab region, as first step for more expansion in future. In addition to its two representative offices in Abu Dhabi/ U.A.E and Tripoli/ Lybia, the bank is currently working to get licenses to open two joint banks in Algeria and Syria, in alliance with Arab financial and investment institutions and individual private sector entrepreneurs, from both countries. Licenses are expected to be obtained form monetary authorities during the year 2002 .

In view of these results, the board of directors recommends paying a dividend of (12%) to shareholders. We acknowledge full responsibility for the soundness of the financial statements, and providing effective control system in the bank. We assure you there are no substantial matters, which may adversely affect the bank's performance in the next fiscal year 2002 .

I would like to take this opportunity to express sincere thanks and gratitude to His Majesty King Abdullah the second and his government. I would particularly express thanks to the Central Bank of Jordan, for following a wise monetary policy, leading to the stability of monetary conditions and the Jordanian Dinar exchange rate, and for its continuous support to the banking system, enabling it to play active role in socio - economic development.

I would also extend thanks and appreciation for our Arab major shareholders from Kuwait Real Estate Investment Group, Sheikh Khalid Salim Bin Mahfouz Group, Libyan Arab Foreign Bank, the governments of Qatar, Sultanate of Oman, and Iran Islamic Republic as well as Jordanian institutional shareholders, led by Social Security Corporation.

In conclusion, I would like to thank the bank's executive management team, whom I appreciate and compliment their competence, as well as all employees who are always loyal and make relentless efforts. May God guide us in serving this country under the leadership of His Majesty King Abdullah the Second and His Royal Highness Crown Prince Hamzah, may God protect them.

Zuhair Khouri
Chairman of the Board

Board of Directors

CHAIRMAN

Mr. Zuhair Khouri

VICE CHAIRMAN:

Mr. Othman Mohammad Bafaqeh / Representative of Holding Company for Capital Investments/ Bahrain

MEMBERS:

Mr. Ahmad Tahoos Rashid
Mr. Sa'ad Henaidi* } Representatives of Kuwait Real Estate Investment Group

Sheikh. Khalid Salim Bin Mahfouz

Mr. Ahmad Abdel Fattah
Mr. Nayef Qasrawi ** } Representatives of Social Security Corporation- Jordan

Mr. Abdulatif Elkeep
Mr. Ammar Milad Ruwaimi } Representatives of Libyan Arab Foreign Bank

Sheikh. Ali Bin Jasem Al Thani

(representative of Ministry of Finance, Economy& Trade/ Government of Qatar)

Mr. Sayyed Shareef Radhawi *** (representative of Iran Foreign Investments Company)

Mr. Abdullah Ammar Saudi

Mr. Abdel Qader Dweik/ General Manager

AUDITORS: Arthur Andersen.

* Mr. Sa'ad Henaidi was appointed to replace Mr. Salah Abdul Aziz Mraikhi, as representative of Kuwait Real Estate Investment Group as of April 15,2001.

** Mr. Nayef Qasrawi was appointed as second repretative of Social Security Corp. as of April 15, 2001.

*** Mr. Sayyed Shareef Radhawi was elected as representative of Iran Foreign Investments Co. as of April 15, 2001 .

Executive Management

Zuhair Khouri	Chairman/ Executive president
Abdel Qader Dweik	General Manager
Oudeh Khalil	General Inspector
Mohielden Alali	Asst. G.M for administrative affairs
Nael Al Zu'bi	Asst. G.M for credit affairs
Mohammad Abu Zeid	Asst. G.M for marketing, P.R & research
Mohammd Abu Aridah	Asst. G.M for operations
Mohammad Ghazi Zahdeh	Asst. G.M for retail banking services
Ali Hamadeh	Asst. G.M for credit risk management
Ayed Mashni	Asst. G.M for planning and financial affairs
Ibrahim Daher	Executive manager of commercial centres
Awad Fadayel	Executive manager of foreign banking, treasury & investment
Mahmoud Rifa'e	Executive manager of administrative affairs
Kamal Yagmour	Executive manager of retail banking services
Robeen Ga'abari	Executive manager of banking operations
Fatina Ghesan	Executive manager of training affairs
Nabil Jallad	Executive manager of products development
Faisal Hosni	Executive manager of systems and branch automation
Ihab Saadi	Executive manager of Corporate Finance
Saleem Jarrar	Legal consultant
Dr. Anis Hajah	Regional manager/ Palestine branches

A Takeoff Towards Excellence

Excellence is the main guideline for the Bank in 2002. The year 2001 witnessed a good start and fruitful activities as well as quantitative and qualitative achievements. Those achievement were the results of commitment by the executive management to change and innovative development of products & services in order to meet customer needs, strategic planning and institutional work. The bank was able to achieve strategic goals of increasing return on assets and equity, as well as reducing operations costs, streamlining operations, improving productivity and enhancing its position in the banking market. The bank introduced a new package of traditional and electronic banking services seeking to achieve excellence, customer satisfaction and growth rates.

The Bank made good achievements in the year 2001 despite the difficult economic & operation environment.



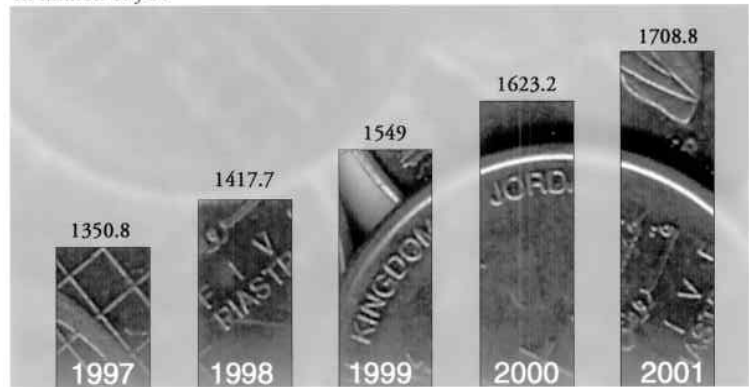
Financial Indicators

Domestic and regional economic environment had many difficulties which affected the performance of the banking system but the bank's executive management was able to cope with these difficulties and maintained the bank's leading position in banking market.

The bank concentrated on high return activities, balancing between risk and return, and so achieved good and balanced growth rates. The bank's balance sheet showed increased growth and sound ratios. Total assets reached JD (1,708.8) million at the end the year 2001, against JD (1,623.2) million at the end of 2000, a growth of JD (85.6) million or (5.3 %). Net operating profit made a significant growth

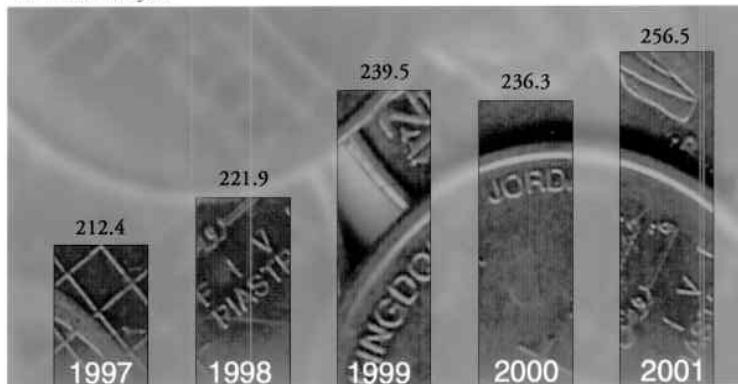
and amounted to JD (26.1) million, against JD (14.2) million in 2000, a growth of (84%). Net interest and commission income rose to JD (61.3) million in 2001, compared with JD (55.5) million in 2000, a growth rate of (10.5%). Net profits before tax amounted to JD (30) million, against JD (16.5) million in 2000, an increase of (82%). Improved operating income reflected on the bank's earning per share, which rose to (219) fils in 2001, against (118) fils in the previous year, an increase of (85%).

ASSETS GROWTH
In million of JDs



Shareholders Equity and Capital Adequacy

SHAREHOLDERS EQUITY GROWTH
In million of JDs



Due to the keenness of bank's management to continue in strengthening capital base and as precaution, various reserves were increased and shareholders equity rose to JD (256.5) million at the end of 2001, against JD (236.3) million at the end of 2000. Thus, the bank maintained the first rank, according to this criterion in local banking market.

Various reserves contributed to high capital adequacy ratio i.e (30.6%). It is worth mentioning the bank was ranked (54)

according to soundness (capital / assets) ratio among the largest 1000 bank in the world, in the ranking made by the BANKER magazine in its July 2001 issue.

The Bank's ratio of (30.6%) in 2001 exceeded by far the minimum standard ratio required by the Central Bank of Jordan i.e (12%) and B.I.S minimum ratio of (8%). These results confirm the opinion of Moody's Investor Service in its rating report, that HBTF has strong franchise, large & stable funding (sources of funds), excellent capital adequacy and improving liquidity.

Deposits

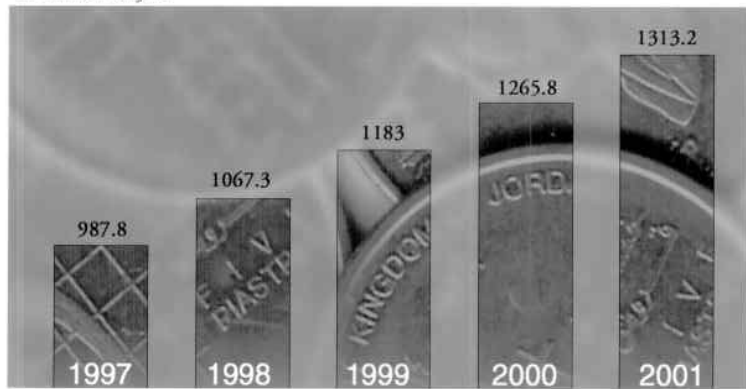
The bank maintained its leading position in attracting deposits and managed to further enlarge its wide depositor base, which was always a characteristic of its deposits structure.

Total deposits at the bank increased to JD (1,313.2) million at the end of 2001, a growth of JD (47.4) million over 2000.

Regarding the bank's leading role in attracting households deposits, it has maintained its first rank in saving deposits, despite increased competition. The bank developed its saving accounts reward system (lottery scheme) by introducing new semi - annual prizes of 2 cars, a Mercedes and BMW. Moreover, the monthly grand prize was increased to become JD (85) thousand for Jordan & Palestine branches.

The bank has also developed its market communication strategy to include new marketing & promotion programs & techniques.

DEPOSITS GROWTH
In million of JDs



Major Financial Indicators of the Bank (1997 - 2001)

In million of JDs

Item	1997	1998	1999	2000	2001
Cash & at banks	487.5	493.6	658	721.9	650.7
Total loans and credit facilities - Net	658	677	609.1	556.6	584.7
Customers deposits	973.2	1,045.5	1,123.1	1,209.4	1,239.3
Interbank deposits	14.6	21.8	59.9	56.4	73.9
Total deposits	987.8	1,067.3	1,183	1,265.8	1,313.2
Capital and reserves (shareholders' equity)	212.4	221.9	239.5	236.3	256.5
Net profit (after tax)	15.7	24.6	17.6	11.8	21.9
Total Assets/ Liabilities	1,350.8	1,417.7	1,549	1,623.2	1,708.8

High International Ratings & Excellence Awards



The bank's performance in 2001 and previous years reflected its inherent strength, despite challenges and difficult operation environment facing the banking system in Jordan. The bank's sound financial position was reflected in many excellence awards and high international ratings, which it got.

The bank won Arab Quality Award 2001 according to standards adopted by the award committee. The committee was formed from Arab & international experts from International Standardization Organization - Geneva, the University of New York, Business Leaders Center - Egypt and Experience House for Training and Consultation- Jordan.



This award was added to other ones previously won by the bank, the most prominent was King Abdullah II Award for Excellence 2000, the highest national award.



The bank also got the new version of International Quality Certificate ISO 9001 - 2000, according to the new international specifications made by Int. Standardization Organization- Geneva, which is more compatible with T.Q.M requirement. Thus the bank is the first in Jordan and Arab region to get such certificate from M/s SGS (Yarsley/ UK) which is accredited from U.K.A.S. These certificates confirm that T.Q.M became a continuous strategy followed by the bank, which enabled it to achieve excellence.

