



بنك الإسكان للتجارة والتمويل
The Housing Bank for Trade & Finance



ANNUAL REPORT 2005



32nd Board of Directors Report For the Year Ending December 31, 2005

Head Office

**Amman/ Abdali - Parliament Street
P.O.BOX (7693), Amman 11118 - Jordan
Telephone 009626 (5667126) (5607315)
Free Call 080022111
Facsimile 009626 (5678121)
e-mail: info@hbtf.com.jo
Website: www.hbtf.com**



His Majesty KING ABDULLAH THE SECOND BIN HUSSEIN

Contents

The Bank's Vision & Mission	7
Board of Directors	8
Chairman's Statement	10
Chief Executive Officer's Statement	12
The Bank's Financial Performance	14
The Bank's Activities	18
Future Plan for the year 2006	27
Consolidated Financial Statements	29
Disclosure Statements	73

The Bank's Vision & Mission

Our Vision

The Housing Bank for Trade & Finance (HBTF) 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 exceed their expectations, in line with the latest developments in international financial & banking markets.

Our Policy

Adopts total quality management T.Q.M to enhance the value of the firm, financially and socially, and increase ROE in order to become a leader in domestic & regional banking markets.

Our Core Values

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

BOARD OF DIRECTORS

Dr. Michel Marto

CHAIRMAN

Mr. Othman Bafagih

VICE CHAIRMAN

Capital Investments Holding Co. / Bahrain

MEMBERS:

Mr. Abdullah Saudi

SHK. Ali Bin Jassim Al-Thani

Supreme Board of Economic Affairs & Investment /State of Qatar

Mr. Mohammad Abdul Hadi

Supreme Board of Economic Affairs & Investment /State of Qatar

Mr. Saad Al Henaidi

Kuwait Real Estate Investment Consortium

Mr. Mohammad Al Munaifi

Kuwait Real Estate Investment Consortium

Dr. Mohammad Adeinat

Social Security Corporation- Jordan

Mr. Abdel Rahman Al-Jada'

Social Security Corporation- Jordan

Mr. El Sharef Alwan

Libyan Arab Foreign Bank

Dr. Abdul Magid Gadad

Libyan Arab Foreign Bank

Mr. Ammar Zahran

Mr. Ahmed Al Mahrezi

Ministry of Finance / Sultanate of Oman

Mr. Ahmad Abdul Fattah Abu Obeid **Chief Executive Officer (CEO)**

AUDITORS:

- Ernst & Young

- Deloitte & Touché "Middle East" - Jordan



Dr. Michel Marto



Mr. Othman Bafagih



Mr. Abdullah Saudi



SHK. Ali Bin Jassim Al-Thani



Mr. Mohammad Abdul Hadi



Mr. Saad Al Henaidi



Mr. Mohammad Al Munaifi



Dr. Mohammad Adeinat



Mr. Abdel Rahman Al-Jada'



Mr. El Sharef Alwan



Dr. Abdul Magid Gadad



Mr. Ammar Zahran



Mr. Ahmed Al Mahrezi

Chairman's Statement



Dear Shareholders;

On behalf of the board of director's members, I am pleased to greet you and express appreciation for your confidence, as shareholders in our leading bank. The bank has confirmed its position on local, regional and international levels by sustained growth and achievements.

At the end of fiscal year 2005, we have the pleasure to present the 32nd annual report, including the bank's performance and achievements as well as its consolidated financial statements for the year 2005 and future plan for 2006.

Jordanian economy maintained the gains made in recent years and witnessed positive developments in different economic sectors. Real GDP growth exceeded 7% compared to 7.7% in 2004. This growth was supported by a balanced monetary policy, which has maintained stable prices level, and exchange rates of the Jordanian Dinar. Interest rate structure has been flexible and responding to local, regional and international economic developments, with foreign reserves at the Central Bank of Jordan increased to USD (4.8) billion at the year end.

Due to the strong economic growth and investment attractive environment in Jordan, Amman Stock Exchange made unprecedented rise in price index and turnover volumes.

Despite strong price & quality competition in Jordanian banking sector, the year 2005 was full with achievements made by our bank in all activities. Operation results were excellent, thus proving the sound strategies and plans adopted by the board of directors and carefully implemented by the executive management.

Financial statements in the annual report revealed that in 2005 our bank achieved the best financial performance since its establishment. A record jump in pre-tax profits, was achieved. They amounted to JD (105.2) million in 2005 compared to JD (47.1) million in 2004, a growth of JD (58.1) million or (123%). The bank's net after tax profits amounted to JD (74.1) million, an increase of JD (43.8) million, at a growth rate of (144%).

Return on average assets (ROAA) made significant rise to (2.6%) in 2005 compared to (1.3%) in 2004. Return on average equity (ROAE) also rose to (20.4%) in 2005 compared to (9.7%) in 2004.

Total assets made significant growth to JD (3.2) billion, an increase of JD (696.6) million, at a growth rate of (28%) compared with the end of 2004. Net balance of direct credit facilities also rose to JD (1.3) billion, a growth rate of (43%), which confirmed the size of the bank's contribution to the socio-economic development in Jordan. The bank's market share of loans & credit facilities increased to (13.9%) at the end of 2005 compared to (13.4%) at the end of 2004. It is to be noted that the growth was accompanied by substantial improvement in assets quality, whereby non-performing loans declined from (5.4%) of total volume of credit portfolio at the end of 2004 to (3.2%) at the end of 2005.

On liabilities side of the balance sheet, deposits rose, despite strong competition, to JD (2.4) billion, a growth rate of (24%). Thus the bank's share of deposit market grew to (16.3%) at the end of 2005, compared to (15.1%) at the end of 2004, which confirms the bank's ability to attract deposits due to the confidence it enjoys among customers and the continuous improvement in service quality, and diversification of products.

External branches made good operating results as profits improved at the bank's branches in Palestine & Bahrain as well as the subsidiary banks i.e The International Bank for Trade & Finance / Syria, and The Housing Bank for Trade & Finance / Algeria, which made good results in 2005. Representative offices in Baghdad, Tripoli/ Lybia and Abu Dhabi also made promising results and contributed in marketing the bank's services.

In view of these results shareholders equity grew to JD (395) million, a growth rate of (19%), thus improving the bank's own resources to keep up with continuous expansion of business. Accordingly, capital adequacy ratio reached (17.31%), which exceeded The Central Bank of Jordan minimum requirement of (12%). The bank's market capitalization made substantial increase to around JD (2) billion, at a growth rate of (150%) as the bank's share closing price at Amman Stock Exchange rose to JD (19.99) at the end of 2005, which again confirms its sound financial position and the confidence of investors.

Dear Shareholders,

With such outstanding results and strong potentials, the bank has ambitious strategies & plans to develop various activities, improve performance on quantitative and qualitative levels. We rely on developing our human resources, and delivery channels using the latest technology. Next year 2006 will witness a series of upgrades in banking technology utilized by our bank, which, the customer would feel through improving current services and developing new products which would meet their various needs.

Dear Shareholders,

In view of the excellent results achieved the bank, the board of directors recommends paying a dividend of (25%), compared to (20%) paid last year. We hope for more in the coming years.

I would like to take this opportunity on behalf of the board members and shareholders to express our deep thanks and appreciation to the Government and its official institutions, particularly the Central Bank of Jordan and Jordan Securities Commission. They provide continuous support to the bank and make efforts to improve the performance of various economic sectors, thus enabling the banking system to improve its performance in serving the national economy.

I would also extend thanks and appreciation to our shareholders and customers for their continuous support as well as the board members and chief executive officer for their vital role as well as all employees for their relentless efforts to achieve the bank's strategic goals.

In conclusion, I wish our institution more success and prosperity in serving our national economy and our country under the leadership of His Majesty King Abdullah the second Bin Hussein, the leader of modern Jordanian State.

Dr. Michel Marto
Chairman of the Board of Directors

Chief Executive Officer's (CEO) Statement



Dear shareholders,

The year 2005 was full with outstanding achievements in all activities. The bank has confirmed its leading position in Jordanian banking sector and made record operating results in deposits attraction, credit and investment which were significantly reflected on the bank's profit and its financial position. All that was accompanied by upgrading the level of services provided to all segments of customers. That came as a result of sound planning and successful implementation of strategies and plans adopted by the board of directors and joint efforts exerted by the bank's sectors, departments, branches & subsidiaries. Thus the bank's market shares of various activities were significantly increased.

In view of the bank's leading position in local credit market and its responsibility in supporting economic activity & development, it has continued to provide credit facilities to retail & corporate customers at high loan quality and risk diversification. The bank provided direct and indirect credit facilities to several investment projects and led several syndicated loans to vital projects in promising economic sectors. Moreover it has attracted many new distinguished and corporate customers and so it has increased its market share.

Based on its strategic plan and for the purpose of diversification of its business and enlargement of its customer's base so as to increase revenues, the bank has introduced many new products and services in retail banking sector to meet the needs and expectations of all customer segments. They included expansion of delivery channels to provide multiple options for customers, wherever they are, and around the clock. The bank has also launched the Banacassurance service and continued to develop E-banking services, for which it is a leader in local market.

In regard to investment and brokerage services, results showed increased revenues of these services, provided in local & international capital markets. The Housing Bank for Trade & Finance /Jordanian securities mutual investment fund made good results along with the strong performance of Jordanian stock market, and attracted many subscribers due to its high return.

In application of the bank's strategy which aims to integrate products & services and diversify revenues, the bank established "Specialized Lease Finance Company" as a full subsidiary that would start operating in 2006.

As for banking technology, the bank expanded its IT base and networks in order to reduce service delivery costs, increase speed and efficiency of operations and provide modern electronic environment. Most significant achievements included systems disaster recovery, and automated supporting systems for credit and treasury operations. It has also continued to execute ATM switch project in order to upgrade its ATM network to match with modern universal specifications for smart cards. Work also continued in new branch automation project.

In regard to managerial and human resources development, the bank has during 2005, completed the restructuring project, made in collaboration with a major international consulting company aiming to utilize potential in ideal way to achieve strategic goals. Main features of restructuring program: restructuring various activities and operating units into a new organizational structure, redefining duties of main jobs, dividing the bank into cost & profit centers, in order to form a base for future plans, ensure accountability, based on performance. A fair and transparent compensation system for all employees was introduced and based on main business objectives (MBOs) for each. The bank also continued to provide internal & external training programs to all levels of employees to improve their skills and raise productivity. Moreover the bank continued to recruit distinctive bankers and appointed distinguished graduates.

Dear shareholders,

Excellent operating results contributed to improve the bank financial soundness. Moody's Investor Services raise the financial strength rating of the bank from (D) to (D+). Capital Intelligence raised the bank's rating from (BBB) to (BBB+). The bank was also awarded the International Star / Golden Category Award from M/S Business Initiative Directions, (BID) / Switzerland due to its good reputation in leadership and management.

The good results we achieved by virtue of your support put us in front of new challenges to continue at high level. We promise you to do our best and achieve more, through improving our relation with existing customers and attract new potential customers.

I would like to take this opportunity to compliment the valuable direction of the board of directors, which contributed to the bank's success and prosperity.

I would also like to express thanks and appreciation to the government and its various institutions, particularly The Central Bank of Jordan for their cooperation and active role in economic development, as well as all employees for their relentless efforts to achieve the bank's goals. Many thanks to our customers and shareholders for their support and trust, assuring them we shall do our best to improve our services to higher levels.

May God guide us in serving our institution to contribute to the prosperity of our economy and country under the leadership of His Majesty King Abdullah the second Bin Hussein, may God protect him.

Ahmad Abdul Fattah Abu Obeid
Chief Executive Officer (CEO)

The Bank's Financial Performance in 2005

Despite strong competition in Jordanian banking market, the bank was able in 2005 to make outstanding achievements, improving its position and strength.

Major Financial Indicators of the Bank (2001-2005)

Amounts In Millions JD'S*

Item/Year	2001	2002	2003	2004**	2005**	Growth Rate in 2005
Total Assets	1708.8	1773.0	2030.6	2499.6	3196.3	28%
Customers' deposits	1239.3	1280.4	1526.5	1919.1	2370.5	24%
Credit Facilities-Net	584.7	600.1	628.8	880.0	1260.8	43%
Shareholders Equity	256.5	268.8	293.1	330.9	395.0	19%
Profit before Income Tax	29.3	29.2	30.8	47.1	105.2	123%
Profit for the year	21.9	21.9	22.5	30.3	74.1	144%
Return on Average Assets (ROAA)	1.31%	1.26%	1.18%	1.34%	2.60%	1.26 p.p
Return on Average Equity (ROAE)	8.89%	8.34%	8.01%	9.71%	20.42%	10.71 p.p
Dividend	12	15	15	20	25	25%
Share price in ASE (JD)	2.360	2.420	4.330	8.000	19.990	150%
Market Capitalization	236	242	433	800	1999	150%

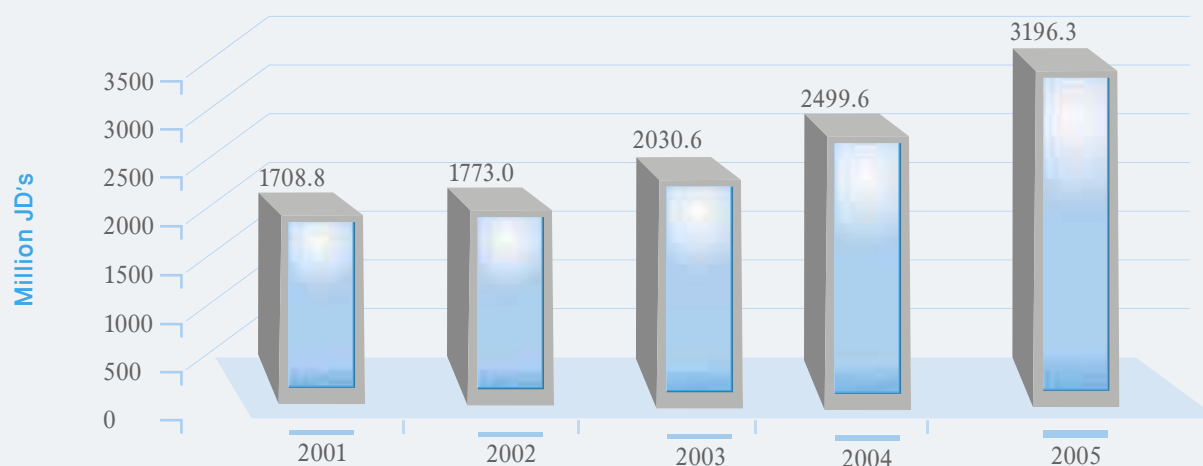
*One JD = USD 1.41 , Pegged.

**Prepared according to the new accounting standards, as explained in significant accounting policies in the notes attached to the financial statements.

Balance Sheet

Total balance sheet increased by JD (696.6) million to JD (3,196.3) million at the end of 2005 compared to JD (2,499.6) million at the end of 2004, a growth rate of (28%). This strong growth is attributed to the increase of the sources of funds, mainly customer deposits as well as the increase in uses of funds, mainly direct credit facilities.

Growth of Total Assets

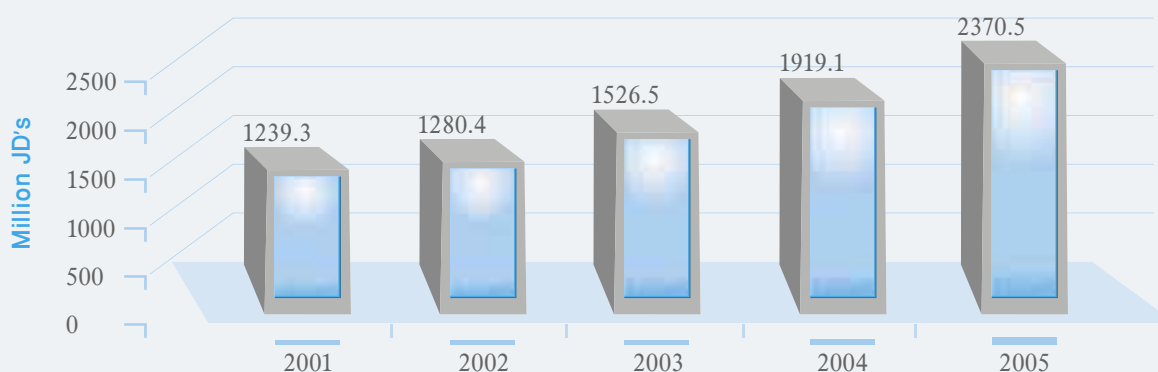


Deposits

The bank doubled its efforts to attract savings and deposits of various types and sources. Total deposits amounted to JD (2,465.1) million at the end of 2005, an increase of JD (475.7) million or (19%) over 2004. If deposits of banks and financial institutions were excluded, customer deposits at the bank become JD (2,370.5) million, compared to JD (1,919.1) million, at the end of previous year, an increase of JD (451) million or (24%).

As a result of big efforts made by the bank in attracting deposits and developing incentives and prizes granted to saving account holders, the bank's market share of local deposits increased to (16.3%) at the end of 2005 compared to (15.1%) at the end of 2004.

Growth of Customer Deposits

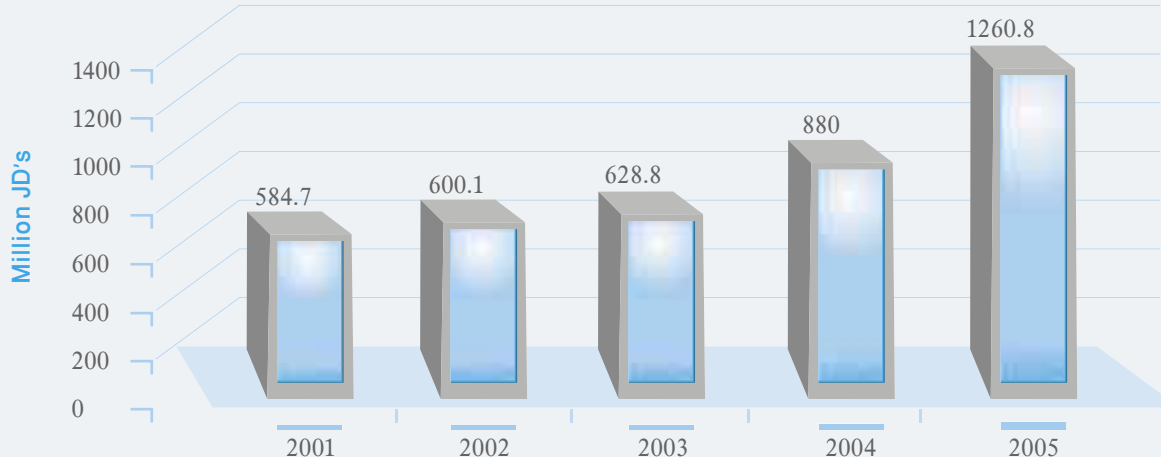


Direct Credit Facilities

The bank continued to encourage investment in 2005 and provided necessary finance for retail and corporate customers, in public and private sectors, contributing to economic development. Total direct credit facilities recorded a substantial increase of JD (382.7) million or (41%) and amounted to JD (1,313.4) million at the end of 2005. Net facilities after deducting provisions and suspended interest, increased by JD (380.8) million or (43%) and amounted to JD (1,260.8) million at the end of 2005. Accordingly the bank's share of credit market grew from (13.4%) at the end of 2004 to (13.9%) at the end of 2005.

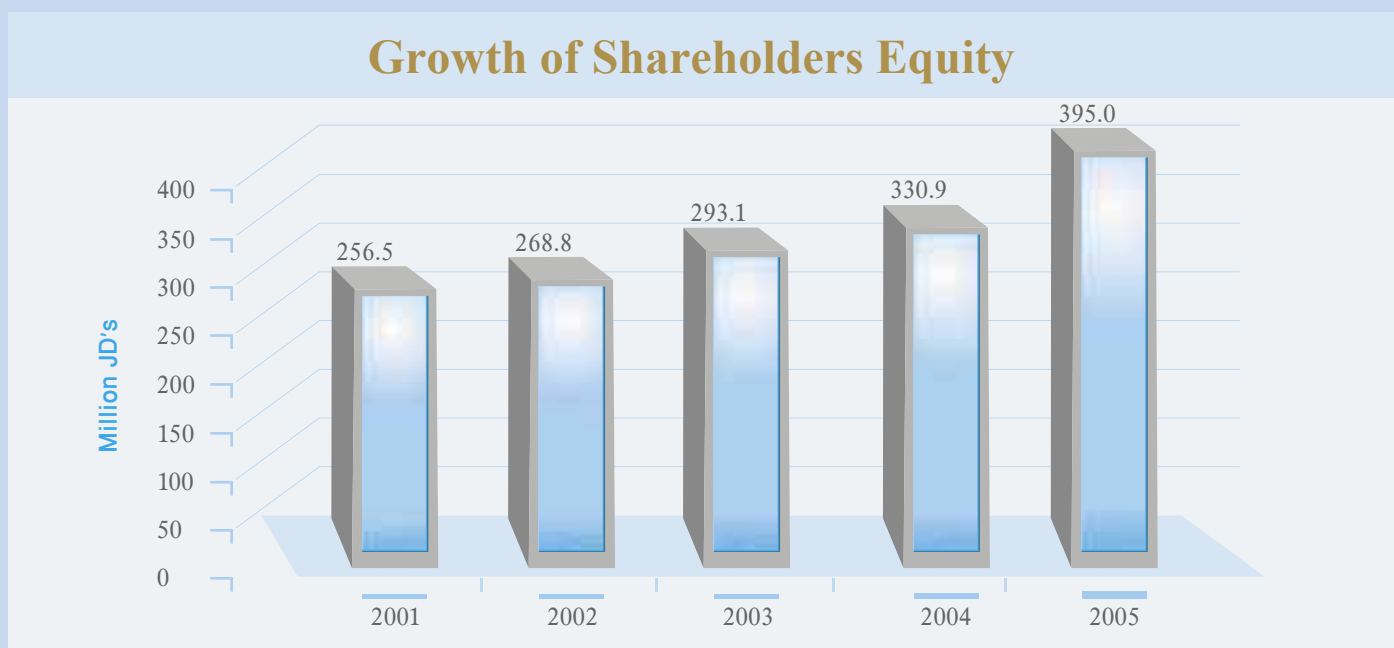
As a result of sound credit policies followed by the bank, accuracy of procedures and efficient collection, the quality of loan portfolio reached a good level. Non-performing loans declined by (22%) and their ratio to total loan portfolio improved from (5.4%) at the end of 2004 to (3.2%) at the end of 2005.

Growth of Credit Facilities



Shareholders Equity

In 2005 the bank continued to support its capital base by increasing its reserves. The bank's shareholders equity amounted to JD (373.8) million at the end of 2005, a growth of (19%). By adding minority interests, total shareholders equity amounted to JD (395) million, compared to JD (330.9) million, at the end of 2004. Thus, the bank maintained its leading position in terms of equity among operating banks in Jordan. Capital adequacy ratio is (17.31%) which exceeds the minimum ratio required by The Central Bank of Jordan of (12%).



Net Interest & Commission Income

Increased to JD (110.5) million at the end of 2005 compared to JD (75.2) million at the end of 2004, a growth rate of (47%).

Gross Income

Rose to JD (173.6) million at the end of 2005 compared to JD (103.4) million at the end of 2004, a growth rate of (68%).

Total Expenses

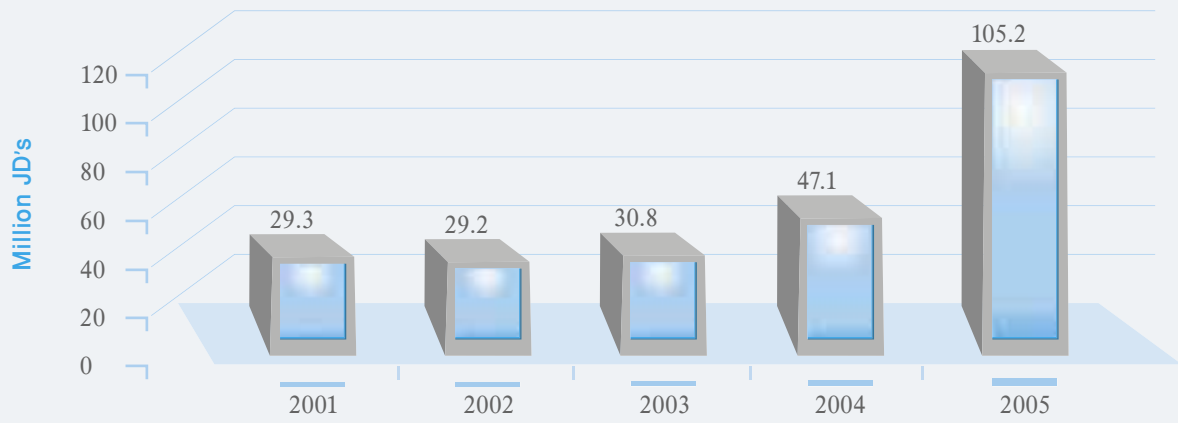
Rose to JD (68.4) million at the end of 2005 compared to JD (56.3) million at the end of 2004, an increase of (22%).

Profit

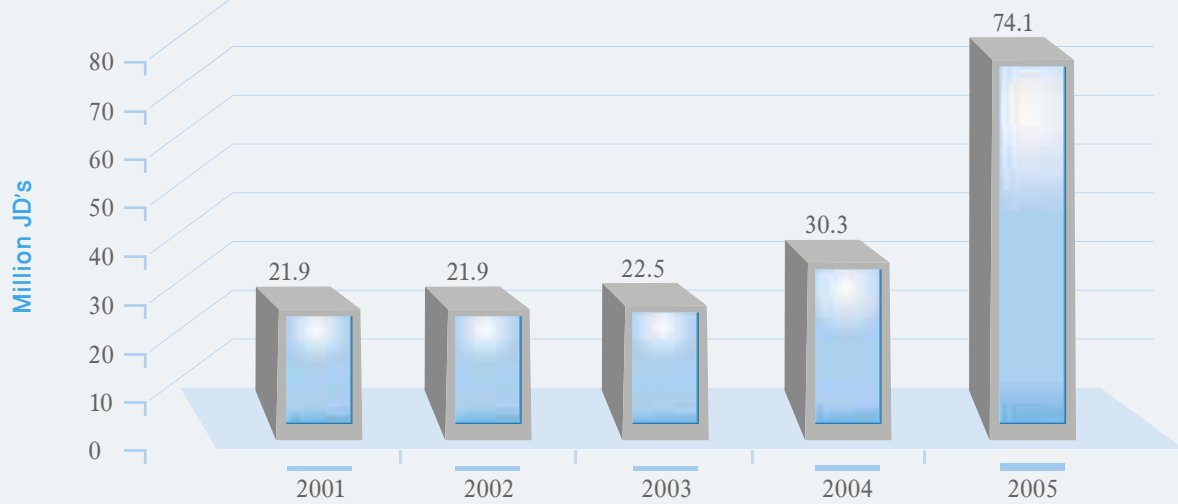
Due to the much higher growth of gross income versus expenses, profit before income tax made a record increase, and amounted to JD (105.2) million compared to JD (47.1) million in 2004, an increase of JD (58.1) million at a growth rate of (123%).

Profit for the year amounted to JD (74.1) million, compared to JD (30.3) million in 2004, an increase of JD (43.8) million and a growth rate of (144%).

Growth of Pretax Profits



Growth of After Tax Profits



The Bank's Activities in 2005

One of the main features of the bank's activities in 2005 was maintaining its leading position in local banking market in introducing many new products and services of high quality to meet customers needs and expectations. The bank has also expanded treasury and investment activities as well as feasible investment in banking technology and in qualified and innovative human resources. Thus the bank achieved record growth in business and outstanding performance in 2005.

Retail Banking Services

Based on its strategy of diversifying income and lowering the dependence on interest margin through the growing of fee-based income, especially non-risk related earnings the bank confirmed its leadership in retail banking. It has exploited its competitive advantage of the largest branch network of (96) covering most residential and commercial areas in Jordan, and ATM network of (150) machines, in addition to its leading position in electronic banking. It is noteworthy that cash transactions performed through ATMs formed (79%) of total cash transactions at the bank in 2005 compared to (75%) in 2004.

One of the main retail banking services introduced by the bank in 2005 was the Bancassurance whereby it sells various insurance policies through its branches all over Jordan.

Despite strong competition over consumer loans, the bank has been keen to provide them at soft terms & competitive rates, which led to attracting more customers and growing market share.

The bank continued to play its leading role in providing housing finance to meet housing needs of all segments of society and real estate developers who build collective housing projects for citizens of different income segments.



In regard to electronic banking services the bank continued to provide services in easy and convenient way, around the clock through its electronic delivery channels which are the best and most efficient, including ATM, SMS, Phone & Mobile bank, Call Center, Iskan On line through the Internet and Kiosks which were installed in four branches as first phase.

In order to confirm its image among the public and provide easier and faster services, the bank currently works on developing its web site and apply portal project, which makes it easier for users to browse the site and get banking services. Work is underway on national electronic payment gate which would enable customers to make various electronic payment such as account/account direct transfer and pay for purchases as well as payment of dues to government departments, through the bank's net.

Plastic Card activity recorded strong growth in 2005 and the bank maintained its leading position in local market. Visa Cards issued by the bank increased to (31,314) and the bank's share of all types of Visa Cards increased to (23.2%). Using credit card showed high growth of (133%) and expected to grow more in 2006, as a result of the plan to covert all magnetic cards to chip cards, which would provide security for both customer and the bank. Loyalty project will be applied on cards, and the bank will issue Visa Electron prepaid card which could be used as presents or for money transfer.



Corporate Banking

The bank continued to adopt a strategy aiming to follow the best corporate finance techniques and succeeded in improving the volume of its relations with current customers and building fruitful relation with new ones, through its specialized products and services provided to business and corporate sector. Number of customers increased, particularly major corporate customers, as well as sources of revenues, and profitability, with diversification and lowering risks. It has expanded credit operations through providing finance to various sectors and projects including infrastructure, as well as major real estate, industrial commercial and service projects and covering small, medium & large corporations in addition to joint finance of large scale economic projects.

On direct finance level, the bank provided finance to vital projects supporting national economy. In 2005, it has granted credit facilities to Omniah Mobile Phone Company to finance the building and operating of mobile communication network. It has also granted credit facilities to Sun Days Int. Co. to construct water resort on Dead Sea beach as well as providing finance to Jordan Petroleum Refinery Co.



On syndicated loans, the bank activated its role in leading and managing these loans through providing finance and consultation. It has managed several syndicated loans including: JD (60) million loan to United Arab Investors Co., JD (9) million loan for Hussien Bin Talal University and another JD (14.6) million loan to Al AlBait University for their expansion projects, and executed first withdrawal of USD (30) million from the loan granted to Fajr Jordanian Egyptian Company executing natural gas pipeline, out of USD (160) million loan agreement signed in July 2004.



The bank has also continued to support trade exchange between Jordan and Arab Countries through several programs to finance exports & imports including: Jordan Loan Guarantee Co. program, credit lines with Islamic Development Bank / Jeddah, Arab Trade Finance Program/ Abu Dhabi, Arab Investment Guarantee Corp./ Kuwait program and Industrial Finance program (Ejadah) which aims to support small and medium industrial projects.