The bank has also got a rating of (AA-) for its senior local debts from Thomson Bank Watch as well as (BB-) for long term foreign exchange liabilities and (B) for short - term liabilities in foreign currency form FITCH I.B.C.A/ U.S.A.

It is worth mentioning that HBTF previously won the first rank among Jordanian banks in terms of financial strength and got the rating of a (ALPHA) from Euromoney Magazine in its October 1998 issue.

Retail Banking Services

Retail banking is the key strategic activity for our bank, and so, many banking innovations and marketing initiatives were carried out in 2001. A wide diversification of products was made through introducing many new products and services, based on market research in order to meet customers needs and exceed their expectations. Meanwhile, the bank continued to develop existing services in order to be more market and customer oriented. Thus, retail banking contributed more to the bank's profitability and competitiveness and the bank confirmed its leadership in this sector.

Excellence in products and Electronic Delivery Channels

In 2001, the bank's management enlarged ATM network to reach most residential and commercial areas in Jordan, to provide non - stop services 24 hours around the clock. The number of ATMs was increased to (150) machines, including three drive - in ones, in front of the bank's branches, commercial centres, universities and crowded areas. Thus the bank maintained the first rank according to this criterion in the local banking system, and its ATMs formed (46%) of all ATMs in Jordan.

With the expansion of ATM network, Visa Electron cards issued to customers grew to (257,649) which enable holders to get ATM services and pay for their purchases through P.O.S machines in shopping centers in Jordan and around the world.



To enhance customers' orientation of electronic banking and self - services the bank successfully completed the first phase of the Internet banking project. Customers can now get Iskan online services using Visa Electron card. Second phase, Internet banking - corporate, will be completed next year.

The bank has also opened two virtual branches, at Le Meridien Hotel and City Centre. Thus, virtual branches became 3, as the first branch was opened in Rabia district in the year 2000.

Moreover, the bank proceeded to implement the first stage of establishing an electronic shopping center i.e Iskan Mall, which is the first in Jordan, as well as completion of first phase of banking short message services (S.M.S) through mobile phone.

Call centre was also developed, whereby its services were increased to 50 direct services as well as developing and diversifying phone bank & home bank services. The number of users of these direct electronic channels made good growth.



Plastic Cards

The bank started in September 2001 to issue MasterCard including Platinum Card. It is the first bank in Jordan and the third Arab bank to issue such card.

The number of Visa Credit Cards issued by the bank increased by (2,301) during 2001 and thus total issued cards reached (8,146) by the end of 2001. The bank issued more Iskan Internet Shopping and Value plus cards which were in big demand by customers.

Traditional Banking Products

Developing and diversification were not confined to electronic services only, but included other retail services. New saving programs for different segments of customers were introduced including Ajyal (Generations) which provides account holders with free life - insurance coverage and student program as well as developing existing programs such as Sayiadati (my lady) and Kinz (Treasure) certificate for which drawings on prizes were changed to (6) times each year, for better distribution of prizes totalling JD (600) thousand among larger number of winners.

Regarding Western Union express transfers from and to (189) countries around the world, the bank will increase the number of its branches providing such services, from (25) to (85) branch and sub agent in the year 2002, aiming to increase its market share and competitiveness.



In order to enhance close contact with elite customers, VIP halls were increased and distributed among major branches, supported by competent staff and equipped with T.V and Reuters screens to inform them on latest economic financial news.

Siminars and listening sessions were held to know customers views and proposals, which would be used for developing products, as well as inform them of new products, market and sell such products to them. Furthermore, sales force capabilities were upgraded.

For improving the bank's image, work continued on Model Branch project, whereby (20) branches were renovated and redeccorated in order to provide more convenient environment for customers and staff alike.

Credit Operations

The Housing Bank for Trade & Finance continued playing its leading role in socio - economic development by meeting the market demand of credit. The bank diversified its finance activities to various economic sectors, based on their growth potential and performance forecasts.

During the year 2001, the bank made an integral development of all commercial lending programs, according to customer needs and market trends.

Direct loans and credit facilities granted by the bank in the year 2001 amounted to JD (225.6) million. Commercial lending of the bank in 2001 had the following strategic features.

- Providing finance to economic sectors with better performance and significant contribution to socio- economic development.

- The bank paid special attention to medium and small business projects, because of their vital role in economic development and alleviating unemployment.

- Credit facilities granted to such businesses amounted to JD (23) million.

- Export industries were given special attention in the bank's credit strategy, in line with the national policy of encouraging exports, as the main engine of growth. The bank provided a program of export finance advances, which amounted to JD (8.6) million in 2001 . This program aimed to finance exports of at least (25%) added value and the advances are refinanced by the Central Bank of Jordan.

- The bank continued playing its role in increasing trade exchange between Jordan & Arab countries, through the activation of export & import credit lines with Islamic Development Bank/ Jeddah. (12) operations, totaling USD (3) million were executed, after utilization of the full ceiling of the line i.e (USD 10 million) under the agreement between the Housing Bank for Trade & Finance/ Jordan and Islamic Development Bank, Jeddah - Saudi Arabia.



- Moreover, the bank provided export finance to several operations totaling one million Dollar under the pan Arab Trade Finance program/ Abu Dhabi under the credit line agreement with a ceiling of USD (5) million.

- The bank has also got a credit line for export finance from the Saudi Development Fund.

- In line with the national policy to support information technology & software sector, an agreement was signed with the Jordanian Loan Guarantee Co. whereby the bank would provide loans amounting to JD (4) millions to the Ministry of Education employees in order to develop teachers capabilities and educational information technology.

● The bank continued to provide housing finance and developed the housing finance program to low - income groups, subsidized by the government.

● The bank has also introduced consumer loans for different categories of society in order to finance their personal changing needs including: My house program, the Successful, medical care loan, Bawasel for children education, car purchase finance and advances for public & Private sector employees. Total consumer loans granted by the bank in the year 2001 amounted to JD (79) million.

● Developing credit policy & Procedures continued including restructuring of loan portfolio in favor of higher - profitability & low - risk sectors, and reducing exposure to non - feasible sectors. The bank aimed to improve the distribution of credit, sectoral & geographic wise, in order to reach a balance, in accordance with the standard ratios in banking market and to be consistent with its conversion to a commercial bank.

● In order to improve the quality of loan portfolio, lower risks and increase return, risk rating system for commercial borrowers and credit scoring system for retail borrowers were activated.

● Work also continued on developing portfolio profitability measurement system on levels of credit centers, credit officers, customer and targeted sector.

Treasury and Investment Banking

The bank maintained its leading position in treasury and foreign exchange service provided to customers particularly margin & account/ account trading, assets & liabilities management. Moreover, the bank expanded its scope of investment banking in money and capital market as well as activating its exchange services.

On the other hand, the bank has invested in new technology for treasury and investment banking operations by purchasing the Treasury system to automate all treasury, international investment & trading in world stock exchanges, in addition to other services to be provided to customers during the years 2002, & 2003. These services will include dealing in financial futures, swaps, repurchase agreements as well as currency and stock options.

The bank has developed its financial information network to keep its customers on constant contact with world capital & money markets in order to keep them informed with updated stock prices, interests & foreign exchange rates. The bank installed Reuters screens in a number of its traditional and virtual branches.



In the year 2001, the bank introduced a new activity i.e forfaiting issued from several countries particularly Egypt, which has good return compared with opportunity cost. This activity will expand to cover other countries after considering country risks. The bank improved its correspondent bank network all over the world by adding new banks in Russia and Algeria, under a new mechanism, whereby ceilings were set in accordance with international standards. It takes into account volume of trade exchange as well as country, correspondent bank, & operation risk. The bank has also introduced trade finance services and made related agreements with several banks including Duetsche Bank & the Bank of Nova Scotia.

Jordan Capital Market

The bank is keen to activate its role and develop its services in capital market. Thus, the bank has established an open - ended mutual fund for investing in Jordan capital market only. The fund was launched on October 1, 2001 and met success, by receiving large subscriptions. The fund made good return compared with Amman Stock Exchange index and opportunity cost.

The bank continued to provide investment banking services to customers including portfolio management, on full authorization, wherein it made good return.

The bank also developed its financial brokerage services, whereby orders for trading in stocks are

received by customer service staff in branches and executed by the International Financial Centre Co., then settlement is made directly into customers' account. Three dealing rooms for customers were also opened in three Jordanian governorates: Qasr shebib branch/ Zarqa, Irbid branch/ Irbid and Aqaba branch/ Aqaba. Investors could monitor on line trading in Amman Stock Exchange and take immediate investment decisions.

Palestine Capital Market

The bank provides services in Palestinian capital market through its subsidiary i.e Jordan Palestine for Financial Investment co. which is one of leading brokers and provides portfolio management for several clients, despite adverse conditions prevailing in Palestine.

In regard to financial consultation services, our stock investment center started to issue weekly analytical reports on Amman & Palestine stock exchanges activity as well as periodic analysis of selected companies, aiming to provide investors with information necessary for sound investment decisions.

It is to be mentioned that the bank also provides other investment services such as investment custody & trust services as well as securities underwriting & issue management services.

Banking Technology and Systems Development

The bank was able to achieve leadership in electronic banking, relying on its IT base & infrastructure as well as continuous development and updating of technology. IT was strategic base for developing new banking products, delivery channels and intercommunication network which linked different operation centers, reduced operation costs and improved service quality. The Housing Bank for Trade & Finance was a leader in introducing a large package of electronic services, through developed and diversified electronic delivery channels which provide non - stop & around the clock customer services.

The following are the main achievements in this field in the year 2001:-

- Developing & updating Main Frame & operation systems, in line with the world latest technology. This has increased data storage capacity & speed of operations in a protected and secure environment and data availability through the backup centre.

- Work continued on data warehouse project, which is vital for providing statistics & control reports for different operation centers as well as integrated data base for customer segmentation. They would be used for identifying profitable products and segments, developing new products to each segment as well as developing market research and bench marking.



- All import & export L/cs have been automated. Corona system for account settlement with correspondent banks was operated as well as auto clearance system for cheques including purchased, returned and collected ones.

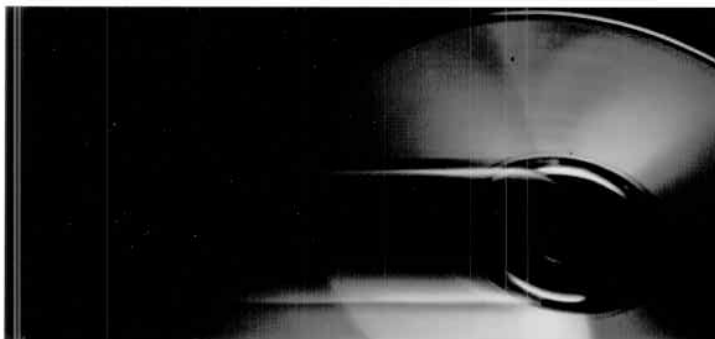
- Under the strategy of diversifying various E - Channels, services of call center, phone bank, home bank, mobile bank and virtual branches were developed & diversified.

- Developing electronic services and delivery channels were extended to Palestine, wherein phone bank was operated and ATM services were diversified.

- Core banking system was internally developed to provide non - stop service, 24 hours a day, seven days a week.

● Paperless environment was enhanced by application of auto secretary system and linking all departments, branches and operation centers to the Intranet. As a result of that, performance improved, as all policies, procedures, circulars and information were transmitted online to different operation centers, thus improving productivity and services quality.

Meanwhile, with the continuous technology development, data security & privacy are being enhanced. Moody's Investor Service, in its rating report issued in December 2001, described HBTF as developed and distinguished in banking technology in Jordanian banking market.



Managerial and Human Resources Development

In the year 2001, human resources development remained one of the strategic guidelines. Various programs aiming to improve management efficiency, staff productivity and streamlining procedures were implemented. Duties & responsibilities in certain sites were redistributed in order to improve speed, accuracy & overall performance as well as improve corporate loyalty, job security and horizontal intercommunication among various operation centers. These programs resulted in rationalization of expenses and improving employees & customers satisfaction.