Treasury & Investment

Results achieved by the bank in 2005 in treasury and investment activities confirmed its leading and competitive position in local banking market, dealing in instruments denominated in Jordanian Dinar and foreign currencies as well as providing various investment services.

In view of the unprecedented activity and record turnover of the Jordan stock market, The Housing Bank for Trade & Finance / Jordanian securities mutual investment fund made good results in terms of attracting new subscribers, and achieving high return compared with Amman Stock Exchange index and alternative opportunity in money market instruments. Net asset value amounted to JD (100.798), with a return of (55%) in 2005, while average annual rate of return since launching in October 1,2001 till the end of 2005 was (72%).

The bank provides integrated package of investment services to its retail and corporate customers. They include portfolio management, brokerage in local, regional & international capital markets, securities custody as well as marketing of various investment products. Moreover, it provides foreign exchange and precious metals trading services to customers under margin, account/ account and forward contracts.

The bank is currently in the process of applying a real-time computerized system for executing transactions including measuring investment related risks. It also seeks to launch more domestic and regional investment funds to meet the needs of a wider base of customers.



Information Technology & Systems Development

Based on the importance of exploiting the enormous potentials of modern banking technology, the bank continued in 2005 to expand its IT base. It has executed several projects to improve operating efficiency of various banking systems, upgrade electronic services to faster, more convenient at lower costs.

Many initiatives were made to support the bank's leading position in banking technology including core banking activities and electronic banking services to meet the needs of various categories of customers, so as to become "remote banking service". Initiatives included the following:

- 1- Application of credit system for small and medium enterprises (SMEs support system).
- 2- Application of new automated brokerage system.
- 3- Application of new automated treasury system in Bahrain branch.
- 4- Application of IP Telephony.
- 5- Application of systems Disaster recovery.
- 6- Re-engineering of IT operations to improve service.
- 7- Continued to implement new branch automation project.
- 8- Continued to implement ATM switch project, to upgrade ATMs and adapt them with international specifications for smart cards.



Managerial & Human Resources Development

Recruiting & promoting Policies

A main feature of the bank's strategy is the continuous development of its human resources, whether by recruiting new competent staff or through upgrading of existing staff qualifications. In 2005, the bank continued to apply its recruiting policy, which is based on attracting competent, experienced staff of outstanding performance and high qualifications. New recruits are required to have good personal & professional attributes and pass special tests.

Seeking to provide a performance culture at the bank, main business objectives (MBOs), were defined for main jobs in various sectors & departments. A modern and transparent criteria for performance evaluation of employees was applied. It mainly depends on performance level and achievement of MBOs. The bank has also applied flexible schemes of incentives including bonus to encourage competition and innovation among its staff.

It has also made restructuring of staff salaries with generous raises, based on surveys, so that they become one of the best in Jordanian banking market.

Number of the bank's employees in Jordan and abroad totaled (1,804) at end of 2005, including executive management, divided according to qualifications as follows:

Qualifications	Number
Less than General Secondary Certificate	22
General Secondary Certificate	164
Medium Diploma	487
Bachelor Degree	1059
High Diploma	3
Master Degree	66
PH.D	3
Total	1804

Training

In implementation of the bank's strategy calling for customer focus, it has continued, in 2005, to develop staff skills to provide more professional and high quality customer service. Focus was made in critical jobs and branch managers.

A new group of second line branch staff were qualified to be branch managers and another group to be credit officers by attending intensive training program, aiming to have a generation of specialized & professional credit staff.

In order to improve capabilities in risk management in preparation to apply Basel II requirements, a group of employees were made to attend training courses, conferences and workshops in managing various risks. Other staff attended courses in preventing money laundering, fraud and money & document counterfeit.

In the year 2005, total training opportunities provided by the bank were (1,428), in addition to internal seminars in which (319) employees participated. The bank has also provided opportunities for (44) employees to study and get academic certificates and (7) employees for professional certificates.

The Bank's Training Activities During 2005

Item	Number of participants
Training programs held at the Bank-based Training Center.	972
Training programs held in collaboration with specialized local training institutions	407
Training courses held in Arab and foreign countries	89
Seminars	319
Academic Certificates	44
Professional Certificates	7
Total	1,838



Social Role

Based on its commitment to serve local society, support public interest & noble purposes, the bank continued in 2005 to support charitable activities, human, social and scientific institutions. In this regard the bank donated USD one million to establish the King's Academy.

It also sponsored many seminars, activities & conferences supporting sustained economic development, as well as social & cultural programs including: Traffic awareness, King Hussein Cancer Foundation programs, anti smoking, family and child day, Jerash festival, national program for awareness & development, sponsoring the honoring of Jordan Information Center, sponsoring the international conference for media development and Arab Academy for Banking & Finance Conference.

Moreover, the bank provided training to a number of universities students in order to qualify them for getting jobs.

The bank's employees participated in local community activities such as blood donation, visiting patients, providing supplies to old people, care houses and orphanages, besides other activities, in order to build trust with local community and contribute to the prosperity of our country.



Future plan for the year 2006

The Housing Bank for Trade & Finance seeks to continue its sustained growth in local banking market by exploiting its points of strength & competitive advantages. It seeks to grow its market share in most sectors and improve various indicators and financial ratios in order to support its strong competitive position in domestic market. Accordingly, the bank will implement in 2006 a strategic plan aiming to achieve qualitative & quantitative dominance. The guidelines of this plan are as follows:

- 1- Meeting the renewed needs and requirements of retail & corporate customers by providing high quality products and services to most segments, through the various delivery channels.
- 2- Supporting the good image of the bank as a leading banking in domestic market, through improving indicators & financial ratios and achieving high profitability & return.
- 3- To grow the operating revenues through diversification and introducing value-added services, with focus on non-interest & low-risk income.
- 4- Support the bank's image as a leader in banking technology and introducing electronic banking services, through investment in IT and modern banking technology in order to provide 24/365 convenient services to customers and meet the requirements of internal operating.
- 5- Continue in developing risk management systems in preparation to apply Basel II requirements, related to Capital adequacy.
- 6- Continue in developing human resources, to build vital workforce, increase loyalty & productivity, reward outstanding performance and provide the best training.
- 7- Continue regional expansion into promising markets to improve the bank's financial position, market share, and presence on regional level.





**Consolidated Financial Statements
as of December 31, 2005**

Board of Directors Acknowledgment

The Board of directors of The Housing Bank for Trade & Finance acknowledges responsibility for the soundness and correctness of the statements and data mentioned in the annual report for the year 2005, and providing effective control system in the bank. The board also assures there are no substantial matters, which may adversely affect the bank's continued efficient performance in the next fiscal year 2006.

Dr. Michel Marto
Chairman of the Board of Directors

Ahmad Abdul Fattah Abu Obeid
Chief Executive Officer (CEO)

Khaled Al-Thahabi
Chief Financial Officer (CFO)

AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheet of The Housing Bank for Trade and Finance (a public shareholding company) as of December 31, 2005 and the related consolidated statements of income, changes in equity and cash flows for the year 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 have obtained the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Housing Bank for Trade and Finance as of December 31, 2005 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the law and with International Financial Reporting Standards and we recommend their approval.

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.

Ernst and Young

Deloitte and Touche M.E - Jordan

**Amman – Jordan
January 30, 2006**

CONSOLIDATED BALANCE SHEET December 31, 2005

	Notes	2005	(RESTATED) 2004
		JD	JD
ASSETS			
Cash and balances with central banks	4	676,338,829	576,861,408
Balances with banks and financial institutions	5	404,651,251	297,062,751
Deposits with banks and financial institutions	6	3,600,838	30,815,876
Trading investments	7	16,855,313	11,327,760
Credit facilities – net	8	1,260,752,654	879,957,727
Available-for-sale investments	9	469,771,251	321,729,814
Held-to-maturity investments - net	10	237,381,123	257,257,927
Investments in associates and subsidiaries	11	19,765,191	19,688,063
Premises and equipment – net	12	43,105,931	38,266,619
Intangible assets	13	999,295	1,288,681
Other assets	14	55,757,057	57,365,122
Deferred income tax assets	20	7,274,235	8,023,502
TOTAL ASSETS		<u>3,196,252,968</u>	<u>2,499,645,250</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Banks and financial institutions' deposits	15	94,625,050	70,284,206
Customers' deposits	16	2,370,459,052	1,919,146,462
Margin accounts	17	198,269,684	78,387,121
Loans and borrowing	18	29,498,596	33,660,758
Sundry provisions	19	13,362,472	10,896,673
Income tax provision	20	32,860,070	15,710,692
Deferred income tax liabilities	20	8,154,348	3,795,859
Other liabilities	21	53,990,592	36,843,079
TOTAL LIABILITIES		<u>2,801,219,864</u>	<u>2,168,724,850</u>
EQUITY ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS			
Paid-in capital	22	100,000,000	100,000,000
Additional paid - in capital	22	49,884,008	49,884,008
Statutory reserve	23	41,844,376	32,601,323
Voluntary reserve	23	33,222,068	33,222,068
Foreign branches reserve	23	-	24,820,000
General banking risks reserve	23	12,502,237	10,710,274
Foreign currency translation differences	24	(1,454,704)	113,448
Cumulative changes in fair values, net	25	21,879,602	12,089,851
Retained earnings	26	90,885,407	30,292,408
Proposed dividends	27	25,000,000	20,000,000
TOTAL EQUITY ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS		<u>373,762,994</u>	<u>313,733,380</u>
MINORITY INTERESTS	28	<u>21,270,110</u>	<u>17,187,020</u>
TOTAL EQUITY		<u>395,033,104</u>	<u>330,920,400</u>
TOTAL LIABILITIES AND EQUITY		<u>3,196,252,968</u>	<u>2,499,645,250</u>

The attached notes from 1 to 54 are part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2005

	Notes	2005	(RESTATED) 2004
		JD	JD
Interest income	29	137,278,844	89,246,882
Interest expense	30	(42,043,248)	(23,122,315)
Net Interest Income		95,235,596	66,124,567
Net commission	31	15,288,712	9,125,201
Net Interest and Commission Income		110,524,308	75,249,768
Foreign exchange income		4,781,737	2,164,382
Gains less losses arising from trading investments	32	6,484,591	985,612
Gains less losses on sales and dividends from available-for-sale-investments	33	19,664,488	8,581,710
Bank's share of profit of associates	11	440,066	60,944
Other income	34	31,711,844	16,354,184
Gross Income		173,607,034	103,396,600
Employees' costs	35	30,616,333	25,298,415
Depreciation and amortization	12 & 13	7,017,180	6,578,549
Other expenses	36	21,739,907	19,738,619
Provision for credit losses	8	7,142,773	2,583,986
Sundry provisions	19	1,931,969	2,091,068
Total Expenses		68,448,162	56,290,637
PROFIT BEFORE INCOME TAX		105,158,872	47,105,963
Less : Income tax expense	20	31,107,094	16,811,514
PROFIT FOR THE YEAR		74,051,778	30,294,449
Attributable to :			
Bank's shareholders		71,789,280	30,587,756
Minority interests	28	2,262,498	(293,307)
Earnings per share	37	0.718 JD	0.306 JD

The attached notes from 1 to 54 are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY December 31, 2005

	Reserves										Total equity		
	Paid-in Capital	Additional Paid-in capital	Statutory	Voluntary	Foreign Branches	General Banking Risks	Foreign Currency Translation Differences	Cumulative Changes in Fair values-net	Retained Earnings	Proposed Dividends	Attributable to the Bank's Shareholders	Minority Interest	Total Equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2005													
Balance beginning of the year	100,000,000	49,884,008	32,601,323	33,222,068	24,820,000	10,710,274	113,448	12,089,851	30,292,408	20,000,000	313,733,380	17,187,020	330,920,400
Foreign currency translation differences	-	-	-	-	-	-	(1,568,152)	-	-	-	(1,568,152)	(1,258,283)	(2,826,435)
Cumulative changes in fair values-net	-	-	-	-	-	-	-	9,789,751	-	-	9,789,751	-	9,789,751
Others	-	-	-	-	-	-	-	-	(26,829)	-	(26,829)	-	(26,829)
Profit for the year	-	-	-	-	-	-	-	-	71,789,280	-	71,789,280	2,262,498	74,051,778
Total	100,000,000	49,884,008	32,601,323	33,222,068	24,820,000	10,710,274	(1,454,704)	21,879,602	102,054,859	20,000,000	393,717,430	18,191,235	411,908,665
Increase in paid-in capital	-	-	-	-	-	-	-	-	-	-	-	3,124,439	3,124,439
Transfer from minority interests	-	-	-	-	-	45,564	-	-	-	-	45,564	(45,564)	-
Transfer to/from reserves	-	-	9,243,053	-	(24,820,000)	1,746,399	-	-	13,830,548	-	-	-	-
Proposed dividends	-	-	-	-	-	-	-	-	(25,000,000)	25,000,000	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Balance, end of the year	100,000,000	49,884,008	41,844,376	33,222,068	-	12,502,237	(1,454,704)	21,879,602	90,885,407	25,000,000	373,762,994	21,270,110	395,033,104
2004 (Restated)													
Balance beginning of the year	100,000,000	56,974,008	28,254,385	33,222,068	17,730,000	-	367,798	12,962,916	14,565,324	15,000,000	279,076,499	3,500,262	282,576,761
Adjustment arising from the application of new and amended IFRS	-	-	-	-	-	-	7,469,903	(3,113,521)	12,706,571	-	17,062,953	-	17,062,953
Adjusted beginning balance	100,000,000	56,974,008	28,254,385	33,222,068	17,730,000	-	367,798	9,849,395	27,271,895	15,000,000	296,139,452	3,500,262	299,639,714
Foreign currency translation differences	-	-	-	-	-	-	(254,350)	-	-	-	(254,350)	(250,869)	(505,219)
Cumulative changes in fair values-net	-	-	-	-	-	-	-	2,240,456	-	-	2,240,456	-	2,240,456
Others	-	-	-	-	-	-	-	-	(9,411)	-	(9,411)	-	(9,411)
Profit for the year	-	-	-	-	-	-	-	-	30,587,756	-	30,587,756	(293,307)	30,294,449
Total	100,000,000	56,974,008	28,254,385	33,222,068	17,730,000	-	113,448	12,089,851	57,850,240	15,000,000	328,703,903	2,956,086	331,659,989
Increase in paid-in capital	-	-	-	-	-	-	-	-	-	-	-	14,260,411	14,260,411
Transfer from minority interests	-	-	-	-	-	29,477	-	-	-	-	29,477	(29,477)	-
Transfer to/from reserves	-	(7,090,000)	4,346,938	-	7,090,000	3,210,894	-	-	(7,557,332)	-	-	-	-
Proposed dividends	-	-	-	-	-	-	-	-	(20,000,000)	20,000,000	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)
Balance, end of the year	100,000,000	49,884,008	32,601,323	33,222,068	24,820,000	10,710,274	113,448	12,089,851	30,292,408	20,000,000	313,733,380	17,187,020	330,920,400

The attached notes from 1 to 54 are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS December 31, 2005

	Notes	2005 JD	(RESTATED) 2004 JD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		105,158,872	47,105,963
Adjustments for:			
Depreciation and amortization		7,017,180	6,578,549
Provision for credit losses		7,142,773	2,583,986
Sundry provisions		1,931,969	2,091,068
Bank's share of profit of associates		(440,066)	(60,944)
Impairment of available-for-sale investments		507,608	599,190
Effect of exchange rate changes on cash and cash equivalents		(2,492,117)	(710,312)
End – of – service indemnity expense		2,297,801	1,463,607
Others		(2,426,465)	(280,405)
Profit before changes in operating assets and liabilities		118,697,555	59,370,702
Decrease in deposits with banks and other financial institutions		27,215,038	51,191,876
Decrease (increase) in restricted balances		93,150	(413)
(Increase) in trading investments		(4,720,265)	(2,360,641)
(Increase) in credit facilities		(388,141,041)	(243,722,066)
Decrease in other assets		1,779,791	14,587,941
Increase in customers' deposits		451,312,590	392,598,169
Increase in margin accounts		119,882,563	17,124,226
Increase in sundry liabilities		17,250,162	1,423,303
(Decrease) in sundry provisions		(1,763,971)	(3,842,621)
Net cash from operating activities before income tax		341,605,572	286,370,476
Income tax paid		(12,008,653)	(6,487,213)
Net cash from operating activities		329,596,919	279,883,263
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase of) held – to - maturity investments		(300,810,730)	(211,621,862)
Redemption of held – to - maturity investments		390,353,922	107,135,456
(Purchase of) available – for - sale investments		(289,737,531)	(214,538,682)
Sale of available – for - sale investments		86,390,826	122,698,308
(Purchase of) premises and equipment		(11,142,887)	(13,589,002)
Sale of premises and equipment		233,104	67,050
(Purchase of) intangible assets		(586,471)	(957,085)
Net cash used in investing activities		(125,299,767)	(210,805,817)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(20,102,650)	(14,981,299)
(Repayment) of borrowed funds		(4,162,162)	(9,763,290)
Minority interests		1,861,922	3,477,795
Net cash used in financing activities		(22,402,890)	(21,266,794)
Net Increase in Cash and Cash Equivalents		181,894,262	47,810,652
Effect of exchange rate changes on cash and cash equivalents		2,492,117	710,312
Foreign currency translation differences		(1,568,152)	(254,350)
Cash and cash equivalents, beginning of the year		803,546,803	755,280,189
CASH AND CASH EQUIVALENTS , END OF THE YEAR	38	986,365,030	803,546,803

The attached notes from 1 to 54 are part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31 , 2005

1- GENERAL

The Housing Bank for Trade and Finance was established in 1973 and registered as a public shareholding company in accordance with the Jordanian Companies Law. Its headquarters is in Amman - Jordan and is engaged in commercial banking business through its branches in Jordan (96 branches) and abroad, Palestine and Bahrain (5 branches), and through its subsidiaries .