The bank continued reviewing wages, promotions & incentives policies to be in line with those prevailing in banking market and employees ambitions and satisfaction. It continued to implement the first phase of job pricing project, to ensure fairness in job evaluation, in line with the bank's policy of selecting the right man for the right job, and motivating staff to achieve outstanding performance.

Work continued on customer services relationship project which aimed to develop technical and managerial capabilities of branch managers, customer service staff & tellers. The bank also started to implement first steps of customer relation management.

The bank proceeded to apply control & risk self assessment (C.R.S.A) so as staff may take control and preventive measures as well the application of first phase of activity based costing, aiming to define each product & customer cost & profitability, as well as the cost of various operations and administrative processes.

The bank's recruiting policy aims to attract highly qualified and experienced staff of outstanding performance. New employees are required to pass special tests and a probation period of three months, followed by an examination. Promotion depends on disclosed criteria and annual evaluation reports. Such criteria include competence, performance and availability of vacant positions.



TRAINING

The bank believes that human resources having specialized banking culture are the most valuable assets and a prerequisite for achieving outstanding performance and efficiency, in order to face the challenges in banking industry of today.

That is why the bank adopted a human resources development strategy in 2001 which focused on developing banking culture of its staff, through training programs on banking operations.

The bank sought to upgrade staff skills in using PCs and new automation systems. It provided (3,093) training opportunities which covered various disciplines of management, credit, treasury & investment banking, capital markets, banking operations, conduct skills, electronic banking, and legal affairs. In order to develop skills of branch officers, a contract was made with a local consulting institution to provide training consultation services under title "Service Excellence Campaign", which aimed to develop managerial & communication skills. Another contract was also made with "Moody's Risk Management" to provide training courses to credit officers, to develop their skills in risk evaluation and credit decision taking.

The bank continued to pay special attention to teaching English language to all staff, by providing (505) opportunities in 2001 in collaboration with renowned language teaching institutes.

The bank also nominated a number of its staff to get the Master degree in banking & finance and six employees to attend advanced course in internal auditing in order to get certified internal auditor C.I.A certificate . One employee got certified information system auditor (CISA) certificate and four were nominated to get certified management auditor (CMA) certificate. Another staff was qualified to get call center certificate.

A plan was adopted to develop capabilities of selected group of staff in order to make future leaders. Meanwhile, the bank's training center hosted (181) participants from other local and Arab banking institutions, in specialized training courses, and thus it became one of the renowned training centers in Arab world. Moody's Investor Service pointed out the bank was taking positive steps to change corporate culture, so that staff acquire outstanding skills and new credit culture.

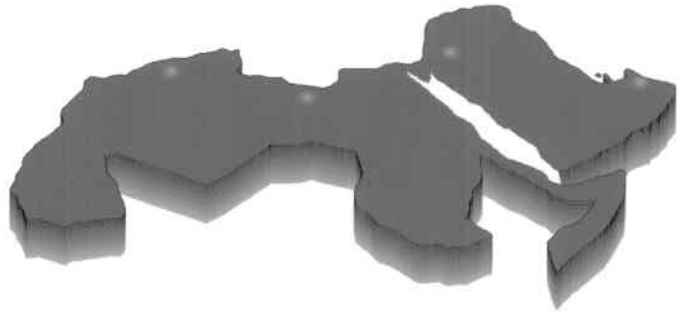
The Growth of the Bank's Training Activities
During 1997 - 2001

Item	Number of Participants				
	1997	1998	1999	2000	2001
Training programs held at the Bank - based Training Center	1,876	2,176	2,265	2,121	1, 216
Training programs held in collaboration with specialized local training institutions	76	242	282	195	261
Training courses held in Arab and foreign training institutions	100	68	92	44	105
Seminars	910	363	113	972	992
Master programs	3	3	2	3	2
C.P.A training course	2	-	-	-	-
C.M.A (Managerial accounting)	-	-	3	-	4
C.I.A (Internal auditing)	-	-	-	3	6
M.C.S.E certificate	-	-	-	1	-
C.F.A certificate	-	-	-	1	-
Call Center' Certificate	-	-	-	-	1
C.I.S.A	-	-	-	-	1
Total	2,967	2,852	2,757	3,340	2,588

Internal & External Expansion

In implementation of the bank's strategic plan which called for the expansion in potential Arab markets, which were analyzed and found feasible, work started in 2001 on the first phase of establishing a joint bank in Syria and another one in Algeria. This would be carried out under strategic alliance with a major Arab banking & investment institution.

Licenses are expected to be obtained from monetary authorities during the next year, 2002.



Inauguration ceremony of the bank's representative office / Abu Dhabi / U.A.E

Work is underway on considering and analyzing other Arab and regional potential markets. The expansion goal is diversification of markets, and operating environments, so as to lower risks, increase market share and support the bank's financial position.

Meanwhile, the bank's representative office in Abu Dhabi started operation after official inauguration under the patronage of His Highness Prince Sultan Bin Khalifa Bin Zayed Al Nahyan, in the presence of the bank's board members, high ranking officials in Emirates Central Bank, public & private sectors corporations, bankers and major investors among Jordanian expatriates in Abu Dhabi and Dubai.

The bank maintained its first rank in terms of branch network in Jordan & Palestine, which consisted of (100) branches including (4) in Palestine, with high - qualified staff. Moody's Investor Service pointed out the bank's expansion policy was sound and cautious, and formed one of the bank's strength points.

Social Role

In implementation of the bank's policy of interaction with its community, social commitments programs were diversified under the support of the bank's management, which provided all means for that purpose. It also provided financial aid to charitable societies which care for low - income and other categories, all over Jordan.

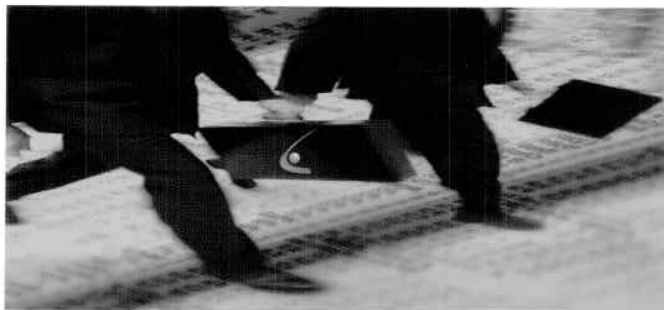
The bank participated and sponsored many national, social, charitable, cultural and artistic activities such as Jordan vision 2020 initiative, curbing traffic accidents, anti smoking and anti drugs campaigns, environment protection and children programs, including Arab children song festival, in collaboration with other parties.

Moreover, the bank sponsored programs for motivating intellectuals such as the late King Hussein award for journalistic excellence, and providing cash awards to distinguished graduates of certain disciplines in Jordanian universities.



The bank also sponsored, with other parties many local & Arab conferences such as the banking summit in Beirut in collaboration with Union of Arab Banks, Arab Banking & Investment conference, organized by Arab Academy for Banking & Finance and the third Jordan Quality conference, which was organized by Jordan Quality Society. The bank also made exhibitions in these conference and provided financial aid to cover the expenses of many conferences and seminars, which were organized by Jordan Businessmen Association and other public & private institutions.

Future Plan 2002



The year 2002 is deemed to be the year of customers' service excellence, which is a strategic guideline for the bank, in order to achieve quantitative & qualitative strategic goals. The bank has to cope with economic & financial changes as well as globalization challenges facing the banking industry on local and regional levels, including markets liberalization & openness, information technology & communications revolution. It also must take into account, the effects of Jordan joining W.T.O, European partnership agreement & free trade agreement with U.S.A on various economic sectors, particularly banking. That is why the bank made strategic review of all activities. Strategic goals for the year 2002 include the following:

- 1- Achieve high customer satisfaction which is a core value of the bank, by improving services performance and developing bench marking, to boost the bank's competitiveness and achieve strategic goals in line with its vision.
- 2- Increase the bank's market share of different operations, through implementing its mission by intensive marketing & selling, innovation and enlarging profitable customer base as well as converting existing customers to multi - service buyers, through cross selling and creating sales culture at branches and outdoor selling centers.
- 3- Achieve sustained & increased growth in profitability, expressed by return on equity & assets, while maintaining a sound financial position, according to international standards & high liquidity ratios in line with the bank's policy.
- 4- Develop new banking products & electronic delivery channels (E- Channels), which are consistent with market trends, meet customers needs & exceed their expectations. Moreover, diversify investment instruments within accepted risk levels and developing existing products relying on market research & benchmarking.
- 5- Attain cost savings, streamline operations by eliminating non - value added procedures, reduce bureaucracy, under the reengineering program.
- 6- Develop human resource strategy in order to have motivated & competent staff of high productivity as well as transforming conventional training to advanced phases linked with commercial banking needs through skill matrix, on job training, job rotation & diversification of training. Moreover, focus would be made on building a motivating environment & corporate culture, which encourage teamwork.
- 7- Increase investment in banking technology, IT & E - Channels in order to improve the bank's competitiveness. This aims to convert services delivery concept to self service for customers, who became more sophisticated and prefer electronic delivery channels such as ATM, Internet, call center, phone, home, mobile & virtual bank.

8- Boost internal control through the use of control & risk self - assessment (C.R.S.A). Thus all employees would assess risks and control measures of their work, under the supervision of internal audit department, which would lead to define risk matrix, points of weakness, preventative & corrective measures in order to improve operation & control efficiency, according to Basel committee requirements.

9- Boost the bank's presence in potential Arab markets beginning with the approved expansion to Syria by following a well - advised policy for external branching. Such policy includes opening branches or representative offices as well as taking stakes in existing banking institutions or merger & acquisition or establishing private or joint banks in such markets. The bank aims to increase its market share, boost its competitiveness and financial resources.



بنك الإسكان للتجارة والتمويل
The Housing Bank for Trade & Finance

www.the-housingbank.com

Consolidated Financial Statements
as of December 31
2001 and 2000



AUDITORS' REPORT

TO THE SHAREHOLDERS OF
THE HOUSING BANK FOR TRADE AND FINANCE
AMMAN - JORDAN

We have audited the accompanying consolidated balance sheets of **THE HOUSING BANK FOR TRADE AND FINANCE** (a public shareholding company) as of December 31, 2001 and 2000 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated 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 conducted our audit in accordance with International Auditing Standards. 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 books of account and the accompanying consolidated financial statements and the financial information in the Board of Directors' report are in agreement therewith.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **THE HOUSING BANK FOR TRADE AND FINANCE** as of December 31, 2001 and 2000 and the consolidated results of its operations and its cash flows for the years then ended in accordance with the Law and International Financial Reporting Standards as published by the International Accounting Standards Board and we recommend its approval.

Arthur Andersen - Jordan

Amman - Jordan
January 28, 2002

THE HOUSING BANK FOR TRADE AND FINANCE
CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2001 AND 2000

(In Jordanian Dinars JD*)

ITEM	Notes	2001	2000
ASSETS			
Cash on hand and balances at the Central Banks	3	328,940,538	444,976,021
Balances at banks and financial institutions	4	286,782,945	243,423,527
Deposits at banks and financial institutions	5	34,974,633	33,483,500
Trading investments	6	22,244,107	48,342,543
Credit facilities, net	7	584,751,392	556,611,418
Available for sale investments	8	88,279,899	64,234,591
Held to maturity investments, net	9	277,194,898	159,006,138
Investments in affiliated companies	10	24,778,541	12,795,073
Fixed assets, net	11	32,038,957	29,658,485
Other assets	12	28,825,882	30,714,078
Total Assets		<u>1,708,811,792</u>	<u>1,623,245,374</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities -			
Banks and financial institutions' deposits	13	73,925,498	56,358,930
Customers' deposits	14	1,239,299,639	1,209,389,902
Margin accounts	15	45,558,514	31,624,732
Loans and advances	16	52,039,279	49,720,338
Sundry provisions	17	8,508,999	5,955,772
Other liabilities	18	29,073,517	30,560,381
Income tax provision	19	3,866,221	3,273,473
Total Liabilities		<u>1,452,271,667</u>	<u>1,386,883,528</u>
Minority interests	20	84,650	74,278
Shareholders' Equity -			
Paid in capital		100,000,000	100,000,000
Additional paid in capital		71,000,000	71,000,000
Statutory reserve		21,609,448	18,361,492
Voluntary reserve		33,222,068	33,222,068
Foreign branches reserve		3,550,000	3,550,000
Other reserves		154,008	154,008
Fair value reserve	22	7,518,459	-
Retained earnings	23	7,401,492	-
Dividends	24	12,000,000	10,000,000
Total Shareholders' Equity		<u>256,455,475</u>	<u>236,287,568</u>
Total Liabilities and Shareholders' Equity		<u>1,708,811,792</u>	<u>1,623,245,374</u>

* One JD = USD 1.41, pegged.

THE HOUSING BANK FOR TRADE AND FINANCE
CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

(In Jordanian Dinars)

ITEM	Notes	2001	2000
Interest income	25	104,944,186	113,321,734
Interest expense	26	<u>51,763,530</u>	<u>65,758,069</u>
Net interest income		53,180,656	47,563,665
Net commissions	27	8,127,182	7,982,614
Net interest and commission income		<u>61,307,838</u>	<u>55,546,279</u>
Other income -			
Bank's share in affiliates profits (losses)		483,027	(880,382)
Gain from financial assets and instruments	28	2,141,000	1,807,133
Other operating income	29	8,344,528	7,479,521
Total other income		<u>10,968,555</u>	<u>8,406,272</u>
Net operating income		<u>72,276,393</u>	<u>63,952,551</u>
Expenses -			
Employees costs	30	19,383,063	18,015,132
Other operating expenses	31	12,285,658	17,407,313
Depreciation and amortization		5,424,707	6,386,206
Provision for possible loan losses	7	5,660,422	(2,831,698)
Other provisions		3,455,491	10,750,572
Total operating expenses		<u>46,209,341</u>	<u>49,727,525</u>
		26,067,052	14,225,026
Non operating income	32	3,943,803	2,293,511
Net income before income tax and appropriations		<u>30,010,855</u>	<u>16,518,537</u>
Less:			
Income tax	19	7,345,750	4,316,827
Provision for Jordanian universities fees		324,795	175,046
Provision for scientific research and vocational training		324,795	175,046
Board of directors' remuneration		65,000	65,000
Net income after income tax and fees		<u>21,950,515</u>	<u>11,786,618</u>
Less: Minority interest		10,372	36,160
Net income		<u>21,940,143</u>	<u>11,750,458</u>
Earnings per share	33	<u>0.219</u>	<u>0.118</u>
Weighted average number of shares		<u>100,000,000</u>	<u>100,000,000</u>

THE HOUSING BANK

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

ITEM	Paid in Capital	Additional Paid in Capital	Statutory
2001 -			
Balance as of January 1, 2001	100,000,000	71,000,000	18,361,492
Dividends paid	-	-	-
Effect of adopting IAS (39)	-	-	-
Net income	-	-	-
Transfers	-	-	3,247,956
Proposed dividends	-	-	-
Fair value reserve	-	-	-
Balance as of December 31, 2001	<u>100,000,000</u>	<u>71,000,000</u>	<u>21,609,448</u>
2000 -			
Balance as of January 1, 2000	100,000,000	71,000,000	16,611,034
Net income	-	-	-
Transfers	-	-	1,750,458
Proposed dividends	-	-	-
Dividends paid	-	-	-
Balance as of December 31, 2000	<u>100,000,000</u>	<u>71,000,000</u>	<u>18,361,492</u>

FOR TRADE & FINANCE

FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

(In Jordanian Dinars)

Reserves			Fair Value Reserve	Retained Earnings	Dividends	Total
Voluntary	Foreign Branches	Others				
33,222,068	3,550,000	154,008	-	-	10,000,000	236,287,568
-	-	-	-	-	(10,000,000)	(10,000,000)
-	-	-	-	709,305	-	709,305
-	-	-	-	21,940,143	-	21,940,143
-	-	-	-	(3,247,956)	-	-
-	-	-	-	(12,000,000)	12,000,000	-
-	-	-	7,518,459	-	-	7,518,459
<u>33,222,068</u>	<u>3,550,000</u>	<u>154,008</u>	<u>7,518,459</u>	<u>7,401,492</u>	<u>12,000,000</u>	<u>256,455,475</u>
33,222,068	3,550,000	154,008	-	-	15,000,000	239,537,110
-	-	-	-	11,750,458	-	11,750,458
-	-	-	-	(1,750,458)	-	-
-	-	-	-	(10,000,000)	10,000,000	-
-	-	-	-	-	(15,000,000)	(15,000,000)
<u>33,222,068</u>	<u>3,550,000</u>	<u>154,008</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>236,287,568</u>

THE HOUSING BANK FOR TRADE AND FINANCE
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

(In Jordanian Dinars)

ITEM	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	30,010,855	16,518,536
Adjustments -		
Depreciation and amortization	5,424,707	6,386,206
Provision for possible loan losses	6,377,634	(2,831,698)
Other provisions	-	7,889,836
Gain from financial assets and instruments	(964,060)	(231,113)
Bank's share in affiliates (profits) loss	(483,027)	880,382
Income from sale of real-estate investments	(3,408,138)	(508,388)
	<u>36,957,971</u>	<u>28,103,761</u>
Changes in assets and liabilities -		
(Increase) decrease credit facilities	(34,517,610)	55,313,818
Decrease (increase) trading investments	2,959,353	(11,246,821)
(Increase) decrease deposits at banks and financial institutions	(1,491,133)	4,862,872
Increase in other assets	(1,832,215)	(9,058,878)
Increase in deposits of banks and financial institutions	6,480,187	-
Increase in customers deposits	29,909,737	86,305,104
Increase in cash margins	13,933,782	1,114,989
Increase (decrease) in loans and advances	2,318,941	(3,044,284)
Increase (decrease) in sundry provisions	1,903,637	(1,788,472)
Decrease in other liabilities	(5,010,852)	(547,270)
	<u>51,611,798</u>	<u>150,014,819</u>
Income tax paid	(6,753,002)	(6,384,145)
	<u>44,858,796</u>	<u>143,630,674</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) sale of available for sale investments	(18,363,344)	2,150,272
Purchase of held to maturity investments	(91,540,257)	(55,581,711)
Investments in affiliated companies	(500,000)	-
Purchase of fixed assets	(7,666,535)	(3,629,914)
	<u>(118,070,136)</u>	<u>(57,061,353)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(10,551,106)	(14,199,414)
Minority interests	-	(127,464)
	<u>(10,551,106)</u>	<u>(14,326,878)</u>
Net cash used in financing activities	<u>(10,551,106)</u>	<u>(14,326,878)</u>
Net (decrease) increase in cash and cash equivalents	<u>(83,762,446)</u>	<u>72,242,443</u>
Cash and cash equivalents, beginning of the year (note 34)	632,040,618	559,798,175
Cash and cash equivalents, end of the year (note 34)	<u>548,278,172</u>	<u>632,040,618</u>

THE HOUSING BANK FOR TRADE AND FINANCE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

(In Jordanian Dinars)

(1) GENERAL

The Housing Bank for Trade and Finance was established as a public shareholding company during 1974 with its headquarters in Amman - Jordan according to the Jordanian company's law number (12) for the year 1964. Bank's paid in capital is JD 100,000,000 divided to 100,000,000 shares with a par value of JD 1 per share.

The Bank's principal activities are to maintain current and saving accounts, grant loans and credit facilities and opening letters of credit through its branches in Jordan and Palestine.

The Bank's total number of employees as of December 31, 2001 and 2000 was 1,639 and 1,651 respectively.

The financial statements were authorized for issue by the Bank's Board of Directors in their meeting held on January 9, 2002.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The presentation of the accompanying financial statements conform to the guidelines provided by the Central Bank of Jordan. The following are the significant accounting policies followed by the Bank:

- Basis of preparation -

The accompanying financial statements are prepared in accordance with the International Financial Reporting Standards as published by the International Accounting Standards Board and Central Bank of Jordan laws and regulations under the historical cost convention except for the trading investments, available for sale investments and financial derivatives which are stated at fair value.

- Change in accounting principles -

The Bank has adopted IAS 39 (Financial Instruments: Measurement and recognition) starting January 1, 2001, as a result the opening balance of retained earnings has been adjusted. Prior year comparative figures have not been restated in accordance with the requirements of IAS 39.

- Principles of consolidation -

The accompanying consolidated financial statements include the assets, liabilities and the results of operations of the Bank's branches in Jordan and Palestine. It also includes the assets, liabilities and the result of operations of the Bank's subsidiaries the bank controls namely Jordan Real-Estate Investment Company and Palestine Financial Investment Company after the elimination of current accounts and intercompany transactions.

Following are the bank's subsidiaries and the bank's percentages of ownership:

	<u>Percentage of Ownership</u>	<u>Paid up Capital</u>
	%	JD
Palestine Financial Investment Company	99.99	2,150,000
Jordan Real - Estate Investment Company	100	1,000,000

Investments in subsidiaries and affiliates are stated using the equity method of accounting in the stand alone financial statements of the Bank and investments in affiliates are shown using the equity method of accounting in the consolidated financial statements.

- **Financial transaction's recognition date -**

Sales and purchases of financial assets are recognized as of the commitment date.

- **Trading investments -**

Trading investments are initially measured at cost and subsequently carried at fair value with gains and losses recognized in the statement of income.

- **Credit facilities -**

Credit facilities are carried at amortized cost after allowance for possible loan losses, interest and commission in suspense.

Allowance for non-performing facilities is recognized to provide for the possible loan losses according to IAS 39 or Central Bank of Jordan regulations whichever is higher. Allowance for possible loan losses in accordance with IAS 39 represents the difference between the book value and the recoverable value which is the present value of expected future cash flows including collections from collaterals discounted at its original interest rate. The provision is recorded in the statement of income.

Interest and commission of non-performing facilities are suspended based on Central Bank of Jordan regulations.

General provision for direct and indirect credit facilities is recognized to provide for the unidentified possible loan losses based on Central Bank of Jordan regulations.

Loans provided for are written off from the allowance of possible loan losses when the collection procedures become ineffective. The excess in the allowance of possible loan losses - if any - is transferred to the statement of income, and cash recoveries of loans that were previously written off are credited to the statement of income.

- **Available for sale investments -**

Available for sale investments are initially measured at cost and subsequently carried at fair value. Gains or losses on measurement to fair value of available-for-sale investments are recognised directly in the fair value reserve in shareholders equity, until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in net profit or loss for the period.

- **Held to maturity investments, net -**

Held to maturity investments are carried at amortized cost and the discount or premium is amortized using the effective interest rate method.

- **Fair value -**

The fair value of traded financial assets is based on quoted market prices, where no quoted market prices are available, a reasonable estimate of fair value is used based on one of the following methods:

- Comparison with the current market value of a similar financial instrument.
- Forecasted discounted cash flow.
- Options pricing models.

In case the fair value of an investment can not be reliably measured, it is stated at cost or amortized cost with any impairment in value recorded in the statement of income.

- **Revenue and expense recognition -**

Income and expenses are recognized on the accrual basis except for interest and commission income of non-performing facilities which are recorded as interest and commission in suspense in accordance with the Central Bank of Jordan regulations.

Income from shares (dividends income) are recorded as an income only when earned.

Commission income is recognized when it is earned.

- **Fixed assets** -

Fixed assets are stated at cost and are depreciated over their estimated useful lives using the straight line method at annual rates ranging from 2% to 25%, except for land.

Whenever the recoverable amount of an asset is impaired, the carrying value is reduced to the recoverable amount and the impairment loss is recorded in the statement of income.

- **Real estate investment** -

Real estate investments are stated at cost, less accumulated depreciation and are depreciated over their estimated useful lives.

Whenever the recoverable amount of real estate investment is impaired, the carrying value is reduced to the recoverable amount and the impairment loss is recorded in the statement of income.

- **Income Tax** -

The Bank provides for income tax in accordance with the Income Tax Law no. (57) of 1985 and its subsequent amendments, the last of which being law no. (14) of 1995 effective on January 1, 1996, and in accordance with IAS 12. The Bank makes provisions for possible loan losses in accordance with the regulations of the Central Bank of Jordan. As these provisions had not been allowable as deductible expenses for income tax purposes before January 1, 2000, and until such time it is accepted by the Income Tax Department, this gives rise to a potential deferred tax asset as of December 31, 2001. Because of the uncertainty over the recognition of this deferred tax asset, the Bank believes it would not be appropriate to recognize it as an asset in the financial statements.