The consolidated financial statements were approved by the Bank's Board of Directors according to resolution no. 4/2/2006 dated 30/1/2006 . They are subject to the approval of the General Assembly of Shareholders .

2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are set out below:

Basis of preparation

The accompanying consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) and in conformity with the applicable laws and regulations of the Central Bank of Jordan.

The consolidated financial statements are prepared under the historical cost convention as except for derivatives and investment securities other than held to maturity investments, which is stated at fair value.

The financial statements have been presented in Jordanian Dinars "JD" which is the functional currency of the Bank.

The accounting policies are consistent with those used in the previous year, with the exception of the following policies which have been revised due to the application of standards becoming mandatory for financial years beginning on or after January 1, 2005.

Changes in Accounting Policies

In accordance with the revised International Accounting Standards (IAS) 39 and as per the requirement of IAS 30 and the Central Bank of Jordan, changes in policies are as follows:

General banking risk reserve is computed and considered as an appropriation of retained earnings instead of a general provision being computed and recorded as a deduction from profit. Retained earnings as of January 1, 2004 and profit and loss accounts for the year ended December 31, 2004 were adjusted for the effect of the general provision.

The effect of the adjustments and reclassifications on the Bank's consolidated financial statements for the year 2004 is illustrated in note 54.

Main Accounting policies:

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where by the Bank has the power to govern the financial and operating policies of the subsidiaries for obtaining benefits from their activities .The balances, transactions, revenues, and expenses between the bank and the subsidiaries are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date that such control ceases:

- International Financial Center Company- Jordan (paid-up capital JD 1 million of which the Bank owned 77.5% as of December 31, 2005). The Company's main activity is financial brokerage.
- Jordan and Palestine Financial Investment Company - Palestine (paid-up capital JD 2.15 million of which the Bank owned 99.9% as of December 31, 2005). The Company's main activity is financial brokerage.
- The Housing Bank for Trade and Finance – Algeria (paid-up capital Algerian Dinar 2,400 million equivalent to JD 22.9 million of which the Bank owned 52% as of December 31, 2005). The main objective is to conduct commercial banking activities.

- International Bank for Trade and Finance / Syria (paid-up capital Syrian Lira 1,500 million equivalent to JD 20.6 million of which the Bank owned 49% as December 1, 2005). The Bank has significant influence on the administrative and financial policies of this bank, and therefore, its financial statements have been consolidated with the financial statements of the bank. The main objective of this bank is to conduct commercial banking activities .
- Specialized Lease Finance Co./ Jordan , of which the Bank owned 100% of paid in capital amounting to JD 10 million as of December 31,2005. The Company's main activity is lease financing.
- The financial statements of the Jordan Real Estate Investments Company have not been consolidated because the company is under liquidation. The Bank owned 100% of this company's paid- in capital of JD 400,000 . (Note 11)

The results of operations of the subsidiaries are consolidated into the statements of income from the acquisition date which is the date on which control over subsidiaries is transferred to the bank. Moreover, the results of operation of the disposed of subsidiaries are consolidated into the statement of income until the disposal date which is the date on which the bank losses control over the subsidiaries .

Minority interest represents the unowned part by the bank from the subsidiaries' equity .

Trading investments

These are initially recognized at cost and subsequently re-measured at fair value. All related realized and unrealized gains or losses resulting from the changes in fair value in the same period of change including the change in the fair value resulting from differences of translation of non-monetary assets in foreign currencies are taken to the income statement.

Interest earned is included in interest income and dividends received are included in dividend income.

Direct credit facilities

Credit facilities are carried at amortized cost net of provision for credit losses, interest and commission in suspense.

Provision for impairment losses on credit facilities is made to cover impairment for direct credit facilities when there are one or more events occurring after the initial recognition of the facility which impact on the estimated future cash flows of the facilities that can be reliably estimated. The provision for the impairment is recorded in the income statement.

Interest and commission of non-performing facilities are suspended when loans become impaired, such as when overdue by more than 90 days.

Loans provided for are written off from the allowance for credit 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 previously written off are credited to the income statement.

Available-for-sale investments

These are initially recognized at cost, being the fair value of the consideration given including directly attributable transaction costs and subsequently re-measured at fair value. Fair value changes are reported as a separate component of equity until the investment is derecognized or determined to be impaired. Upon derecognition or impairment, the cumulative gain or loss previously reported as "cumulative change in fair value" within equity, is included in the income statement.

Held-to-maturity investment

These are initially recognized at cost, being the fair value of the consideration given including directly attributable transaction costs.

Investments classified as held-to-maturity with fixed or determinable payments and fixed maturity are carried at amortized cost less provision for impairment.

Fair value

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities

For financial instruments where there is no active market, fair value is normally based on one of the following methods:

- Comparison with the current market value of a highly similar financial instrument.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.

The estimated fair value of deposits with no stated maturity, including non-interest bearing deposits, is the amount payable on demand.

In case the fair value of an investment cannot be reliably measured, it is stated at cost or amortised cost and any impairment in the value is recorded in the income statement.

Impairment of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset is impaired. If such evidence exists, any impairment loss, is recognized in the income statement.

Impairment is determined as follows:

- For assets carried at amortized cost, impairment is based on estimated cash flows discounted at the original effective interest rate.
- For assets carried at fair value, impairment is the difference between cost and fair value.
- For assets carried at cost, impairment is based on the present value of future cash flows discounted at the current market rate of return from a similar financial asset.

Impairment in value is recognized in the income statement. If, in the subsequent period, the amount of the impairment loss decreases, the carrying value of the asset is increased to its recoverable amount. The amount of the reversal is recognized in the income statement except for equity instruments classified as available for-sale-investments.

Real estate investments

Real estate investments are stated at cost less accumulated depreciation. They are depreciated over their estimated useful lives at annual rates ranging from 2% to 33.3% . Impairment loss as well as the related revenues and operating expenses are recorded in the income statement.

Premises and equipment

Premises and equipment are stated at cost less depreciation. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of other assets as follows:

Buildings	2%
Equipment, furniture and fixtures	5% - 15%
Vehicles	20%
Computer	33.3%

The carrying values of premises and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the income statement.

Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

End-of-service indemnity

Provision for end-of-service indemnity is established by the Bank for any legal or contractual obligations at the end of the employees' services according to the accumulated service terms at the date of the balance sheet in line with the Bank's internal regulations.

Income tax

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income. Taxable income differs from income declared in the financial statements because the latter includes non-taxable revenue or disallowed expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions of the countries where the Bank operates.

- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount.
- Deferred tax is calculated on the basis of the liability method in the balance sheet according to the rates expected to be applied when the tax liability is settled or tax assets are recognized. Deferred tax assets are reviewed as of the date of the balance sheet, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

-Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in the balance sheet.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to off set the recognized amounts and the Bank intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Revenue and expense recognition

Interest income as well as fees considered an integral part of the effective yield of a financial asset are recognized using the effective yield method, unless collection is doubtful. The recognition of interest income is suspended when loans become impaired, such as when overdue by more than 90 days.

Income from shares (dividend income) is recorded as an income when the right to receive payment is established .

Trade and settlement date accounting

Purchases and sales of financial assets are recognized on the trade date, i.e. the date that the Bank commits to purchase or sell the asset.

Collateral pending sale

Assets repossessed by the Bank in settlement of debts are included as part of “other assets” , recorded at cost, and revalued annually and individually. In case of a permanent decline in value, the loss is recognized in the statement of income while an increase in value is not recognized as a gain. The subsequent increase is recorded in the income statement up to a limit not exceeding the previously recorded impairment .

Intangible assets

- Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment when there is an indication that the intangible asset may be impaired.
- Internally generated intangible assets are not capitalized and are expensed in the income statement
- Intangible assets include computer software and programmes. These intangibles are amortized evenly over their estimated economic useful lives of 3 years.

Foreign currencies

Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency using exchange rate prevailing at the date of these transactions. Monetary assets and liabilities in foreign currencies are translated into JD at rates of exchange prevailing at the balance sheet date as issued by Central Bank of Jordan. Any gains or losses are taken to the income statement.

Translation gains or losses on non-monetary items carried at fair value are included in equity as part of the fair value adjustment on available-for-sale investments, unless it constitutes part of an effective hedging strategy.

Translation of financial statements of foreign entities:

The assets and liabilities of foreign branches and subsidiaries are not deemed an integral part of the head office’s operations and are translated into the functional currency of each entity at the rates of exchange published by CBJ at the balance sheet date . Income and expense items are translated at average exchange rates for the period. Any exchange differences are taken directly to a foreign currency translation adjustment reserve.

Cash and cash equivalents

Represents cash on hand and cash balances with banks and financial institutions that mature within three months, less banks and financial institutions deposits that mature within three months.

3- USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required for non-performing credit facilities. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty. Furthermore, actual results may differ resulting in future changes in such provisions.

- a) Provision for credit losses: The Bank reviews its loan portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.
- b) Impairment losses on collaterals acquired by the Bank are determined based on appraisal reports prepared by certified appraisers. Provisions are recognized when impairment is determined at the financial statements date individually and any impairment is recorded in the income statement. Valuation is performed on a regular basis.
- c) Income tax is calculated based on the tax rates and laws that are applicable at the balance sheet date.
- d) A periodic review is performed on the estimated useful lives of the assets. Moreover, assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.
- e) Legal provisions have been taken for lawsuits raised against the Bank based on the opinion of the Bank's legal advisor.

4- CASH AND BALANCES WITH CENTRAL BANKS

The details of this item are as follows:

	December 31, 2005	(RESTATED) December 31, 2004
	JD	JD
Cash on hand	48,637,380	38,631,558
Balances at the central banks		
Current accounts	146,327,197	23,245,415
Term and notice deposits	7,100,000	16,230,465
Statutory cash reserve	186,874,252	145,153,970
Certificates of deposit	287,400,000	353,600,000
Total	676,338,829	576,861,408

5- BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		TOTAL	
	December 31,		December 31,		December 31,	
	2005	2004	2005	2004	2005	2004
	JD	JD	JD	JD	JD	JD
Current accounts	347,721	539,898	33,570,120	30,889,471	33,917,841	31,429,369
Deposit maturing within 3 months	-	10,000,000	370,733,410	254,215,382	370,733,410	264,215,382
Certificate of deposits maturing within 3 months	-	1,418,000	-	-	-	1,418,000
Total	347,721	11,957,898	404,303,530	285,104,853	404,651,251	297,062,751

- Non-interest bearing balances at banks and financial institutions amounted to JD 3,032,799 as of December 31, 2005 (JD 6,342,503 as of December 31, 2004).
- Restricted balances amounted to JD 93,150 as of December 31, 2004 .

6- DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

Foreign Banks and Financial Institutions		
	December 31, 2005	December 31, 2004
	JD	JD
Deposits maturing within 3 to 6 months	1,119,241	30,106,876
Deposits maturing within 6 to 9 months	1,418,055	709,000
Deposits maturing within 9 to 12 months	1,063,542	-
Total	3,600,838	30,815,876

7- TRADING INVESTMENTS

The details of this item are as follows:

	December 31, 2005	December 31, 2004
	JD	JD
Bonds listed in financial markets	6,062,703	7,224,110
Shares listed in financial markets	10,792,610	4,103,650
Total	16,855,313	11,327,760

8- CREDIT FACILITIES-NET

The details of this item are as follows:

	December 31, 2005	(Restated) December 31, 2004
	JD	JD
Discounted bills and notes *	66,244,511	35,805,045
Overdraft facilities	266,627,606	158,804,347
Loans and advances **	975,014,368	733,565,402
Credit cards	5,477,870	2,488,795
Total	1,313,364,355	930,663,589
Less: Provision for credit losses	36,427,495	31,727,238
Interest in suspense	16,184,206	18,978,624
Credit Facilities-Net	1,260,752,654	879,957,727

* Net after deducting interest and commissions received in advance amounting to JD 2,883,509 as of December 31, 2005 (JD 839,214 in 2004) .

** Net after deducting interest and commissions received in advance amounting to JD 16,077,125 as of December 31, 2005 (JD 15,171,454 in 2004) .

Credit facilities granted according to economic activities and geographical areas are set forth below :

	December 31, 2005				December 31, 2004 TOTAL
	JORDAN	OTHER MIDDLE EAST COUNTRIES	AFRICA *	TOTAL	
	JD	JD	JD	JD	
Agriculture	5,247,696	301,829	-	5,549,525	6,416,189
Manufacturing and mining	128,413,679	27,606,002	-	156,019,681	85,794,151
Construction	159,823,727	10,817,399	-	170,641,126	173,080,151
General trade	201,302,076	65,172,307	19,357,186	285,831,569	167,673,572
Transportation services	8,802,465	11,051,253	-	19,853,718	8,465,086
Tourism, hotels and restaurants	33,925,665	3,942,336	-	37,868,001	30,118,927
Services and publications	130,077,144	8,614,338	-	138,691,482	96,582,515
Financial services	8,506,084	52,695,887	-	61,201,971	14,364,467
Shares dealing	8,090,934	-	-	8,090,934	2,498,176
Real estate	116,124,249	5,028,308	-	121,152,557	89,876,887
Car loans	18,451,796	8,135,152	-	26,586,948	16,778,828
Consumers loans	252,435,661	16,485,934	-	268,921,595	228,242,021
Other	7,778,858	5,176,390	-	12,955,248	10,772,619
Total	1,078,980,034	215,027,135	19,357,186	1,313,364,355	930,663,589

* Except Middle East countries

Credit facilities granted by sector :

	December 31, 2005	(Restated) December 31, 2004
	JD	JD
Public sector	166,698,036	83,685,568
Private sector :		
Corporate accounts	512,430,680	357,835,249
Individual accounts	634,235,639	489,142,772
	<u>1,313,364,355</u>	<u>930,663,589</u>

- The non-performing credit facilities including interest in suspense amounted to JD 56,237,317, representing 4.3% of total facilities as of December 31, 2005 against JD 65,446,157, representing 7% as of December 31, 2004. Furthermore, the total non-performing credit facilities net of interest in suspense amounted to JD 41,952,759, representing 3.2% of total facilities net of interest in suspense as of December 31, 2005 against JD 48,965,515, representing 5.4% as of December 31, 2004.
- Credit facilities granted to and guaranteed by the Jordanian government amounted to JD 96,564,277, representing 7.4% of total facilities as of December 31, 2005 against JD 97,676,181, representing 10.5% as of December 31, 2004.
- Credit facilities granted against real estate collateral amounted to JD 453 million as of December 31, 2005 against JD 365 as of December 31, 2004.
- The gross fair value of collaterals held against credit facilities amounted to JD 781.7 million as of December 31, 2005 against JD 541.7 million as of December 31, 2004.