- **Properties held for resale** -

Properties held for resale are recorded at fair value upon the transfer of title to the Bank. Such properties are acquired by the Bank in connection with bad loans, and the Bank is required to dispose of such properties within two years according to the Central Bank of Jordan regulations. The properties are appraised on an individual basis annually and declines in market value are recorded in the statement of income.

- **Investment accounts managed on behalf of the customers** -

Represents investments managed by the bank on behalf of customers and it is not part of the Bank's assets, therefore it is not included in the financial statements.

- **Financial derivatives** -

a- **Financial derivatives held for trading** -

Derivative financial instruments such as, foreign currencies forward deals, interest rate future deals, swaps, foreign currencies options and others, are recorded at cost in the balance sheet as other assets / liabilities, and subsequently carried at fair value.

The fair value is determined according to the market price, if such prices are not available, discounted cash flow models, standard forms, or internal pricing forms are used whichever is more suitable as of the financial statement date. Changes in the fair value are recognized in the statement of income.

b- **Financial derivatives for hedging purposes** -

1- **Fair value hedge:**

Derivatives that qualify as fair value hedges are carried at fair value with the corresponding change in

fair value recognized in the statement of income.

2- **Cash flow hedge:**

Changes in the fair value of a hedging instrument that qualifies as a highly effective cash-flow hedge are recognized directly in the hedging reserve in shareholders' equity. The ineffective portion is immediately recognized in the statement of income.

3- **Hedge of net investments in a foreign entity:**

Changes in the fair value of a hedging instrument that qualifies as a highly effective hedge of net investments in a foreign entity are recognized directly in the hedging reserve in shareholders' equity. The ineffective portion is immediately recognized in the statement of income.

- **End of service indemnity -**

Provision for end of service indemnity is established by the Bank to face any legal or contractual obligations at the end of employees services or on the accumulated service terms at the date of the financial statements.

- **Foreign currencies -**

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinars using the Central Bank of Jordan's middle exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of transactions. Gains or losses arising from foreign currency translations are reflected in the statement of income.

Foreign currencies' forward deals are re-evaluated using the Central Bank of Jordan's middle exchange rates at year end, gains and losses from the re-evaluation are reflected in the statement of income.

Upon consolidation assets and liabilities of foreign branches and subsidiaries denominated in foreign currencies are translated to Jordanian Dinars using the Central Bank of Jordan's declared rates at year end. Income and expenses in the statement of income are recorded using average exchange rate during the year, translation adjustments are shown as a separate line item in the shareholders equity.

- **Cash and cash equivalents -**

Represents cash on hand and cash balances that mature within 3 months. It includes cash on hand, balances at banks and financial institutions, less banks' and financial institutions deposits that mature within three months.

- **Repurchase and resell agreements -**

Assets sold with a simultaneous repurchase agreement at a future date will continue to be recognized in the Bank's financial statements due to the Bank's continuing control over these assets using the same accounting policies with the proceeds of the sale recorded as a liability. The difference between the selling price and the repurchase price is recognized as an interest expense over the agreement term.

Purchased assets with a simultaneous resell agreement at a future date are not recognized in the Bank's financial statements as assets, since the Bank is not able to control these assets. The related payments are recognized as part of deposits at banks and financial institutions or customers' loans as applicable, and the difference between purchase price and reselling price is recognized in the statement of income.

- **Risk management -**

The Bank's management tries to mitigate the credit and market risks through setting investment ceilings and applying set percentages that correspond with the Central Bank of Jordan and Board of Directors regulations and through diversification of investments and a conservative credit granting policy to mitigate credit risk. The Bank's investment policy requires the purchase of investment with high rating with a minimum rating of "A".

The Bank has in place a risk rating system that assesses the Bank's customers credit worthiness, in addition to internal control system (CRSA).

Bank's liquidity ratio is 59.5% and 64.327% as of December 31, 2001 and 2000 respectively which is in accordance with the Central Bank guidance and Bank's Board of Directors investment policies.

Bank's percentages of capital adequacy were 30.64% and 31.73% as of December 31, 2001 and 2000 respectively.

- **Financial Instruments** -

Financial Instruments include both On and Off balance sheet instruments:

(i) **On balance sheet financial instruments** -

On balance sheet financial instruments include cash, cash at banks, cash at Central Banks, loans, advances, investments, deposits, banks deposits and other liabilities.

(ii) **Off-balance sheet financial instruments**

Off-balance sheet financial instruments include letters of credit and guarantee and derivatives products such as futures, forwards and currency swaps and option transactions undertaken by the Bank.

(3) CASH ON HAND AND AT CENTRAL BANKS*(In Jordanian Dinars)*

ITEM	2001	2000
Cash on hand	21,551,392	21,573,552
Balances at Central Banks -		
Current accounts	9,829,897	1,012,427
Term and notice deposits	660,246	-
Statutory cash reserve	98,499,003	123,190,042
Certificates of deposit	198,400,000	299,200,000
	<u>328,940,538</u>	<u>444,976,021</u>

Except for statutory cash reserve at Central Bank of Jordan and Palestinian Monetary Authority as of December 31, 2001 and 2000 there are no restricted cash balances.

(4) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS*(In Jordanian Dinars)*

ITEM	2001	2000
Local Banks and financial institutions -		
Current accounts	33,232,234	17,582,739
Deposit maturing within 3 months	-	-
Certificates of deposit	-	11,300,000
Foreign Banks and financial institutions -		
Current accounts	14,777,887	13,033,235
Deposit maturing within 3 months	238,063,824	200,798,553
Certificates of deposit	709,000	709,000
	<u>286,782,945</u>	<u>243,423,527</u>

Non interest bearing balances at banks and financial institutions amounted to JD 29,371,422 and JD 25,539,146 as of December 31, 2001 and 2000 respectively.

Restricted balances amounted to JD 91,838 as of December 31, 2001. There were no restricted balances as of December 31, 2000.

(5) DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS*(In Jordanian Dinars)*

ITEM	2001			2000		
	Local Banks And Financial Institutions	Foreign Banks And Financial Institutions	Total	Local Banks And Financial Institutions	Foreign Banks And Financial Institutions	Total
Deposits maturing within 3 to 6 months	13,000,000	709,000	13,709,000	-	19,852,000	19,852,000
Deposits maturing within 6 to 9 months	-	2,143,395	2,143,395	-	-	-
Deposits maturing within 9 to 12 months	-	6,417,446	6,417,446	-	-	-
More than one year	-	4,286,792	4,286,792	10,000,000	-	10,000,000
Certificate of deposits	7,000,000	1,418,000	8,418,000	1,150,000	2,481,500	3,631,500
	<u>20,000,000</u>	<u>14,974,633</u>	<u>34,974,633</u>	<u>11,150,000</u>	<u>22,333,500</u>	<u>33,483,500</u>

(6) TRADING INVESTMENTS*(In Jordanian Dinars)*

ITEM	2001	2000
Shares listed in financial markets	3,761,947	41,420,898
Marketable bonds and debentures listed in financial markets	18,482,160	4,194,388
Others	-	2,727,257
	<u>22,244,107</u>	<u>48,342,543</u>

The bank adopted IAS 39 Financial Instruments recognition and measurement on January 1, 2001. Accordingly investment in company's shares amounting to JD 30.9 million were reclassified as available for sale investments and investments in company's shares amounting to JD 33,000 were transferred from long term investment to trading investments.

(7) CREDIT FACILITIES, NET*(In Jordanian Dinars)*

ITEM	2001	2000
Bills and notes discounted	18,778,526	20,151,967
Overdraft facilities	85,567,768	83,533,513
Loans and advances	548,737,948	513,578,546
Credit cards	525,381	-
	<u>653,609,623</u>	<u>617,264,026</u>
Less: Interest and commission in suspense	22,777,007	18,566,850
Allowance for possible loan losses	46,081,224	42,085,758
	<u>68,858,231</u>	<u>60,652,608</u>
Credit facilities, net	<u><u>584,751,392</u></u>	<u><u>556,611,418</u></u>

Credit facilities granted by sector are set forth below:

(In Jordanian Dinars)

ITEM	2001	2000
Agriculture	3,847,155	4,248,556
Manufacturing and mining	54,867,188	34,247,007
Constructions	183,724,081	215,932,884
General trade	90,039,659	82,285,997
Transportation services	5,131,358	6,131,882
Tourism, hotels and restaurants	28,694,030	25,595,495
Services and publications	67,115,502	47,139,387
Financial services	4,976,702	7,163,503
Investment in shares	1,428,804	974,571
Real estate	59,359,099	70,166,075
Car loans	18,707,064	10,565,599
Consumers loans	134,357,462	106,037,172
Other	1,361,519	6,775,898
	<u>653,609,623</u>	<u>617,264,026</u>

The non performing credit facilities as defined by the Central Bank of Jordan's regulations amounted to JD 106,549,411 representing 16% of total facilities and JD 112,976,404 representing 18.3% of total facilities as of December 31, 2001 and 2000 respectively.

Credit facilities granted to the government and guaranteed by the government amounted to JD 64,740,971 representing 10% of total facilities and JD 73,836,517 representing 11.96% of total facilities as of December 31, 2001 and 2000 respectively.

The gross fair value of collaterals held against credit facilities amounted to JD 423,789,867 as of December 31, 2001 (fair value of collaterals taken did not exceed balance of related facilities).

Allowance for possible loan losses:

(In Jordanian Dinars)

ITEM	2001			2000		
	Specific	General	Total	Specific	General	Total
Opening balance at January 1,	33,264,524	8,821,234	42,085,758	36,120,110	8,944,258	45,064,368
Transferred to provision during the year	2,629,057	3,031,365	5,660,422	(2,708,674)	(123,024)	(2,831,698)
Provision written back	(1,664,956)	-	(1,664,956)	(146,912)	-	(146,912)
Ending balance at December 31	<u>34,228,625</u>	<u>11,852,599</u>	<u>46,081,224</u>	<u>33,264,524</u>	<u>8,821,234</u>	<u>42,085,758</u>

Allowances that were settled, collected or transferred against other non performing credit facilities amounted to JD 7,996,984 and JD 11,529,740 as of December 31, 2001 and 2000 respectively.

Allowance for possible loan losses as defined by the Central Bank of Jordan's regulations exceeds the provision as computed based on IAS 39 by JD 9.7 million as of December 31, 2001

Interest in suspense:*(In Jordanian Dinars)*

ITEM	2001	2000
Beginning balance	18,566,850	12,437,415
Add: Suspended interest during the year	16,684,213	11,148,704
Interest suspended written off	(4,497,326)	-
Less: Suspended interest on settled loans	(7,976,730)	(5,019,269)
Ending balance	<u>22,777,007</u>	<u>18,566,850</u>

(8) AVAILABLE FOR SALE INVESTMENTS*(In Jordanian Dinars)*

ITEM	2001			2000		
	Non Traded	Traded	Total	Non Traded	Traded	Total
Shares	12,076,744	35,928,347	48,005,091	4,516,467	3,893,072	8,409,539
Bonds	-	35,546,678	35,546,678	-	55,825,052	55,825,052
Others	-	4,728,130	4,728,130	-	-	-
	<u>12,076,744</u>	<u>76,203,155</u>	<u>88,279,899</u>	<u>4,516,467</u>	<u>59,718,124</u>	<u>64,234,591</u>

Investments in shares include an amount of JD 12,076,744 which is stated at cost / amortized cost since its fair value could not be measured reliably. Impairment in value of these shares of JD 74,814 was recorded in the statement of income.

Included in investment in shares an amount of JD 8,121,604 representing the fair value / cost of the Bank's investment in companies in which the ownership percentage is between 20% to 50%. As the Bank does not exercise significant influence on these company's policies and strategies and since it is intended to hold these investments for the short term only, equity accounting was not used.

(9) HELD TO MATURITY INVESTMENTS*(In Jordanian Dinars)*

ITEM	2001	2000
Treasury bonds	174,969,168	100,051,604
Governmental bonds or government guaranteed bonds	54,204,083	58,954,534
Companies bonds and debentures	48,021,647	-
	<u>277,194,898</u>	<u>159,006,138</u>

(10) INVESTMENTS IN AFFILIATE COMPANIES*(In Jordanian Dinars)*

COMPANY	Housing Company For Hotels and Tourism Investments *	The Housing Bank for Trade and Finance Jordan Fund / Bahrain
Country of incorporation	Jordan	Bahrain
Percentage of ownership	50%	29.56%
Nature of Business	Hospitality and Trading	Financial
Date of Financial statements	December 31, 2001	December 31, 2001
Total Investment	21,301,460	3,477,081
Bank's share of profit /loss	50%	29.56%
Method of computation	equity method	equity method

* During 2001 the company increased its capital to reach JD 43,000,000 and the Bank's share of the increase was JD 11,500,000.

(11) FIXED ASSETS, NET*(In Jordanian Dinars)*

ITEM	Land	Building	Equipment Furniture and Fixtures	Vehicles	Others	Total
December 31, 2001 -						
Beginning balance	4,495,955	11,502,833	41,290,438	682,789	4,250	57,976,265
Additions	-	11,420	5,342,069	135,083	1,042,292	6,530,864
Retirements	(11,524)	(53,160)	(1,959,846)	(85,744)	-	(2,110,274)
Accumulated depreciation	-	(2,138,349)	(28,990,961)	(543,459)	-	(31,672,769)
Advance payment on fixed assets purchases	-	-	1,314,871	-	-	1,314,871
Net Book Value at year end	4,484,431	9,322,744	16,996,571	188,669	1,046,542	32,038,957
December 31, 2000 -						
Beginning balance	4,504,309	11,504,061	37,596,664	776,359	-	54,381,393
Additions	1,638	7,313	4,210,318	22,030	4,250	4,245,549
Retirements	(9,992)	(8,541)	(516,544)	(115,600)	-	(650,677)
Accumulated depreciation	-	(1,919,691)	(25,814,461)	(583,628)	-	(28,317,780)
Net Book Value at year end	4,495,955	9,583,142	15,475,977	99,161	4,250	29,658,485

(12) OTHER ASSETS*(In Jordanian Dinars)*

ITEM	2001	2000
Accrued interest and commission income	8,110,497	12,821,586
Prepaid expenses	457,711	416,294
Properties held for resale, net	14,282,396	5,502,238
Investments in real-estate, net	2,079,680	5,801,985
Others	3,895,598	6,171,975
	28,825,882	30,714,078

Cost of investment in real-estate as of December 31, 2001 and 2000 amounted to JD 2,530,923 and JD 11,506,544 with related accumulated depreciation of JD 451,243 and JD 5,704,559 as of December 31, 2001 and 2000 respectively.

Investments in real-estate are depreciated over their estimated useful lives using percentage ranging between 2% to 12% of its cost.

Fair value of real-estate investment as of December 31, 2001 and 2000 amounted to JD 4,850,000 and JD 16,100,000.

Included in the properties held for resale an amount of JD 160,766 representing real-estate held by the bank but its title not transferred to the bank's name as of the date of the financial statements.

(13) BANKS AND FINANCIAL INSTITUTIONS DEPOSITS

(In Jordanian Dinars)

ITEM	2001			2000		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
Current accounts and demand deposits	2,241,606	11,963,920	14,205,526	1,481,045	10,781,866	12,262,911
Deposits due within 3 months	3,415,969	49,823,816	53,239,785	6,188,543	37,907,476	44,096,019
Deposits mature within 3 - 12 months	-	6,480,187	6,480,187	-	-	-
	<u>5,657,575</u>	<u>68,267,923</u>	<u>73,925,498</u>	<u>7,669,588</u>	<u>48,689,342</u>	<u>56,358,930</u>

(14) CUSTOMERS' DEPOSITS

(In Jordanian Dinars)

ITEM	2001	2000
Current accounts and demand deposits	156,324,805	126,504,052
Saving deposits	437,303,321	410,863,588
Time and notice deposits	634,270,477	671,157,763
Others	11,401,036	864,499
	<u>1,239,299,639</u>	<u>1,209,389,902</u>

Governmental institutions' deposits as of December 31, 2001 and 2000 amounted to JD 128,031,523 and JD 173,527,350 representing 10.3% and 14% respectively.

Non-interest bearing deposits as of December 31, 2001 and 2000 amounted to JD 181,379,526 and JD 164,371,164 representing 14.6% and 13.6% respectively.

Deposits held as collateral against customers' credit facilities as of December 31, 2001 and 2000 amounted to JD 276,534 and JD 1,968,664 representing 0.02% and 0.162% respectively.

Dormant accounts as of December 31, 2001 and 2000 amounted to JD 17,958,862 and JD 14,509,918 respectively.

(15) MARGIN ACCOUNTS

(In Jordanian Dinars)

ITEM	2001	2000
Direct credit facilities	30,824,590	21,004,067
Indirect credit facilities	10,680,646	10,620,665
Deposits against cash margin dealings' facilities	4,053,278	-
	<u>45,558,514</u>	<u>31,624,732</u>

(16) LOANS AND ADVANCES

ITEM	2001	2000
- Amounts borrowed from Central Bank of Jordan with an interest rate of 4.875% to be relent to the Public institution for Housing and Urban Development. Installments are paid semi annually	34,000,000	36,100,000
- Amounts borrowed from Central Bank of Jordan with an interest rate of 3.75% to be relent to Jordan Steel Company with an interest rate of 5.35%. Amounts are due on January 24, 2002	4,410,905	-
- Amounts borrowed from Central Bank of Jordan with an interest rate of 3.75% to be relent to Arab Engineering Manufacturing Company with an interest rate of 5.75%. Installments are due on December 12, 2001, March 4, 2002, May 13, 2002	654,260	-
- Amounts borrowed from Jordanian Government from loans it received from the World Bank to be relent to the Public Institution for Housing and Urban Development to finance its' third project. Repayment is at 30% of sales and at an interest rate of 7.92%. Bank receives no profit margin on such transaction.	1,421,118	1,421,118
- Amounts borrowed from Real Estate Mortgage Finance Co. representing 7 loans due in 2008, with an interest rate ranging between 6.75% to 7.3%, relent by the bank with interest rates ranging between 7.25% to 7.8%	11,552,996	12,199,220
	<u>52,039,279</u>	<u>49,720,338</u>

(17) SUNDRY PROVISIONS*(In Jordanian Dinars)*

ITEM	Beginning Balance	Provision made during the period	Provision used during the period	Provision reversed to revenues	Ending Balance
December 31, 2001 -					
Provision for legal and other obligations	-	101,615	(4,317)	-	97,298
Provision for end of service indemnity	2,072,691	1,312,226	(128,261)	-	(3,256,656)
Other provisions	3,883,081	4,003,467	(1,872,515)	(858,988)	(5,155,045)
	<u>5,955,772</u>	<u>5,417,308</u>	<u>(2,005,093)</u>	<u>(858,988)</u>	<u>8,508,999</u>
December 31, 2000 -					
Provision for end of service indemnity	1,102,186	1,038,130	(67,625)	-	2,072,691
Other provisions	6,239,238	2,829,810	(3,848,808)	(1,337,159)	3,883,081
	<u>7,341,424</u>	<u>3,867,940</u>	<u>(3,916,433)</u>	<u>(1,337,159)</u>	<u>5,955,772</u>

(18) OTHER LIABILITIES*(In Jordanian Dinars)*

ITEM	2001	2000
Accrued interest expenses	2,898,393	7,034,548
Interest and commissions received in advance	12,886,969	11,911,974
Deferred income	5,634	5,786
Accrued expenses	241,239	231,505
Others	13,041,282	11,376,568
	<u>29,073,517</u>	<u>30,560,381</u>

(19) INCOME TAX PROVISION

The movement on the income tax provision was as follows:

(In Jordanian Dinars)

ITEM	2001	2000
Beginning balance	3,273,473	5,340,791
Income tax paid	(2,989,737)	(5,097,983)
Advance payment on 2001 income tax	(3,763,265)	(1,286,162)
Provision for income tax for the year	7,345,750	4,316,827
Ending balance	<u>3,866,221</u>	<u>3,273,473</u>
Income tax appearing in the statement of income represents the following:		
Provision for income tax for the year	7,345,750	4,316,827

The Bank reached a final settlement with the income tax department up to 1999 for Jordan and Palestine Branches.

The Income Tax Department reviewed the Bank's records for the year ended 2000 with no final amount was issued by the Department as of the date of the financial statements.

(20) MINORITY INTEREST

This represents minority shareholder's equity in International Financial Center Company which is owned by Jordan Real Estate Investment Company. Minority Shareholder's interest in the equity is 22.5% as of December 31, 2001.

(21) SHAREHOLDERS' EQUITY**- Paid-in capital -**

The Banks registered and paid in capital amounted to JD 100,000,000 divided to 100,000,000 shares with a par value of JD 1 per share.

- Additional paid-in capital -

Additional paid in capital amounted to JD 71,000,000 as of December 31, 2001. The accumulated amount represents the difference between the share issue value and its par value..

- Statutory reserve -

The accumulated amounts in this account represent cumulative appropriations at 10% of net income through the years. This reserve is not available for distribution to shareholders.

- Voluntary reserve -

Voluntary reserve amounted to JD 33,222,068 as of December 31, 2001 and 2000. The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income. This reserve is available for distribution to shareholders.

- Other reserves

Other reserves amounted to JD 154,008 which represents interest late payment of capital increase installments which occurred during the year 1997.

(22) CUMULATION CHANGE IN FAIR VALUE

(In Jordanian Dinars)

ITEM	Shares	Bonds	Derivatives	Others	Total
2001 -					
Beginning balance	-	-	-	-	-
Unrecognized gain	6,911,734	407,785	-	21,220	7,340,739
Recognized losses	41,654	-	-	78,874	120,528
Transferred to statement of Income due to impairment of fair value	57,192	-	-	-	57,192
Ending balance	<u>7,010,580</u>	<u>407,785</u>	<u>-</u>	<u>100,094</u>	<u>7,518,459</u>
2000 -					
Beginning balance	-	-	-	-	-
Unrecognized gain	-	-	-	-	-
Recognized losses	-	-	-	-	-
Transferred to statement of Income due to impairment of fair value	-	-	-	-	-
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(23) RETAINED EARNINGS

(In Jordanian Dinars)

ITEM	2001	2000
Beginning balance	-	-
Effect of adopting IAS (39) for the first time *	709,305	-
Net income	<u>6,692,187</u>	<u>-</u>
Ending balance	<u>7,401,492</u>	<u>-</u>

* As a result of disposal of available for sale investments, an amount of JD 69,144 was recognized in the statement of income.

(24) DIVIDENDS

The Board of Directors will propose to the General Assembly of the shareholders meeting during 2002 a cash dividend of 12% of the Bank's paid in capital.

Dividends for the year 2000 were at 10% of the Bank's paid in capital.