Provision for credit losses

	2005	(Restated) 2004
	JD	JD
Balance at January 1,	31,727,238	29,961,454
Provision during the year	7,142,773	2,583,986
Write-offs	(2,442,516)	(818,202)
Balance at December 31,	<u>36,427,495</u>	<u>31,727,238</u>

Provision for nonperforming credit facilities that have been settled or collected or transferred to other nonperforming credit amounted to JD 4,431,251 as of December 31, 2005 against JD 4,702,939 as of December 31, 2004.

Interest in suspense :

	2005	2004
	JD	JD
Balance at January 1,	18,978,624	18,377,593
Add: Interest suspended during the year	5,545,758	6,216,895
Less: interest in suspense recognised during the year	5,190,366	3,540,082
interest in suspense written off during the year	3,149,810	2,075,782
Balance at December 31,	<u>16,184,206</u>	<u>18,978,624</u>

9- AVAILABLE-FOR-SALE INVESTMENTS

The details of this item are as follows :

	December 31, 2005	December 31, 2004
	JD	JD
Quoted instruments:		
Governmental and government guaranteed bonds	149,131,589	67,939,806
Corporate bonds and debentures	132,128,302	86,708,869
Investment funds	113,535,159	55,749,617
Shares	37,816,863	25,479,375
Total	432,611,913	235,877,667
Unquoted instruments:		
Governmental and government guaranteed bonds	8,994,910	45,000,015
Corporate bonds and debentures	15,990,154	29,455,655
Shares	12,174,274	11,396,477
Total	37,159,338	85,852,147
Grand Total	469,771,251	321,729,814
Analysis of debt instruments:		
Fixed rate bonds	262,486,669	177,626,292
Floating rate bonds	43,758,286	51,478,053
Total	306,244,955	229,104,345

- Investments in shares include an amount of JD 12,174,274 as of December 31, 2005 (JD 11,396,477 as of December 31, 2004) stated at cost since their fair value could not be measured reliably. Impairment in the value of these shares was JD 507,680 which was recorded in the statement of income as of December 31, 2005 (JD 599,190 as of December 31, 2004).
- Unquoted shares include an amount of JD 3,814,460, representing 22.1% ownership in Jordan International Bank as of December 31, 2005 and 2004. The equity method has not been adopted due to the absence of significant influence by the Bank over the administrative and financial policies relating to this investment.

10- HELD-TO-MATURITY INVESTMENTS – NET

The details of this item are as follows :

	December 31, 2005	December 31, 2004
	JD	JD
Quoted instruments:		
Governmental and government guaranteed bonds	169,886,473	39,375,579
Corporate bonds and debentures	11,066,188	17,452,145
Total	180,952,661	56,827,724
Unquoted instruments:		
Treasury bills	53,938,990	190,824,330
Governmental and government guaranteed bonds	-	4,005,873
Corporate bonds and debentures	2,489,472	5,600,000
Total	56,428,462	200,430,203
Grand Total	237,381,123	257,257,927
Analysis of debt instruments:		
Fixed rate bonds	231,008,254	244,663,945
Floating rate bonds	6,372,869	12,593,982
Total	237,381,123	257,257,927

The maturity of bonds ranges from 3 month to 7 years. All bonds have fixed payments. During the year 2005, debt instruments classified as trading investments and available-for-sale investments amounting to JD 2.5 million and JD 67.4 million respectively have been reclassified to held-to-maturity investments.

11- INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

The details of this item are as follows :

Company's name	Country	% of Ownership and Voting Rights	Activity	Date of Financial Statements	Investment Cost	Fair Value
A- Associats	JD	JD	JD	JD	JD	JD
Housing Company for Tourism and Hotel Investments	Jordan	50%	Hotel and trade	31/12/2005	21.5 million	19.718 million
B- Subsidiaries						
Jordan Real Estate Investment Company*	Jordan	100%	Real estate	31/12/2005	400 thousand	47.3 thousand

* The financial statements of the Jordan Real Estate Investments Company have not been consolidated as the company has been under liquidation since December 21, 2002.

The financial investments value has been computed using the equity method according to the financial statements received by the Bank from companies as of December 31, 2005 and December 31, 2004 respectively.

Movements on investments in associates and subsidiaries companies:

	2005			2004		
	Housing Company for Tourism and Hotel Investments	Jordan Real Estate Investments Company	TOTAL	Housing Company for Tourism and Hotel Investments	Jordan Real Estate Investments Company	TOTAL
	JD	JD	JD	JD	JD	JD
Balance at January 1,	19,277,776	410,287	19,688,063	19,219,509	407,610	19,627,119
Bank's share of profit of associates	440,066	-	440,066	58,267	2,677	60,944
Decrease of investments	-	(362,938)	(362,938)	-	-	-
Balance at December31,	19,717,842	47,349	19,765,191	19,277,776	410,287	19,688,063

	December 31, 2005 JD	December 31, 2004 JD
Bank's share from assets and liabilities in associates and subsidiaries		
Current assets	13,166,405	1,813,174
Non-current assets	33,576,239	30,955,715
Current liabilities	(4,662,947)	(3,492,448)
Non-current liabilities	(22,314,506)	(9,588,378)
Net Assets	19,765,191	19,688,063

12- PREMISES AND EQUIPMENT – NET

The details of this item are as follows :

	Land	Building	Equipment, Furniture, and Fixtures	Vehicles	Computer Hardware	Others	TOTAL
2005	JD	JD	JD	JD	JD	JD	JD
Cost							
At January 1,	8,103,184	13,490,669	28,285,781	1,343,296	22,412,647	2,724,236	76,359,813
Additions	3,773,314	1,731,183	2,503,956	53,490	1,788,340	535,129	10,385,412
Disposals	(2,471)	(505,733)	(424,928)	-	(431,890)	-	(1,365,022)
Foreign currency translation	(190,610)	(79,001)	-	(10,161)	-	-	(279,772)
At December 31,	11,683,417	14,637,118	30,364,809	1,386,625	23,769,097	3,259,365	85,100,431
Accumulated depreciation :							
At January 1,	-	3,048,590	19,078,935	671,572	14,771,463	1,316,603	38,887,163
Annual depreciation	-	322,025	2,272,138	194,892	2,729,138	623,128	6,141,321
Disposals	-	(118,275)	(328,457)	-	(360,864)	-	(807,596)
Foreign currency translation	-	(1,587)	(4,079)	(2,380)	(8,009)	-	(16,055)
At December 31,	-	3,250,753	21,018,537	864,084	17,131,728	1,939,731	44,204,833
Net book value of fixed assets	11,683,417	11,386,365	9,346,272	522,541	6,637,369	1,319,634	40,895,598
Payments on fixed assets in progress	-	308,193	862,228	-	83,923	-	1,254,344
Project in progress	-	955,989	-	-	-	-	955,989
Net Fixed Assets at Year-End	11,683,417	12,650,547	10,208,500	522,541	6,721,292	1,319,634	43,105,931
2004 (Restated)							
Cost							
At January 1,	4,823,651	12,688,841	26,233,993	1,184,638	24,030,001	2,400,922	71,362,046
Additions	3,281,869	933,417	2,497,979	424,785	3,589,614	323,314	11,050,978
Disposals	-	(118,214)	(440,091)	(265,807)	(5,205,879)	-	(6,029,991)
Foreign currency translation	(2,336)	(13,375)	(6,100)	(320)	(1,089)	-	(23,220)
At December 31,	8,103,184	13,490,669	28,285,781	1,343,296	22,412,647	2,724,236	76,359,813
Accumulated depreciation :							
At January 1,	-	2,757,636	17,398,322	632,981	17,326,985	827,552	38,943,476
Annual depreciation	-	409,842	2,093,158	300,677	2,321,595	489,051	5,614,323
Disposals	-	(118,214)	(411,639)	(261,915)	(4,876,722)	-	(5,668,490)
Foreign currency translation	-	(674)	(906)	(171)	(395)	-	(2,146)
At December 31,	-	3,048,590	19,078,935	671,572	14,771,463	1,316,603	38,887,163
Net book value of fixed assets	8,103,184	10,442,079	9,206,846	671,724	7,641,184	1,407,633	37,472,650
Payments on fixed assets in progress	-	-	758,588	-	-	-	758,588
Project in progress	-	35,381	-	-	-	-	35,381
Net Fixed Assets at Year-End	8,103,184	10,477,460	9,965,434	671,724	7,641,184	1,407,633	38,266,619

* Fixed assets include fully depreciated assets amounting to JD 18,015,013 as of December 31,2005 against JD 15,303,484 as of December 31,2004 .

13- INTANGIBLE ASSETS

The details of this item are as follows :

	2005	(RESTATED) 2004
	Computer and Software	Computer and Software
	JD	JD
Beginning Balance	1,288,681	1,295,822
Additions	586,473	957,085
Amortization	(875,859)	(964,226)
Ending Balance	999,295	1,288,681

14- OTHER ASSETS

The details of this item are as follows :

	December 31, 2005	December 31, 2004
	JD	JD
Accrued revenues	10,550,264	5,484,763
Prepaid expenses	2,288,713	1,779,613
Investments in real estate *	198,489	478,116
Repossessed assets for resale **	8,184,369	11,811,122
Cheques under collection	27,829,172	32,565,310
Payments of income tax	-	1,594,930
Others	6,706,050	3,651,268
Total	55,757,057	57,365,122

* The Fair value of real estate investments amounted to JD 230 thousand as of December 31, 2005 (JD 722 thousand as of December 31, 2004). The fair value of real estate investments is estimated by real estate experts .

** Repossessed assets for resale include the unregistered real-estates amounting to JD 209 thousand as of December 31, 2005 against JD 705 thousand as of December 31, 2004 .

Movements on repossessed assets are as follows :

	2005	2004
	JD	JD
Beginning Balance	11,811,122	14,914,734
Additions	3,286,955	4,083,307
Disposals	(6,803,708)	(7,186,919)
Impairment losses	(110,000)	-
Ending Balance	8,184,369	11,811,122

15- BANKS AND FINANCIAL INSTITUTIONS' DEPOSITS

The details of this item are as follows :

	December 31, 2005			(RESTATED) December 31, 2004		
	Inside Jordan	outside Jordan	TOTAL	Inside Jordan	outside Jordan	TOTAL
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	5,175,469	37,430,657	42,606,126	4,546,579	22,742,873	27,289,452
Deposits due within 3 months	7,531,077	44,487,847	52,018,924	2,164,035	40,830,719	42,994,754
TOTAL	12,706,546	81,918,504	94,625,050	6,710,614	63,573,592	70,284,206

16- CUSTOMERS' DEPOSITS

The details of this item are as follows :

	December 31, 2005	December 31, 2004
	JD	JD
Current accounts and demand deposits	539,262,420	417,158,710
Saving deposits	794,914,519	687,816,902
Time and notice deposits	996,476,817	776,884,033
Kinz certificates	37,820,658	36,332,030
Certificates of deposit	1,438,055	318,591
Others	546,583	636,196
TOTAL	2,370,459,052	1,919,146,462

- Public sectors deposits amounted to JD 180.8 million, representing 7.6% of total deposits as of December 31, 2005 against JD 181.5 million, representing 9.4% of total deposits as of December 31, 2004.
- Non-interest bearing deposits amounted to JD 527 million, representing 22.2% of total deposits as of December 31, 2005 against JD 372 million, representing 19.4% of total deposits as of December 31, 2004.
- Restricted deposits amounted to JD 34.2 million, representing 1.44% of total deposits as of December 31, 2005 against JD 18.6 million, representing 0.9% of total deposits as of December 31, 2004.
- Dormant accounts amounted to JD 16.8 million, representing 0.71% of total deposits as of December 31, 2005 against JD 14.9 million, representing 0.8% of total deposits as of December 31, 2004.

17- MARGINS ACCOUNTS

The details of this item are as follows :

	December 31, 2005	December 31, 2004
	JD	JD
Direct credit facilities	75,360,242	48,592,583
Indirect credit facilities	121,121,941	28,229,097
Against margin dealings	1,787,501	1,565,441
TOTAL	198,269,684	78,387,121

18- LOANS AND BORROWINGS

The details of this item are as follows :

	Amount JD	No. of Installments		Repayment	Guarantee	Borrowing Interest Rate	Re-lending Interest Rate
		Total	Net Due				
December 31, 2005							
From Central Banks and Governments							
Re-lent to the Housing and Urban Development Corporation	24,900,000	30	3	Semi annual	government	%4.75	%4.88
From local companies *							
Real Estate Mortgage Re- Finance Company	3,361,100	108	33	monthly	government	%7.30	%7.80
Real Estate Mortgage Re- Finance Company	1,107,000	120	41	monthly	government	%5.73	%6.23
	4,468,100						
From Foreign Banks							
Palestine Company for Real Estate Mortgage	34,417	60	39	monthly	Financial solvency	%5.50	%8.50
Palestine Company for Real Estate Mortgage	61,126	120	101	monthly	Financial solvency	%5.50	%8.50
Palestine Company for Real Estate Mortgage	34,953	240	221	monthly	Financial solvency	%5.50	%8.50
	130,496						
TOTAL	29,498,596						
	Amount JD	No. of Installments		Repayment	Guarantee	Borrowing Interest Rate	Re-lending Interest Rate
		Total	Net Due				
December 31, 2004							
From Central Bank of Jordan							
Re-lent to the Housing and Urban Development Corporation	27,500,000	30	4	Semi annual	government	%4.75	%4.88
From Local companies *							
Real Estate Mortgage Re- Finance Company	4,583,324	108	45	monthly	government	%7.30	%7.80
Real Estate Mortgage Re- Finance Company	1,431,000	120	53	monthly	government	%5.73	%6.23
	6,014,324						
From Foreign Banks							
Palestine Company for Real Estate Mortgage	43,800	60	51	monthly	Financial solvency	%5.50	%8.50
Palestine Company for Real Estate Mortgage	66,639	120	113	monthly	Financial solvency	%5.50	%8.50
Palestine Company for Real Estate Mortgage	35,995	240	233	monthly	Financial solvency	%5.50	%8.50
	146,434						
TOTAL	33,660,758						

* Amounts borrowed have been relented to the Housing Funds .

19- SUNDRY PROVISIONS

The details of this item are as follows :

	Provision Beginning Balance	Provided During the Year	Provision Used During the Year	Reversed to Revenue	Ending Balance
December 31 , 2005	JD	JD	JD	JD	JD
Provision for end-of-service indemnity	6,371,228	2,297,801	(482,095)	-	8,186,934
Provision for commitments and contingencies	404,050	211,166	(79,284)	-	535,932
Other provisions	4,121,395	1,720,803	(1,202,592)	-	4,639,606
TOTAL	10,896,673	4,229,770	(1,763,971)	-	13,362,472
December 31, 2004 (Restated)					
Provision for end-of-service indemnity	5,482,836	1,463,607	(575,215)	-	6,371,228
Provision for commitments and contingencies	402,658	67,036	(11,817)	(53,827)	404,050
Other provisions	5,299,125	2,024,032	(3,116,513)	(85,249)	4,121,395
TOTAL	11,184,619	3,554,675	(3,703,545)	(139,076)	10,896,673

20- INCOME TAX

A- INCOME TAX LIABILITY

The movement on the income tax provision is as follows :

	2005	(Restated) 2004
	JD	JD
Beginning balance	15,710,692	9,818,427
Income tax paid	(12,008,653)	(6,487,213)
Provision for income tax for the year	29,158,031	12,379,478
Ending Balance	32,860,070	15,710,692

- Income tax has been settled up to the end of the year 2003 for Jordan branches .
- Income tax has been settled up to the end of the year 2004 for Palestine branches .
- Income tax has been settled up to end of the year 2003 for subsidiaries.