(25) INTEREST INCOME*(In Jordanian Dinars)*

ITEM	2001	2000
Credit Facilities -		
Bills and notes discounted	2,070,308	3,063,172
Overdrafts	9,550,989	9,022,980
Loans and advances	50,707,692	57,040,605
Credit cards	23,276	-
Other -		
Balances at the Central Banks	14,973,167	16,380,576
Balance and deposits at banks and financial institutions	13,105,081	15,887,490
Trading investments	886,985	11,605,207
Available for sale investments	1,381,728	-
Held to maturity investments	12,068,139	146,917
Others	176,821	174,787
	<u>104,944,186</u>	<u>113,321,734</u>

(26) INTEREST EXPENSE*(In Jordanian Dinars)*

ITEM	2001	2000
Banks and financial institutions deposits	813,660	1,853,016
Customers deposits -		
Current accounts and demand deposits	621,845	895,333
Saving deposits	12,614,777	15,572,976
Time and notice deposits	30,813,272	43,273,014
Others	823,065	26,555
Cash margins	1,146,015	380,042
Loans and advances	2,838,219	3,071,377
Deposits Guarantee Corporation fees	2,085,763	658,082
Others	6,914	27,674
	<u>51,763,530</u>	<u>65,758,069</u>

(27) NET COMMISSIONS*(In Jordanian Dinars)*

ITEM	2001	2000
Commission income -		
Direct credit facilities	5,256,946	5,363,377
Indirect credit facilities	2,892,676	2,619,237
Less: Commission expense	22,440	-
Net commission	<u>8,127,182</u>	<u>7,982,614</u>

(28) GAIN FROM FINANCIAL ASSETS*(In Jordanian Dinars)*

ITEM	2001	2000
(Losses) from trading investments	(122,462)	(453,910)
Gains from available for sale investments	948,157	593,323
Dividends received	1,176,940	1,576,020
Others	138,365	91,700
	<u>2,141,000</u>	<u>1,807,133</u>

(29) OTHER OPERATING INCOME*(In Jordanian Dinars)*

ITEM	2001	2000
Foreign exchange income	1,670,640	1,036,877
Fees on salaries accounts	1,857,930	1,651,969
Visa card income	897,016	820,132
Fees earned on loans management	6,839	19,879
Safety Deposit Box rental income	127,229	123,407
Commissions on returned checks	299,632	330,952
Account management fees	282,342	114,348
Charges on frozen and low-balance accounts	1,234,691	1,396,293
Invoice processing fees	92,360	100,009
Bonded net income	96,828	83,567
Real Estate Investments income	419,820	522,458
Revenues on banking services	975,475	1,032,007
Others	383,726	247,623
	<u>8,344,528</u>	<u>7,479,521</u>

(30) EMPLOYEES EXPENSES*(In Jordanian Dinars)*

ITEM	2001	2000
Salaries and benefits	14,921,105	13,444,786
Social security contribution	1,354,293	1,132,059
Bank's contribution in saving fund	41,361	853,211
End of service indemnity	1,312,226	1,038,130
Medical expenses	932,174	914,179
Training expenses	247,872	178,952
Travel and transportation expenses	300,354	337,930
Others	273,678	115,885
	<u>19,383,063</u>	<u>18,015,132</u>

(31) OTHER OPERATING EXPENSES*(In Jordanian Dinars)*

ITEM	2001	2000
Computer and software rental	742,022	471,963
Stationery and printings	735,980	794,460
Maintenance and repairs	1,665,639	1,546,323
Post, telephone and telex	734,401	850,453
Rent	1,019,905	946,145
Water, heat and electricity	586,135	546,054
Advertising	504,829	613,405
Donations	328,042	266,390
Transportation expenses	86,815	101,123
Hospitality	166,867	119,276
Insurance	374,131	223,818
Financial Institutions subscriptions	403,285	339,353
Commissions on foreign currency trading	117,592	122,800
Fees on credit facilities processing	297,482	252,976
Bad debts written off	227,511	5,632,715
Others	4,295,022	4,580,059
	<u>12,285,658</u>	<u>17,407,313</u>

(32) NON OPERATING INCOME, NET*(In Jordanian Dinars)*

ITEM	2001	2000
Prior years expenses	(365,939)	(132,514)
Capital gain	3,408,138	508,388
Revenue from reversal of provisions	901,604	1,917,637
	<u>3,943,803</u>	<u>2,293,511</u>

Capital gain balance as of December 31, 2001 includes an amount of JD 3,269,494 representing the Bank's gain from the sale of the Housing Bank Complex to the Housing Company for Hotels and Tourism Investment (Affiliate) in which the Bank's owns 50% of its capital. The sale was effected at market prices.

As a result of the transaction the bank booked deferred revenue of JD 3,269,494 shown in the other liabilities.

(33) EARNINGS PER SHARE*(In Jordanian Dinars)*

ITEM	2001	2000
Net income	21,940,143	11,750,458
Weighted average number of shares	100,000,000	100,000,000
Earnings per share	0.219	0.118

(34) CASH AND CASH EQUIVALENTS

Cash and cash equivalent balances in the statements of cash flows consist of the following balance sheet items:

(In Jordanian Dinars)

ITEM	2001	2000
Cash and balances at the Central Banks	328,940,538	444,976,021
Add: Balances at banks and financial institutions maturing within 3 months	<u>286,782,945</u>	<u>243,423,527</u>
Less: Banks and financial institutions' deposits maturing within 3 months	<u>67,445,311</u>	<u>56,358,930</u>
Net cash and cash equivalents	<u>548,278,172</u>	<u>632,040,618</u>

(35) FAIR VALUE OF FINANCIAL INSTRUMENTS

Following are financial assets and financial liabilities that were not stated at fair value:

(In Jordanian Dinars)

ITEM	2001			2000		
	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference
Financial assets -						
Cash on hand and at Central Banks	328,940,538	328,940,538	-	-	-	-
Balances at banks and financial institutions	286,782,945	286,782,945	-	-	-	-
Deposits at banks and financial institutions	34,974,633	34,974,633	-	-	-	-
Available for sale investments *	12,076,744	-	-	-	-	-
Held to maturity investments	277,194,898	276,940,846	254,052	-	-	-
Financial liabilities -						
Banks and financial institutions deposits	73,925,498	73,925,498	-	-	-	-
Customers' deposits	1,239,299,639	1,239,299,639	-	-	-	-
Margin accounts	45,558,514	45,558,514	-	-	-	-
Net difference between book value and fair value			<u>254,052</u>			

* See note 8.

Due to the fact that there are no secondary markets in which credit facilities are traded in addition to the costs and time constraints, the fair value of these facilities cannot be computed accurately. However the bank's management believes that the fair value of direct facilities is not less than its book value.

(36) RELATED PARTY TRANSACTIONS (INCLUDING TRANSACTIONS WITH SUBSIDIARIES, SISTER COMPANIES AND AFFILIATES)

(In Jordanian Dinars)

ITEM	2001	2000
Balance sheet items -		
Deposits in affiliated companies	22,693,776	15,204,810
Deposits from affiliated companies	78,572,708	68,259,194
Loans and advances given to affiliated companies	10,640,428	10,462,009
Off balance sheet items -		
Indirect credit facilities	318,989	42,658
Income statement items -		
Interests and commission income	1,783,223	1,721,184
Interest and commission expense	3,411,242	4,815,722
Capital gain (losses) - if applicable -	3,408,138	-
Additional information:		
Interest in suspense	-	-
Bad Debts	-	-
Non performing provision	-	-
Non performing credit facilities	-	-
Credit facilities granted to some B.O.D members	-	409,659

Capital gain balance as of December 31, 2001 includes an amount of JD 3,269,494 representing the Bank's gain from the sale of the Housing Bank Complex to the Housing Company for Hotels and Tourism Investment (Affiliate) in which the Bank's owns 50% of its capital. The sale was effected at market prices.

As a result of the transaction the bank booked deferred revenue of JD 3,269,494 shown in the other liabilities.

(37) CONTINGENT LIABILITIES

(In Jordanian Dinars)

ITEM	2001	2000
Letters of credit	78,989,156	69,022,194
Acceptances	59,506,986	45,526,707
Letters of guarantee -	94,915,670	86,414,418
Payments	26,257,458	17,603,261
Performance	47,630,648	36,699,540
Other L/Gs	21,027,564	32,111,617
Non-utilized facilities	59,529,955	45,728,472
	<u>292,941,767</u>	<u>246,691,791</u>

(38) FOREIGN CURRENCIES RISKS

ITEM	Amounts in Thousands JD			
	2001 Foreign currency	Equivalent In JD (,000)	2000 Foreign currency	Equivalent In JD (,000)
U.S Dollar	56,708	40,205	35,073	24,806
Sterling	3,712	3,819	4,151	3,867
Euro	(2,407)	(1,649)	5,332	3,491
French Frank	231	22	1,394	140
Dutch Mark	1,984	637	(9,391)	(3,143)
Swiss Frank	2,295	973	545	235
Japan Yen	98,075	530	(1,618)	(11)
Others	-	952	-	1,455
		<u>45,489</u>		<u>30,840</u>

(39) GEOGRAPHICAL AND SEGMENTAL DISTRIBUTION OF ASSETS AND LIABILITIES AND OFF BALANCE SHEET ITEMS

ITEM	Assets	Liabilities	Off Balance Sheet
2001 -			
A- According to geographic area -			
Inside Jordan	1,294,836,945	1,249,835,073	123,118,752
Other Arab countries	126,974,190	194,921,646	26,570,772
Asia *	13,340,405	-	45,580,258
Europe	249,439,683	7,514,948	52,091,724
Africa	-	-	8,139,331
America	16,348,635	-	24,417,995
Rest of the world	7,871,934	-	13,022,935
Total	1,708,811,792	1,452,271,667	292,941,767
B- According to segment -			
Personal accounts	335,909,783	998,524,032	-
Corporate accounts	891,815,528	238,387,614	-
Others	481,086,481	215,360,021	-
Total	1,708,811,792	1,452,271,667	-
2000 -			
A- Based on geographic area -			
Inside Jordan	1,270,077,734	1,284,414,100	60,984,512
Other Arab countries	138,769,798	102,332,234	29,692,095
Asia *	14,082,713	-	68,256,643
Europe	182,973,850	137,194	52,655,125
Africa	-	-	5,850,569
America	17,294,182	-	19,501,899
Rest of the world	47,097	-	9,750,949
Total	1,623,245,374	1,386,883,528	246,691,792
B- Based on segment -			
Personal accounts	344,771,764	958,185,267	-
Corporate accounts	427,622,384	228,193,919	-
Others	850,851,226	200,504,342	-
Total	1,623,245,374	1,386,883,528	-

* Except Arab countries.

(40) INTEREST RATE RISK

Sensitivity of interest rates as of December 31, 2001 :-

ITEM	1-3 Months	3-6 Months	6 Months to 1 Year	1-3 Years	Over 3 Years	Zero -interest Elements	Total	Average Interest rate %
Assets -								
Cash on hand and balances at the Central Banks	186,060,246	30,000,000	-	-	-	112,880,292	328,940,538	3.600
Balances at Banks and financial institutions	257,411,523	-	-	-	-	29,371,422	286,782,945	4.460
Deposits at Banks and financial institutions	-	15,709,000	13,560,841	5,704,792	-	-	34,974,633	5.350
Trading investments	-	27,356	-	15,113,252	3,341,550	3,761,949	22,244,107	3.830
Credit facilities, net	132,593,297	60,409,342	78,569,457	136,312,717	161,967,414	14,899,165	584,751,392	10.800
Available for sale investments	3,089,538	-	1,416,936	12,404,478	18,635,724	52,733,223	88,279,899	2.440
Held to maturity investments, net	41,788,819	8,037,656	45,629,087	142,242,852	39,496,484	-	277,194,898	5.940
Investments in affiliated companies	-	-	-	-	-	24,778,541	24,778,541	-
Fixed assets, net	-	-	-	-	-	32,038,957	32,038,957	-
Other assets	-	-	-	-	-	28,825,882	28,825,882	-
Total Assets	620,943,423	114,183,354	139,176,321	311,778,091	223,441,172	299,289,431	1,708,811,792	
LIABILITIES AND SHAREHOLDERS' EQUITY								
Liabilities -								
Banks and financial institutions' deposits	67,445,311	4,336,790	2,143,397	-	-	-	73,925,498	4.090
Customers deposits	807,482,010	158,005,461	91,501,914	930,727	-	181,379,527	1,239,299,639	4.230
Margin accounts	28,697,149	261,622	473,161	-	-	16,126,582	45,558,514	3.500
Loans and advances	1,086,556	386,556	1,473,112	8,838,672	40,254,383	-	52,039,279	5.510
Sundry provisions	-	-	-	-	-	8,508,999	8,508,999	-
Other liabilities	-	-	-	-	-	29,073,517	29,073,517	-
Income tax provision	-	-	-	-	-	3,866,221	3,866,221	-
Total Liabilities	904,711,026	162,990,429	95,591,584	9,769,399	40,254,383	238,954,846	1,452,271,667	
Minority interest	-	-	-	-	-	84,650	84,650	-
Shareholders' equity -								
Paid in capital	-	-	-	-	-	100,000,000	100,000,000	-
Additional paid in capital	-	-	-	-	-	71,000,000	71,000,000	-
Statutory reserve	-	-	-	-	-	21,609,448	21,609,448	-
Voluntary reserve	-	-	-	-	-	33,222,068	33,222,068	-
Foreign branches reserve	-	-	-	-	-	3,550,000	3,550,000	-
Other reserves	-	-	-	-	-	154,008	154,008	-
Fair value reserve	-	-	-	-	-	7,518,459	7,518,459	-
Retained earnings	-	-	-	-	-	7,401,492	7,401,492	-
Dividends	-	-	-	-	-	12,000,000	12,000,000	-
Total Shareholders' Equity	-	-	-	-	-	256,455,475	256,455,475	
Total Liabilities and Shareholders' Equity	904,711,026	162,990,429	95,591,584	9,769,399	40,254,383	495,494,971	1,708,811,792	
Interest rate sensitivity of on balance sheet items	(283,767,603)	(48,807,075)	43,584,737	302,008,692	183,186,789	(196,205,540)	-	
Off balance sheet items interest rate sensitivity	(74,584,023)	(8,287,114)	-	-	-	-	-	
Cumulative interest rate sensitivity gap	(358,351,626)	(415,445,815)	371,861,078	(69,852,386)	113,334,403	(82,871,137)	-	