Income tax in the income statement represents the following:

	2005	(Restated) 2004
	JD	JD
Provision for income tax for the year	(29,158,031)	(12,379,478)
Deferred income tax assets for the year	1,860,252	1,911,026
Deferred income tax liabilities for the year	(1,199,796)	-
Amortized deferred income assets / liabilities	(2,609,519)	(6,343,062)
Ending Balance	(31,107,094)	(16,811,514)

B- Deferred income tax Assets / Liabilities

The details of this items are as follows:

Include following accounts	2005					2004
	Beginning Balance	Freed Amounts	Added Amounts	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Assets						
Suspended interest	1,261,275	1,261,275	287,408	287,408	91,538	401,716
Provision for possible loan losses	11,216,483	2,060,805	936,737	10,092,415	3,214,434	3,572,450
Provision for end-of-service indemnity	5,818,065	444,058	2,096,372	7,470,379	2,379,316	1,853,054
Building impairment	1,518,166	1,072,007	110,000	556,159	177,137	483,536
Other provisions	2,100,114	896,316	1,485,081	2,688,879	856,408	668,886
Other assets	3,277,426	2,458,689	925,067	1,743,804	555,402	1,043,860
TOTAL	25,191,529	8,193,150	5,840,665	22,839,044	7,274,235	8,023,502
Liabilities *						
Valuation gain on trading investments	-	-	3,080,707	3,080,707	981,205	-
Cumulative change in fair values of the available-for-sale investments	15,807,872	12,514,676	25,084,134	28,377,330	6,954,552	3,795,859
Others	-	-	874,362	874,362	218,591	-
TOTAL	15,807,872	12,514,676	29,039,203	32,332,399	8,154,348	3,795,859

* Deferred income tax liabilities include an amount of JD 6,954,552 against JD 3,795,859 for last year resulting from the revaluation gain on available for- sale investments that appear within the cumulative change in fair values under shareholders' equity .

The movement on the deferred income tax assets / liabilities were as follows :

	(Restated)			
	2005		2004	
	Assets JD	Liabilities JD	Assets JD	Liabilities JD
Beginning balance	8,023,502	3,795,859	12,455,538	3,113,521
Additions	1,860,252	7,275,664	1,911,026	1,736,423
Deductions	(2,609,519)	(2,917,175)	(6,343,062)	(1,054,085)
Ending balance of the year	7,274,235	8,154,348	8,023,502	3,795,859

C- Reconciliation of the accounting profit with taxable profit (summary) :

	2005	2004
	JD	JD
Accounting profit	105,158,872	47,105,963
Profit not subject to tax	(23,626,176)	(24,417,240)
Expenses not accepted for tax purposes	14,149,156	15,793,948
Others (retained losses)	(1,280,320)	(58,277)
Taxable Profit	94,401,532	38,424,394
Effective income tax rate	28%	26%

The legal income tax rate on banks in Jordan amounts to 35% while the income tax rates in countries in which the Bank has investments range from 0% to 30% .

21- OTHER LIABILITIES

The details of this item are as follows :

	December 31, 2005	December 31, 2004
	JD	JD
Accrued interest expenses	3,639,913	2,387,654
Interest and commissions received in advance	179,128	182,468
Accrued expenses	4,908,431	2,890,632
Certified cheques	13,851,487	12,939,318
Transfers	9,694,332	5,079,828
Payment orders	516,435	492,308
Prizes money	352,500	180,000
Correspondent banks trusts	323,512	239,112
Dividends payable	562,714	665,364
Other payables	3,592,077	4,343,601
Deferred income *	3,313,432	3,313,432
Brokers customers	8,948,180	1,758,371
Jordan university fees	924,305	434,694
Scientific research and vocational training fees	924,305	434,694
Vocational and Technical Education and Training Fund fees	564,097	267,724
Others	1,695,744	1,233,879
TOTAL	<u>53,990,592</u>	<u>36,843,079</u>

* Deferred income represents 50% of the gain from selling the Housing Bank Commercial Complex, during the year 2001, to the Housing Company for Tourism and Hotels Investments (an associated company. The Bank owns 50% of its share capital).

22 - PAID-IN CAPITAL AND ADDITIONAL PAID-IN CAPITAL

Paid-in capital

The authorized, issued and paid-in capital amounted to JD 100 million divided into 100 million shares with a par value of JD 1 per share.

The Board of Directors has recommended, in its resolution number (2/2/2006) dated 30/1/2006, to the General Assembly of Shareholders to increase the capital of the Bank by issuing 152 million shares as follows:

- Private placement of 100 million shares to the shareholders of the Bank at a price of JD 4 for each share, JD 1 as par value and JD 3 as issuance premium.
- Stock dividend of 50 million to be distributed to shareholders, representing 50% of the paid up capital to be covered from retained earnings and / or distributable reserves.
- Allocation of 2 million shares as treasury stocks at the same issuance price mentioned in item a.

Additional paid-in capital

Additional paid-in capital amounted to JD 49,884,008 as of December 31, 2005 and 2004.

23- RESERVES

Statutory Reserve

As required by the Jordanian Banking Law, 10% of the net annual income before tax is transferred to statutory reserve. The statutory reserve is not available for distribution.

Voluntary Reserve

This reserve represents amounts transferred from the annual pre-tax profits at a rate not exceeding 20% during the previous years.

The voluntary reserve shall be utilized for the purposes determined by the Board of Directors. Moreover, the General Assembly shall have the right to distribute it in whole or in part as dividends to shareholders if not utilized for such purposes.

Foreign Branches Reserve

This item represents foreign branches capitals in accordance with the Central Bank of Jordan regulations . During the year 2005, the foreign branches reserve was transferred to retained earnings.

General Banking Risks Reserve

This reserve represents the general banking risks reserve according to the Central Bank of Jordan regulations .

Restricted reserves are as follows :

Reserves	December, 31		Type of Restriction
	2005 JD	2004 JD	
General banking risks reserve	12,502,237	10,710,274	According to the Central Bank regulations
Statutory reserve	41,844,376	32,601,323	According to the law

24- FOREIGN CURRENCY TRANSLATION DIFFERENCES

This item represents the differences resulting from the translation of net investment in foreign subsidiaries and branches upon consolidating the financial statements. The movements thereon are as follows :

	2005 JD	2004 JD
Beginning balance	113,448	367,798
Charges during the year	(1,568,152)	(254,350)
Ending Balance	<u>(1,454,704)</u>	<u>113,448</u>

25- CUMULATIVE CHANGES IN FAIR VALUES-NET

The details of this item are as follows :

	2005				(Restated) 2004			
	Shares	Bonds	Investment Funds	Total	Shares	Bonds	Investment Funds	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Beginning balance	11,756,385	(224,862)	558,328	12,089,851	12,425,025	103,011	434,880	12,962,916
Adjustment resulting from the application of the new and revised standards	-	-	-	-	(2,962,192)	(23,482)	(127,847)	(3,113,521)
Unrealised net profit (Losses)	24,747,696	(416,091)	1,291,327	25,622,932	6,725,003	(267,260)	720,973	7,178,716
Deferred income tax liabilities	(3,187,709)	18,602	10,413	(3,158,694)	(728,748)	84,692	(38,282)	(682,338)
Realized (gain) losses transferred to the income statement	(12,004,681)	246,080	(915,886)	(12,674,487)	(3,702,703)	(121,823)	(431,396)	(4,255,922)
Ending Balance *	<u>21,311,691</u>	<u>(376,271)</u>	<u>944,182</u>	<u>21,879,602</u>	<u>11,756,385</u>	<u>(224,862)</u>	<u>558,328</u>	<u>12,089,851</u>

* A cumulative change in fair values is stated as net after deducting deferred income tax liabilities amounting to JD 3,158,694 against JD 3,795,859 for prior years .

26- RETAINED EARNINGS

The details of this item are as follows :

	(Restated)	
	December 31, 2005	December 31, 2004
	JD	JD
Beginning balance	30,292,408	14,565,324
Adjustment resulting from the application of the new and revised standards	-	12,706,571
Restated beginning balance	30,292,408	27,271,895
Add : Income for the year	71,789,280	30,587,756
Transferred from foreign branches reserve	24,820,000	-
Less : Transferred to statutory reserve	9,243,053	4,346,938
Transferred to general banking risks reserve	1,746,399	3,210,894
Others	26,829	9,411
Proposed dividends	25,000,000	20,000,000
Ending balance	90,885,407	30,292,408

- An amount of JD 7,274,235 as of December 31, 2005 cannot be distributed. It represents deferred income tax benefits .

27- PROPOSED DIVIDENDS

The Board of Directors has proposed a cash dividend of JD 0.25 per share totalling JD 25,000,000, which is subject to the approval of the General Assembly of Shareholders at the Annual General Meeting. Dividends distributed last year amounted JD 0.20 per share.

Proposed dividends appear within a separate item in the statement of changes in equity and are to be distributed after the balance sheet date.

28- MINORITY INTERESTS

	December 31, 2005			December 31, 2004		
	Minority Interests	Minority Interests Profit (Losses) JD	Minority Interests Share of Net Assets JD	Percent of Minority Interest	Minority Interests Profit (Losses) JD	Minority Interest Share of Net Assets JD
International Financial Center Company	%22.5	807,522	1,088,773	%22.5	182,273	273,282
The Housing Bank for Trade and Finance /Algeria	%48	93,475	9,842,305	%48	(241,766)	6,804,088
Jordan and Palestine Investment Company	%0.01	-	19	%0.01	-	19
International Bank for Trade and Finance / Syria	%51	1,361,501	10,339,013	%51	(233,814)	10,109,631
		2,262,498	21,270,110		(293,307)	17,187,020

29- INTEREST INCOME

The details of this item are as follows :

	2005	2004
	JD	JD
Credit Facilities		
Discounted bills and notes	3,617,329	2,085,836
Overdraft facilities	15,412,127	8,422,691
Loans and advances	62,866,070	48,915,704
Credit cards	505,195	459,117
Others	208,623	179,985
Balances with central banks	14,653,264	11,886,209
Balances and deposits with banks and financial institutions	14,472,923	4,336,795
Trading investments	440,271	418,544
Available-for-sale investments	15,129,368	7,374,590
Held-to-maturity investments	9,973,674	5,167,411
Total	137,278,844	89,246,882

30- INTEREST EXPENSE

The details of this item are as follows :

	2005	2004
	JD	JD
Banks and financial institutions deposits	2,309,446	605,784
Customers deposits :		
Current accounts and demand deposits	841,438	473,917
Saving deposits	7,523,921	5,063,598
Time and notice deposits	23,545,296	10,920,405
Certificates of deposit	16,491	-
Others	540,293	607,139
Margins accounts	2,710,664	824,148
Loans & Borrowing	1,595,600	2,083,870
Deposits guarantee fees	2,960,099	2,543,454
Total	42,043,248	23,122,315

31- NET COMMISSION

The details of this item are as follows :

	2005	2004
	JD	JD
Commission income :		
Direct credit facilities	7,134,465	4,594,153
Indirect credit facilities	8,311,192	4,614,444
Less: Commission expense	156,945	83,396
Net Commission	15,288,712	9,125,201

32- GAINS LESS LOSSES ARISING FROM TRADING INVESTMENTS

The details of this item are as follows :

	Realized Gains (Losses)	Unrealized Gains (Losses)	Dividends Received	Total
	JD	JD	JD	JD
2005				
Bonds	(6,705)	35,607	-	28,902
Stocks	3,051,890	3,261,153	142,646	6,455,689
Total	3,045,185	3,296,760	142,646	6,484,591
2004				
Bonds	(2,638)	(3,603)	-	(6,241)
Stocks	634,674	296,635	60,544	991,853
Total	632,036	293,032	60,544	985,612

33- GAINS LESS LOSSES FROM AVAILABLE-FOR-SALE INVESTMENTS

The details of this item are as follows :

	2005	2004
	JD	JD
Dividends received	1,986,415	2,132,770
Gain from sales of available-for-sale investment	18,185,681	7,048,130
Less : impairment loss of available-for-sale investment	507,608	599,190
TOTAL	19,664,488	8,581,710

34- OTHER INCOME

The details of this item are as follows :

	2005	(Restated) 2004
	JD	JD
Fees on salaries accounts	2,527,137	2,396,416
Credit cards income	2,608,846	1,893,258
Safety Deposit Box rental income	169,977	176,414
Commissions on returned checks	216,138	193,892
Account management fees	9,047,938	2,695,672
Net income from recovered loans	3,025,086	1,936,721
Charges on dormant and low-balance accounts	841,070	830,153
Revenues on broker services	7,989,044	1,619,125
Banking services' fees	792,745	1,128,611
Revenues on transfers	3,261,067	1,353,613
Commission on cash withdrawal	223,840	216,791
Capital gains	352,578	604,039
Revenues reversed from provisions	-	139,076
Others	656,378	1,170,403
Total	31,711,844	16,354,184

35- EMPLOYEES' COSTs

The details of this item are as follows :

	2005	2004
	JD	JD
Salaries and benefits	24,114,519	19,971,910
Social security contribution	1,992,729	1,760,731
Bank's contribution to the saving fund	49,801	43,597
End-of-service indemnity	2,297,801	1,463,607
Medical expenses	1,103,448	1,012,429
Training expenses	302,003	286,385
Travel and transportation expenses	379,937	418,217
Others	376,095	341,539
Total	30,616,333	25,298,415

36- OTHER EXPENSES

The details of this item are as follows :

	2005	2004
	JD	JD
Computer and software	905,910	924,599
Stationery and printing	1,220,649	889,537
Maintenance and repairs	1,860,612	1,735,366
Post, telephone, telex, and internet	901,003	675,428
Rent	1,577,221	1,459,888
Water, fuel and electricity	882,027	828,528
Advertising	738,625	618,764
Donations	1,318,152	121,616
Transportation expenses	110,513	99,696
Hospitality	185,189	190,807
Bank's assets insurance	573,724	545,865
Financial institutions subscription fees	762,255	692,508
Fees on foreign currency trading	121,200	120,175
Fees on credit facilities processing	324,537	251,918
Bad debts written off	127,214	53,764
Losses from repossessed assets impairment	110,000	-
Board of Directors' transportation and meeting	1,058,655	735,877
Consultation and researches	1,624,388	3,340,476
Jordanian university fees	924,305	434,694
Scientific research and vocational training fees	924,305	434,694
Vocational and Technical Training and Education Fund fees	564,097	267,725
Board of Directors' remuneration	65,000	65,000
Others	4,860,326	5,251,694
Total	21,739,907	19,738,619

37- EARNINGS PER SHARE

The details of this item are as follows :

	2005	2004
	JD	JD
Income for the year	71,789,280	30,587,756
Weighted average number of shares	100,000,000	100,000,000
Earnings per share	0.718 JD	0.306 JD

38- CASH AND CASH EQUIVALENTS

Cash and cash equivalents balances in the statement of cash flows consist of the following balance sheet items:

	December 31, 2005	December 31, 2004
	JD	JD
Cash and balances with central banks maturing within 3 months	676,338,829	576,861,408
Add: Balances with banks and financial institutions maturing within 3 months	404,651,251	297,062,751
Less : Deposits from banks and financial institutions maturing within 3 months	94,625,050	70,284,206
Restricted deposits with banks and other financial institutions	-	93,150
Net Cash and Cash Equivalents	986,365,030	803,546,803

39- RELATED PARTY TRANSACTIONS

These consolidated financial statements include the assets, liabilities and the results of operations of the bank and the following subsidiaries:

Company's Name	Ownership	Company's Capital	
		December 31, 2005	December 31, 2004
		JD	JD
The Housing Bank for Trade and Finance / Algeria *	52%	22,873,232	22,873,232
International Bank for Trade and Finance / Syria	49%	20,650,486	20,650,486
Jordan and Palestine Financial Investment Co.	99.9%	2,150,000	2,150,000
International Financial Center	77.5%	1,000,000	250,000
Specialized Lease Finance Co.	100%	10,000,000	-
Jordan Real Estate Investment Co.**	100%	400,000	400,000

* 66.67% of capital as of December 2004 was paid , and paid capital has reached 100% as of December 31, 2005 .