Sensitivity of interest rates as of December 31, 2000-

ITEM	1-3 Months	3-6 Months	6 Months to 1 Year	1-3 Years	Over 3 Years	Zero -interest Elements	Total	Average Interest rate %
Assets -								
Cash on hand and balances at the Central Banks	181,383,655	110,924,833	21,849,667	7,090,000	-	123,727,866	444,976,021	3.48
Balances at Banks and financial institutions	118,229,647	54,525,876	59,269,158	-	-	11,398,846	243,423,527	6.46
Deposits at Banks and financial institutions	-	12,918,605	20,564,895	-	-	-	33,483,500	4.71
Trading investments	4,194,388	-	-	-	-	44,148,155	48,342,543	8.59
Credit facilities, net	138,544,854	39,870,865	76,828,456	85,366,650	204,726,038	11,274,555	556,611,418	11.92
Available for sale investments	2,627,600	25,795,709	10,536,500	16,865,243	-	8,409,539	64,234,591	6.01
Held to maturity investments, net	8,958,470	53,615,305	25,593,239	41,057,765	29,781,359	-	159,006,138	7.51
Investments in affiliates companies	-	-	-	-	-	12,795,073	12,795,073	-
Fixed assets, net	-	-	-	-	-	29,658,485	29,658,485	-
Other assets	-	-	-	-	-	30,714,078	30,714,078	-
Total Assets	453,938,614	297,651,193	214,641,915	150,379,658	234,507,397	272,126,597	1,623,245,374	
LIABILITIES AND SHAREHOLDERS' EQUITY								
Liabilities -								
Banks and financial institutions' deposits	25,491,779	5,680,592	11,407,702	-	-	13,778,857	56,358,930	4.83
Customers deposits	914,136,839	40,560,960	105,435,765	-	-	149,256,338	1,209,389,902	5.14
Margin accounts	11,003,012	7,524,506	9,949,166	827,734	-	2,320,314	31,624,732	0.54
Loans and advances	-	-	-	-	-	49,720,338	49,720,338	-
Sundry provisions	-	-	-	-	-	5,955,772	5,955,772	-
Other liabilities	-	-	-	-	-	30,560,381	30,560,381	-
Income tax provision	-	-	-	-	-	3,273,473	3,273,473	-
Total Liabilities	950,631,630	53,766,058	126,792,633	827,734	-	254,865,473	1,386,883,528	
Minority interest	-	-	-	-	-	74,278	74,278	
Shareholders' equity -								
Paid in capital	-	-	-	-	-	100,000,000	100,000,000	
Additional paid in capital	-	-	-	-	-	71,000,000	71,000,000	
Statutory reserve	-	-	-	-	-	18,361,492	18,361,492	
Voluntary reserve	-	-	-	-	-	33,222,068	33,222,068	
Foreign branches reserve	-	-	-	-	-	3,550,000	3,550,000	
Other reserves	-	-	-	-	-	154,008	154,008	
Dividends	-	-	-	-	-	10,000,000	10,000,000	
Total Shareholders' Equity	-	-	-	-	-	236,287,568	236,287,568	
Total Liabilities and Shareholders' Equity	950,631,630	53,766,058	126,792,633	827,734	-	491,227,319	1,623,245,374	
Interest rate sensitivity of on balance sheet items	(496,693,016)	243,885,135	87,849,282	149,551,924	234,507,397	(219,100,722)	-	
Off balance sheet items interest rate sensitivity	(34,799,555)	(9,942,730)	(4,971,365)	-	-	-	-	
Cumulative interest rate sensitivity gap	(531,492,571)	(297,550,166)	(214,672,249)	(65,120,325)	169,387,072	(49,713,650)	-	

(41) LIQUIDITY RISK

December 31, 2001

ITEM	Less than 1 Month	1-3 Months	3-6 Months	6 Months to 1 year	1-3 Years	Over 3 Years	No specific Maturity	Total
Cash on hand and balances at the Central Banks	115,612,288	131,904,820	42,651,251	7,306,752	84,138	-	31,381,289	328,940,538
Balances at banks and financial institutions	207,137,901	79,645,044	-	-	-	-	-	286,782,945
Deposits at banks and financial institutions	-	-	15,709,000	13,560,841	5,704,792	-	-	34,974,633
Trading investments	-	-	27,356	-	15,113,252	3,341,552	3,761,947	22,244,107
Credit facilities, net	93,863,829	53,628,629	60,409,342	78,569,457	136,312,717	161,967,418	-	584,751,392
Available for sale investments	2,059,203	1,030,335	-	1,416,936	12,404,478	18,635,726	52,733,221	88,279,899
Held to maturity investments, net	41,788,447	371	8,037,656	45,629,087	142,242,852	39,496,485	-	277,194,898
Investments in affiliate companies	-	-	-	-	-	-	24,778,541	24,778,541
Fixed assets, net	-	-	-	-	-	-	32,038,957	32,038,957
Other assets	-	7,799,603	-	-	-	-	21,026,279	28,825,882
Total Assets	460,461,668	274,008,802	126,834,605	146,483,073	311,862,229	223,441,181	165,720,234	1,708,811,792
LIABILITIES AND SHAREHOLDERS' EQUITY								
Liabilities -								
Banks and financial institutions' deposits	14,205,526	53,239,785	4,336,792	2,143,395	-	-	-	73,925,498
Customers' deposits	788,780,086	200,081,449	158,005,461	91,501,914	930,729	-	-	1,239,299,639
Margin accounts	25,636,583	19,185,823	261,622	474,486	-	-	-	45,558,514
Loans and advances	828,852	257,704	386,556	1,473,112	8,838,672	40,254,383	-	52,039,279
Sundry provisions	-	-	-	-	-	-	8,508,999	8,508,999
Other liabilities	1,417,104	3,841,587	1,367,181	2,329,077	5,378,677	1,246,474	13,493,417	29,073,517
Income tax provision	3,420,750	445,471	-	-	-	-	-	3,866,221
Total Liabilities	834,288,901	277,051,819	164,357,612	97,921,984	15,148,078	41,500,857	22,002,416	1,452,271,667
Minority interest	-	-	-	-	-	-	84,650	84,650
Shareholders Equity -								
Paid in capital	-	-	-	-	-	-	100,000,000	100,000,000
Additional paid in capital	-	-	-	-	-	-	71,000,000	71,000,000
Statutory reserve	-	-	-	-	-	-	21,609,448	21,609,448
Voluntary reserve	-	-	-	-	-	-	33,222,068	33,222,068
Foreign branches reserve	-	-	-	-	-	-	3,550,000	3,550,000
Other reserves	-	-	-	-	-	-	154,008	154,008
Fair value reserve	-	-	-	-	-	-	7,518,459	7,518,459
Retained earnings	-	-	-	-	-	-	7,401,492	7,401,492
Dividends	-	-	12,000,000	-	-	-	-	12,000,000
Total shareholders' equity	-	-	12,000,000	-	-	-	244,455,475	256,455,475
Total Liabilities and Shareholders' Equity	834,288,901	277,051,819	176,357,612	97,921,984	15,148,078	41,500,857	266,542,541	1,708,811,792
Period gap	(373,827,233)	(3,043,017)	(49,523,007)	48,561,089	296,714,151	181,940,324	(100,822,307)	-
Cumulative gap	(373,827,233)	(376,870,250)	(426,393,257)	(377,832,168)	(81,118,017)	100,822,307	-	-

December 31, 2000

ITEM	Less than 1 Month	1-3 Months	3-6 Months	6 Months to 1 year	1-3 Years	Over 3 Years	No specific Maturity	Total
Cash on hand and balances at the Central Banks	182,665,138	165,789,883	74,238,448	-	-	709,000	21,573,552	444,976,021
Balances at banks and financial institutions	63,344,329	180,079,198	-	-	-	-	-	243,423,527
Deposits at banks and financial institutions	-	-	33,483,500	-	-	-	-	33,483,500
Trading investments	4,194,388	-	-	-	-	-	44,148,155	48,342,543
Credit facilities, net	126,298,874	21,545,360	52,390,606	63,675,219	193,463,196	99,238,163	-	556,611,418
Available for sale investments	-	3,030,053	1,405,815	995,755	22,922,036	26,640,969	9,239,963	64,234,591
Held to maturity investments, net	8,958,470	-	53,615,305	25,593,239	41,057,765	29,781,359	-	159,006,138
Investments in affiliate companies	-	-	-	-	-	-	12,795,073	12,795,073
Fixed assets, net	-	-	-	-	-	-	29,658,485	29,658,485
Other assets	-	17,786,223	-	5,502,238	-	-	7,425,617	30,714,078
Total Assets	385,461,199	388,230,717	215,133,674	95,766,451	257,442,997	156,369,491	124,840,845	1,623,245,374
LIABILITIES AND SHAREHOLDERS' EQUITY								
Liabilities -								
Banks and financial institutions' deposits	33,887,287	3,216,697	14,481,663	4,773,283	-	-	-	56,358,930
Customers' deposits	676,209,968	367,484,403	100,841,818	64,853,713	-	-	-	1,209,389,902
Margin accounts	7,987,192	3,784,675	2,030,570	16,992,650	829,645	-	-	31,624,732
Loans and advances	728,852	257,704	386,556	1,373,112	10,984,896	35,989,218	-	49,720,338
Sundry provisions	-	-	-	-	-	-	5,955,772	5,955,772
Other liabilities	-	-	-	-	-	-	30,560,381	30,560,381
Income tax provision	-	-	-	-	-	-	3,273,473	3,273,473
Total Liabilities	718,813,299	374,743,479	117,740,607	87,992,758	11,814,541	35,989,218	39,789,626	1,386,883,528
Minority interest	-	-	-	-	-	-	74,278	74,278
Shareholders Equity -								
Paid in capital	-	-	-	-	-	-	100,000,000	100,000,000
Additional paid in capital	-	-	-	-	-	-	71,000,000	71,000,000
Statutory reserve	-	-	-	-	-	-	18,361,492	18,361,492
Voluntary reserve	-	-	-	-	-	-	33,222,068	33,222,068
Foreign branches reserve	-	-	-	-	-	-	3,550,000	3,550,000
Other reserves	-	-	-	-	-	-	154,008	154,008
Dividends	-	-	10,000,000	-	-	-	-	10,000,000
Total shareholders' equity	-	-	10,000,000	-	-	-	226,287,568	236,287,568
Total Liabilities and Shareholders' Equity	718,813,299	374,743,479	127,740,607	87,992,758	11,814,541	35,989,218	266,151,472	1,623,245,374
Period gap	(333,352,100)	13,487,238	87,393,067	7,773,693	245,628,456	120,380,273	(141,310,627)	-
Cumulative gap	(333,352,100)	(319,864,862)	(232,471,795)	(224,698,102)	20,930,354	141,310,627	-	-

(42) LITIGATION

In the normal course of business the Bank appears as a defendant in a number of lawsuits totaling approximately JD 9,281,540 and as a plaintiff in lawsuits raised by the Bank on others for approximately JD 27,717,249. The Bank's Management believes that the outcome of such lawsuits will be favorable to the Bank.

Provision for legal obligations amounted to JD 97,298 as of December 31, 2001.

(43) RECLASSIFICATIONS

Some of 2000 balances were reclassified to correspond to 2001 presentation.