**The company is under liquidation and a provision was taken to face liabilities .

The Bank entered into transactions with subsidiaries , associates, major shareholders, Board of Directors, and management members during its ordinary activities at commercial rates of interest and commissions . All facilities granted to related parties are performing and no provisions were taken .

Summary of related party transactions during the year :

Balance sheet items	Related party					December 31, 2005 Total	December 31, 2004 Total
	Subsidiary Companies	Associated Companies	Board of Directors	Executive Management	Others		
	JD	JD	JD	JD	JD		
Total deposits with related parties	-	19,932,321	13,594	-	-	19,945,915	19,678,731
Total deposits from related parties	3,512	138,960	68,653,408	2,665,228	132,697	71,593,805	98,752,850
Loan's and advances given to related parties	-	7,487,057	305,644	156,558	42,250,300	50,199,559	18,892,691
Off balance sheet items							
Guarantees and letters of credit	-	-	-	-	65,383,100	65,383,100	59,418,740
Income statement items							
Interest and commissions income	-	1,113,888	15,339	10,229	4,347,122	5,486,578	1,102,654
Interest and commissions expense	6,013	2,386	3,430,007	68,797	-	3,507,203	728,785

Benefits for Executive Management:

The details are as follows :

	2005	2004
	JD	JD
Salary and benefits	1,772,332	1,260,771
Other benefits	114,208	94,917
Total	1,886,540	1,355,688

40- FAIR VALUE OF FINANCIAL INSTRUMENTS

This item include cash balances and deposits at banks and central banks, direct credit facilities , other financial assets, customer deposits, and deposits of banks and other financial liabilities .

The following table shows the book and fair value of on-balance sheet items for which fair value is substantially different from the value appearing in the financial statements :-

	December 31 , 2005			December 31 , 2004		
	Book Value	Fair Value	Differences	Book Value	Fair Value	Differences
	JD	JD	JD	JD	JD	JD
Held to maturity investments	237,381,123	238,180,717	799,594	257,257,927	257,988,848	730,921
Net difference between book value and fair value			799,594			730,921

As shown in note (9) available-for-sale investments include unquoted assets amounting to JD 12,174,274 as of December 31, 2005 and stated at cost, and the Bank could not estimate their fair value .

41- RISK MANAGEMENT POLICIES

The Bank manages its various risks by various means through a comprehensive strategy which identifies risks and the means to mitigate them, through the risk management department, risk management committee, assets and liabilities management committee, credit policy committee and investment committee. Moreover all operation centers are responsible for identifying risks related to their activities and exercising controls, and monitoring their effectiveness in accordance with CRSA .

Notes from 42 to 47 show main risks and related management .

42- CREDIT RISKS AND CONCENTRATION IN ASSETS AND LIABILITIES

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Bank. This causes losses. The Bank, through credit risk management, sets ceilings for direct credit facilities (individual or corporate) and total loans granted to each sector and each geographical area. It also monitors credit risks and continuously evaluates the credit standing of customers. Moreover the Bank obtains adequate collaterals from customers.

The Bank's credit policy includes the following:

1. Setting credit concentrations and ceilings:

Credit policy includes clear and fixed limits for the maximum credit that can be granted to any customer as well as ceilings for credit which can be granted by each management level.

2. Internal customer ratings:

The Bank uses a standard system for customer risk rating to define the creditworthiness of customer and classifies commercial credit customers on several levels according to the risk degree.

3. Setting risk mitigating techniques that include:

- Collaterals according to their liquidity and coverage of credit.
- Adopting triple approval for granting credit.
- Early warning indicators.
- Approval authority differs from one administrative level to another and depends on the size of customer portfolio, exposure, maturity and risk degree.

4. Reducing concentration risks of assets and liabilities :

The Bank works effectively to manage this. Its annual plan includes targeted distribution of credit to various sectors with concentration on promising ones and distribution to many geographical areas inside and outside Jordan.

5. Credit analysis, monitoring and follow-up :

The Bank has developed policies and procedures for credit analysis, integration of decision making and proper risk evaluation, approval and follow-up.

The general framework of credit policy includes authorization for approval, limits, risk rating.

Within the organizational chart of the Bank, there is separation between credit granting units and control units. Moreover there are standard procedures to follow on performing and non-performing credit accounts.

The details of direct credit facilities portfolio are shown in note 8, and the off-balance sheet commitments exposed for credit risk is shown in note 51.

Credit risk related to financial instruments derivatives are confined to positive fair value derivatives which appear within other assets.

GEOGRAPHICAL AND SEGMENTAL DISTRIBUTION OF ASSETS AND LIABILITIES AND OFF-BALANCE SHEET ITEMS

	December 31, 2005			December 31, 2004		
	Assets	Liabilities	Off-Balance Sheet Items	Assets	Liabilities	Off-Balance Sheet Items
	JD	JD	JD	JD	JD	JD
A-According to geographical area						
Inside Jordan	2,186,073,682	2,530,989,585	298,088,548	1,867,179,638	1,913,905,940	114,051,352
Other Middle East countries	523,274,576	270,230,279	143,292,240	291,990,705	254,818,910	124,257,658
Europe	361,041,870	-	100,344,988	234,107,397	-	114,811,330
Asia*	7,654,919	-	195,229,868	7,446,253	-	140,661,758
Africa*	19,357,186	-	3,001,230	-	-	74,616,802
America	43,156,869	-	62,795,426	81,274,302	-	59,799,792
Rest of the world	55,693,866	-	23,430,944	17,646,955	-	57,896,751
Total	3,196,252,968	2,801,219,864	826,183,244	2,499,645,250	2,168,724,850	686,095,443

B- According to segment						
Public sector	1,111,257,903	205,599,171	-	925,432,176	208,982,089	-
Private sector						
Corporate accounts	1,437,752,653	808,702,998	512,836,337	1,100,297,162	539,895,571	398,783,302
Personal accounts	647,242,412	1,786,917,695	313,346,907	473,915,912	1,419,847,190	287,312,141
Total	3,196,252,968	2,801,219,864	826,183,244	2,499,645,250	2,168,724,850	686,095,443

* Except for Middle East countries.

43- MARKET RISK

Market risk arises from changes in interest rate, exchange rates of foreign currencies and stock prices . This is monitored daily / weekly / monthly by special committees and the treasury department .

44- INTEREST RATE RISK

Interest rate risk results from the effects of changes in interest rates on the value of financial instruments. The Bank faces interest rate risk because of mismatching or the existence of a gap in the amounts between assets and liabilities according to maturities, or repricing the interest rate in certain period . The Bank manages risks by reviewing the interest rate on assets and liabilities through its strategy on risk management

The Bank manages exposure to interest rate related to its assets and liabilities on an aggregate basis . All related factors are taken into consideration when managing interest rate risk. The Assets and Liabilities Committee reviews interest rate gaps and forecasts to assess interest rate risk in the short and long term and takes the necessary decision to limit such risks in view of interest rate forecasts, using all or part of the following techniques :

- Repricing loans or/and deposits.
- Making changes in the maturity of assets and liabilities sensitive to interest rates.
- Buying or selling financial investments .

Interest Rate Sensitivity for the Bank is Based on Contractual Repricing as of December 31, 2005

Interest rate sensitivity	Non-interest bearing items						Total	Average Interest Rate %	
	Up to 1 month	1 to 3 months	3-6 months	6 months to 1 year	1-3 years	Over 3 years			
ASSETS	JD	JD	JD	JD	JD	JD	JD	JD	
Cash and balances with central banks	147,100,000	180,000,000	72,400,000	10,000,000	-	-	266,838,829	676,338,829	4.01
Balances with banks and financial institutions	401,618,452	-	-	-	-	-	3,032,799	404,651,251	3.40
Deposits with banks and financial institutions	-	-	1,119,241	2,481,597	-	-	-	3,600,838	3.40
Trading investments	-	-	-	2,703	-	6,060,000	10,792,610	16,855,313	6.70
Credit facilities - net	103,618,381	93,704,732	209,027,838	228,234,300	317,476,234	306,519,972	2,171,197	1,260,752,654	7.36
Available for-sale investments	113,535,157	3,544,807	4,295,120	13,854,252	20,768,863	263,781,915	49,991,137	469,771,251	5.06
Held to maturity investments - net	-	5,075,328	48,863,662	2,707,201	86,631,162	94,103,770	-	237,381,123	4.45
Investments in associates and subsidiaries	-	-	-	-	-	-	19,765,191	19,765,191	
Premises and equipment – net	-	-	-	-	-	-	43,105,931	43,105,931	
Intangible assets	-	-	-	-	-	-	999,295	999,295	
Other assets	-	-	-	-	-	-	55,757,057	55,757,057	
Deferred income tax assets	-	-	-	-	-	-	7,274,235	7,274,235	
TOTAL ASSETS	765,871,990	282,324,867	335,705,861	257,280,053	424,876,259	670,465,657	459,728,281	3,196,252,968	
LIABILITIES									
Banks and financial institutions deposits	89,878,412	-	-	-	-	-	4,746,638	94,625,050	3.4
Customers' deposits	427,804,592	631,560,683	176,560,449	147,404,215	460,050,675	-	527,078,438	2,370,459,052	1.62
Margin accounts	10,913,413	8,388,617	35,007,261	32,356,216	66,570,061	78,268	44,955,848	198,269,684	1.84
Loans and borrowing	1,430,823	261,646	1,692,469	23,084,939	2,834,180	194,539	-	29,498,596	5.15
Sundry provisions	-	-	-	-	-	-	13,362,472	13,362,472	
Income tax provision	-	-	-	-	-	-	32,860,070	32,860,070	
Deferred income tax liabilities	-	-	-	-	-	-	8,154,348	8,154,348	
Other liabilities	-	-	-	-	-	-	53,990,592	53,990,592	
TOTAL LIABILITIES	530,027,240	640,210,946	213,260,179	202,845,370	529,454,916	272,807	685,148,406	2,801,219,864	
Minority interests	-	-	-	-	-	-	21,270,110	21,270,110	
Total Equity	-	-	-	-	-	-	373,762,994	373,762,994	
TOTAL LIABILITIES AND EQUITY	530,027,240	640,210,946	213,260,179	202,845,370	529,454,916	272,807	1,080,181,510	3,196,252,968	
Sensitivity difference of balance sheet items	235,844,750	(357,886,079)	122,445,682	54,434,683	(104,578,657)	670,192,850	(620,453,229)	-	
Cumulative sensitivity differences	235,844,750	(122,041,329)	404,353	54,839,036	(49,739,621)	620,453,229	-	-	

(NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued))		December 31, 2004						Non-	Total	Average
INTEREST RATE RISK (Continued)	Up to 1 month	1 to 3 months	3-6 months	6 months to 1 year	1-3 years	Over 3 years	interest bearing items	Total	Interest rate %	
							JD			JD
ASSETS										
Cash and balances with central banks	62,089,999	169,340,465	138,400,000	-	-	-	207,030,944	576,861,408	2.35	
Balances with banks and financial institutions	279,555,105	11,165,143	-	-	-	-	6,342,503	297,062,751	2.37	
Deposits with banks and financial institutions	-	-	30,106,876	709,000	-	-	-	30,815,876	1.70	
Trading investments	-	-	264,276	3,407,659	2,703	3,549,472	4,103,650	11,327,760	5.76	
Credit facilities – net	82,188,934	57,840,301	108,018,740	147,438,618	249,506,006	232,778,320	2,186,808	879,957,727	7.35	
Available for-sale investments	51,312,511	3,546,383	9,637,540	23,669,503	50,116,200	142,134,720	41,312,957	321,729,814	3.19	
Held to maturity investments - net	-	101,585,971	100,204,151	6,516,867	16,636,305	32,314,633	-	257,257,927	3.78	
Investments in associates and subsidiaries	-	-	-	-	-	-	19,688,063	19,688,063	-	
Premises and equipment – net	-	-	-	-	-	-	38,266,619	38,266,619	-	
Intangible assets	-	-	-	-	-	-	1,288,681	1,288,681	-	
Other assets	-	-	-	-	-	-	57,365,122	57,365,122	-	
Deferred income tax assets	-	-	-	-	-	-	8,023,502	8,023,502	-	
TOTAL ASSETS	475,146,549	343,478,263	386,631,583	181,741,647	316,261,214	410,777,145	385,608,849	2,499,645,250		
LIABILITIES										
Banks and financial institutions deposits	62,869,244	2,790,684	-	-	-	-	4,624,278	70,284,206	0.97	
Customers' deposits	330,245,794	465,659,358	147,712,506	142,170,191	461,431,273	-	371,927,340	1,919,146,462	1.17	
Margin accounts	1,389,935	365,634	9,658,213	14,363,540	29,216,624	31,836	23,361,339	78,387,121	1.21	
Loans and borrowing	1,431,162	262,323	1,693,485	2,086,970	26,747,876	1,438,942	-	33,660,758	5.36	
Sundry provisions	-	-	-	-	-	-	10,896,673	10,896,673	-	
Income tax provision	-	-	-	-	-	-	15,710,692	15,710,692	-	
Deferred income tax liabilities	-	-	-	-	-	-	3,795,859	3,795,859	-	
Other liabilities	-	-	-	-	-	-	36,843,079	36,843,079	-	
TOTAL LIABILITIES	395,936,135	469,077,999	159,064,204	158,620,701	517,395,773	1,470,778	467,159,260	2,168,724,850		
Minority interests	-	-	-	-	-	-	17,187,020	17,187,020	-	
Total Equity	-	-	-	-	-	-	313,733,380	313,733,380		
TOTAL LIABILITIES AND EQUITY	395,936,135	469,077,999	159,064,204	158,620,701	517,395,773	1,470,778	798,079,660	2,499,645,250		
Sensitivity difference of balance sheet items	79,210,414	(125,599,736)	227,567,379	23,120,946	(201,134,559)	409,306,367	(412,470,811)	-	-	
Cumulative sensitivity differences	79,210,414	(46,389,322)	181,178,057	204,299,003	3,164,444	412,470,811	-	-	-	

45- liquidity risk

Liquidity risk is the risk that the Bank will not be able to meet its net financial obligations. In this respect, the Bank's management has diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, cash equivalents, and quoted securities.

Liquidity management at the Bank aims at maximizing the possibility of obtaining liquidity at the minimum possible cost . Through liquidity management, the Bank seeks to maintain stable sources of funds .

Liquidity management is measured and monitored in normal and emerging conditions which include using maturity analysis of assets and liabilities and different financial ratios.

Sources of funds :

The Bank works to diversify its sources of funds for attaining financial flexibility and lowering financing costs .

The Bank has a large customer base of individuals and corporations with varying deposit accounts, of which 49% are stable . The Bank is distinguished through maintaining 46.9% of the saving accounts in the Jordanian banking market, in addition to its ability to approach money markets because of its strong financial position . The wide spread network of branches of the Bank in Jordan (96 branches) in addition to its branches in Palestine and Bahrain and its subsidiaries in Syria and Algeria, enables it to diversify its sources of funds and not depend on one geographical area .

According to regulations, the Bank keeps part of its customer deposits at central banks as a cash reserve which cannot be disposed of except in certain conditions, in addition to maintaining liquidity ratios higher than the minimum imposed by central banks .

The contractual maturity dates of assets and liabilities in the table have been determined on the basis of the remaining period from the date of the balance sheet until the date of contractual maturity, irrespective of actual maturities .

Table of Maturities of Assets and Liabilities as of December 31, 2005

	(LIQUIDITY RISK)							Total JD
	Up to 1 month JD	1-3 months JD	3-6 months JD	6 months to 1 year JD	1-3 years JD	Over 3 years JD	Without maturity JD	
ASSETS								
Cash and balances with central banks	413,938,829	180,000,000	72,400,000	10,000,000	-	-	-	676,338,829
Balances with banks and financial institutions	404,651,251	-	-	-	-	-	-	404,651,251
Deposits with banks and financial institutions	-	-	1,119,241	2,481,597	-	-	-	3,600,838
Trading investments	16,855,313	-	-	-	-	-	-	16,855,313
Credit facilities - net	105,789,578	93,704,732	209,027,838	228,234,300	317,476,234	306,519,972	-	1,260,752,654
Available for-sale investments	150,749,527	3,544,807	4,295,120	13,854,252	20,768,863	263,781,915	12,776,767	469,771,251
Held to maturity investments - net	-	5,075,328	48,863,662	2,707,201	86,631,162	94,103,770	-	237,381,123
Investments in associates and subsidiaries	-	-	-	-	-	-	19,765,191	19,765,191
Premises and equipment – net	-	-	-	-	-	-	43,105,931	43,105,931
Intangible assets	-	-	-	-	-	-	999,295	999,295
Other assets	30,554,140	1,194,553	1,381,444	469,657	2,107,572	4,344,213	15,705,478	55,757,057
Deferred income tax assets	-	-	-	-	-	7,274,235	-	7,274,235
TOTAL ASSETS	1,122,538,638	283,519,420	337,087,305	257,747,007	426,983,831	676,024,105	92,352,662	3,196,252,968
LIABILITIES								
Banks and financial institutions deposits	94,625,050	-	-	-	-	-	-	94,625,050
Customers' deposits	954,883,030	631,560,683	176,560,449	147,404,215	460,050,675	-	-	2,370,459,052
Margin accounts	43,377,529	14,592,035	36,782,555	36,095,785	67,203,009	218,771	-	198,269,684
Loans and borrowing	1,430,823	261,646	1,692,469	23,084,939	2,834,180	194,539	-	29,498,596
Sundry provisions	-	-	-	-	-	-	13,362,472	13,362,472
Income tax provision	-	23,448,813	-	9,411,257	-	-	-	32,860,070
Deferred tax liabilities	-	-	-	-	-	-	8,154,348	8,154,348
Other liabilities	38,138,198	1,472,570	1,225,749	199,377	480,437	141	12,474,120	53,990,592
TOTAL LIABILITIES	1,132,454,630	671,335,747	216,261,222	216,195,573	530,568,301	8,567,799	25,836,592	2,801,219,864
Minority interests	-	-	-	-	-	-	21,270,110	21,270,110
Total Equity	-	-	25,000,000	-	-	-	348,762,994	373,762,994
TOTAL LIABILITIES AND EQUITY	1,132,454,630	671,335,747	241,261,222	216,195,573	530,568,301	8,567,799	395,869,696	3,196,252,968
Period gap	(9,915,992)	(387,816,327)	95,826,083	41,551,434	(103,584,470)	667,456,306	(303,517,034)	-
Cumulative gap	(9,915,992)	(397,732,319)	(301,906,236)	(260,354,802)	(363,939,272)	303,517,034	-	-

December 31, 2004 (Restated)									
(LIQUIDITY RISK)									
ASSETS	Up to 1 month JD	1-3 months JD	3-6 months JD	6 months to 1 year JD	1-3 years JD	Over 3 years JD	Without maturity JD	Total JD	
Cash and balances with central banks	269,120,943	169,340,465	138,400,000	-	-	-	-	576,861,408	
Balances with banks and financial institutions	285,897,608	11,165,143	-	-	-	-	-	297,062,751	
Deposits with banks and financial institutions	-	-	30,106,876	709,000	-	-	-	30,815,876	
Trading investments	11,327,760	-	-	-	-	-	-	11,327,760	
Credit facilities - net	84,375,742	57,840,301	108,018,740	147,438,618	249,506,006	232,778,320	-	879,957,727	
Available for-sale investments	81,228,991	3,546,383	9,637,540	23,669,503	50,116,200	142,134,720	11,396,477	321,729,814	
Held to maturity investments - net	-	101,585,971	100,204,151	6,516,867	16,636,305	32,314,633	-	257,257,927	
Investments in associates and subsidiaries	-	-	-	-	-	-	19,688,063	19,688,063	
Premises and equipment – net	-	-	-	-	-	-	38,266,619	38,266,619	
Intangible assets	-	-	-	-	-	-	1,288,681	1,288,681	
Other assets	32,604,695	1,735,763	1,467,693	264,580	463,874	1,019,971	19,808,546	57,365,122	
Deferred income tax assets	-	-	-	-	-	8,023,502	-	8,023,502	
TOTAL ASSETS	<u>764,555,739</u>	<u>345,214,026</u>	<u>387,835,000</u>	<u>178,598,568</u>	<u>316,722,385</u>	<u>416,271,146</u>	<u>90,448,386</u>	<u>2,499,645,250</u>	
LIABILITIES									
Banks and financial institutions deposits	67,493,522	2,790,684	-	-	-	-	-	70,284,206	
Customers' deposits	702,173,134	465,659,358	147,712,506	142,170,191	461,431,273	-	-	1,919,146,462	
Margin accounts	19,135,998	4,022,965	10,625,276	14,792,320	29,720,087	90,475	-	78,387,121	
Loans and borrowing	1,431,162	262,323	1,693,485	2,086,970	26,747,876	1,438,942	-	33,660,758	
Other provisions	-	1,743,487	-	-	-	-	9,153,186	10,896,673	
Income tax provision	-	198,439	14,822,253	690,000	-	-	-	15,710,692	
Deferred income tax liabilities	-	-	-	-	-	3,795,859	-	3,795,859	
Sundry liabilities	19,225,958	1,828,325	1,154,082	225,572	512,264	56,273	13,840,605	36,843,079	
TOTAL LIABILITIES	<u>809,459,774</u>	<u>476,505,581</u>	<u>176,007,602</u>	<u>159,965,053</u>	<u>518,411,500</u>	<u>5,381,549</u>	<u>22,993,791</u>	<u>2,168,724,850</u>	
Minority interests	-	-	-	-	-	-	17,187,020	17,187,020	
Total Equity	-	-	20,000,000	-	-	-	293,733,380	313,733,380	
TOTAL LIABILITIES AND EQUITY	<u>809,459,774</u>	<u>476,505,581</u>	<u>196,007,602</u>	<u>159,965,053</u>	<u>518,411,500</u>	<u>5,381,549</u>	<u>333,914,191</u>	<u>2,499,645,250</u>	
Period gap	<u>(44,904,035)</u>	<u>(131,291,555)</u>	<u>191,827,398</u>	<u>18,633,515</u>	<u>(201,689,115)</u>	<u>410,889,597</u>	<u>(243,465,805)</u>	-	
Cumulative gap	<u>(44,904,035)</u>	<u>(176,195,590)</u>	<u>15,631,808</u>	<u>34,265,323</u>	<u>(167,423,792)</u>	<u>243,465,805</u>	-	-	

46- FOREIGN CURRENCY RISKS

These are the risks of the change in the value of financial instruments resulting from the change in foreign currencies rates. The Jordanian Dinar is functional currency for the Bank. The Board of Directors sets the limit of the financial position for each currency at the Bank, and such position is monitored on a daily basis to ensure maintaining the foreign exchange position within the set limits.

The Bank's investments policy states that a foreign currency position could be taken for major currencies one against the other not exceeding 5% of shareholders equity for each currency and for a total position for all currencies not exceeding 15% of shareholders equity. A sophisticated market instrument could be used for hedging against exchange rate risks within limits in order not to expose the Bank to any additional risks.

Net major foreign currencies positions at the Bank :

	December 31, 2005		December 31, 2004	
	Foreign currency "1,000"	Equivalent in "JD "1,000"	Foreign currency "1,000"	Equivalent in "JD "1,000"
Us Dollars	(36,148)	(26,997)	(21,048)	(15,055)
Sterling Pound	3,615	4,397	3,096	4,214
Euro	2,414	1,918	(472)	(469)
Swiss Franc	2,412	1,301	509	319
Japanese Yen	(36,954)	(222)	4,672	32
Others	-	25,677	-	23,721

47- EQUITY PRICE RISK

Equity price risk result from the change in the fair value of equity investments. The Bank manages these risks through the diversification of investments to several geographical areas and economic sectors. Most equity investments held by the Bank are listed in Amman Stock Exchange and Palestine Securities Market.

48- SEGMENTAL INFORMATION

A- Information on the Bank Activities

For management purposes, the Bank is organised into four major business segments :

Retail Banking :

-principally handling individual customers' deposits and providing consumer loans, overdrafts, credit cards facilities and funds transfer facilities .

Corporate Banking :

-principally handling loans and other credit facilities and deposits and current accounts for corporate and institutional customers .

Corporate finance :

-principally arranging structured finance and providing services relating to privatisations , IPO's, mergers and acquisitions.

Treasury :

-principally providing trading and treasury services and the management of the Bank's funds.

The Bank's business segments :

	December 31, 2005						December 31, 2004	
	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Others	Elimination		Total
Gross Income	JD	JD	JD	JD	JD	JD	JD	JD
Provision for credit losses	104,242,442	65,594,661	388,251	93,259,045	10,270,881	(58,104,998)	215,650,282	126,518,915
Impairment of investment	907,334	6,235,439	-	-	-	-	7,142,773	2,583,986
Segment result	-	-	-	(507,608)	-	-	(507,608)	(599,190)
Unallocated costs	46,618,667	27,615,445	187,528	33,560,471	6,831,104	-	114,813,215	55,522,887
Bank's share from subsidiaries and associates profit	-	-	-	-	-	-	(10,094,409)	(8,477,868)
Income before tax	46,618,667	27,615,445	187,528	33,560,471	6,831,104	(9,654,343)	105,158,872	47,105,963
Income Tax	-	-	-	-	-	-	(31,107,094)	(16,811,514)
Net Income	-	-	-	-	-	-	74,051,778	30,294,449
Segment Assets	2,064,121,493	865,680,356	128,000	1,707,680,782	92,942,730	-	4,730,553,361	3,807,160,402
Intra – segment assets	(1,505,188,856)	(31,709,968)	-	(24,440,995)	-	-	(1,561,339,819)	(1,335,226,717)
Investments in subsidiaries and associates	-	-	-	-	-	-	19,765,191	19,688,063
Unallocated costs	-	-	-	-	-	-	7,274,235	8,023,502
Total Assets	-	-	-	-	-	-	3,196,252,968	2,499,645,250
Segment Liabilities	2,063,446,037	814,978,688	128,000	1,731,569,674	46,405,575	-	4,656,527,974	3,784,412,212
Intra – segment liabilities	-	(80,177,290)	(19,574)	(1,783,265,594)	-	-	(1,863,462,458)	(1,619,483,221)
Unallocated costs	-	-	-	-	-	-	8,154,348	3,795,859
Total Liabilities	-	-	-	-	-	-	2,801,219,864	2,168,724,850
Capital expenditures	-	-	-	-	-	-	10,310,337	6,184,491
Depreciation	-	-	-	-	-	-	7,017,180	6,578,549

B- Geographical distribution

The following is the distribution of the Bank's income, assets and capital expenditures inside and outside Jordan:

	Domestic		International		Total	
	December 31,		December 31,		December 31,	
	2005	2004	2005	2004	2005	2004
	JD	JD	JD	JD	JD	JD
Gross income	195,366,869	118,919,753	20,283,413	7,599,162	215,650,282	126,518,915
Total assets	2,186,073,682	1,867,179,638	1,010,179,286	632,465,612	3,196,252,968	2,499,645,250
Capital expenditures	7,758,606	1,926,194	2,551,731	4,258,297	10,310,337	6,184,491

49- CAPITAL ADEQUACY

The capital adequacy ratio is computed in accordance with the Central Bank of Jordan regulations derived from Basel Committee resolutions. The following schedule shows the capital adequacy ratio in comparison with that of the previous year :

	December 31, 2005		December 31, 2004	
	Amount "JD "1000	Percentage to Risk-Weighted Assets	Amount "JD "1000	Percentage to Risk-Weighted Assets
Regulatory capital	334,612	%17.31	275,160	%20.87
Basic capital	313,719	%16.23	254,722	%19.32

50- FIDUCIARY ACCOUNTS

Investment accounts managed on behalf of customers amounted to JD 47,394,039 as of December 31, 2005 against JD 22,983,311 as of December 31, 2004. These accounts are not included in the assets or the liabilities of the Bank in the consolidated financial statements. Commissions and fees of these accounts appear in the income statement .

51- OFF-BALANCE SHEET ITEMS

A- Credit commitments and contingent liabilities :

	December 31, 2005	December 31, 2004
	JD	JD
Letters of credit	374,812,829	350,302,374
Acceptances	56,872,219	33,743,333
Letters of guarantee:		
i. Payments	52,004,305	31,208,593
ii. Performance	93,981,886	60,202,172
iii. Other letters of guarantee	106,090,849	71,198,939
Un-utilized facilities	142,421,156	139,440,032
	<u>826,183,244</u>	<u>686,095,443</u>

B- contractual commitments:

	December 31, 2005	December 31, 2004
	JD	JD
Contracts of acquisition of fixed assets	4,014,373	921,266
Contracts of construction projects	4,275,929	182,820
Other purchases contracts	970,987	29,205
	<u>9,261,289</u>	<u>1,133,291</u>

52- LAWSUITS AGAINST THE BANK

At year-end, there were lawsuits against the Bank amounting to JD 10.6 million compared to JD 13.7 million as of December 31, 2004. These lawsuits are lodged to prevent the Bank from reclaiming amounts due and enforcing real estate mortgages. In management's and the legal advisor's opinion, no material liabilities shall arise as a result of these lawsuits, and the related provision amounting JD 338,266 as of December 31, 2005 compared to JD 376,384 as of December 31 2004, is adequate .

53- NEWLY ISSUED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The International Accounting Standards Board has issued new International Financial Reporting Standards in addition to amendments to the existing International Accounting Standards and International Financial Reporting Standards interpretations disclosed hereunder and effective from January 1, 2005:

- International Financial Reporting Standard no.7 (Financial Instruments – Disclosure)
- International Accounting Standard no. 32 (Financial Instruments – Presentation)

54- RECLASSIFICATIONS

In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, the financial statements of 2004 have been restated to comply with the new IFRS and amended IAS, which have become effective from January 1, 2005.

	After Restatement	Before Restatement	Change
	JD	JD	JD
Change in assets	2,499,645,250	2,494,931,963	4,713,287
Change in liabilities	2,168,724,850	2,179,308,540	(10,583,690)
Change in equity	313,733,380	298,436,403	15,296,977
Profit for the year	30,587,756	31,700,872	(1,113,116)

The change in equity resulted from reclassifying the general banking risk reserve as a profit appropriation in addition to the effect of the change in deferred tax assets and liabilities.



Disclosure Statements

C.V. of Board Members

H.E. Dr. Michel Marto/ Chairman of the board of directors.

Qualifications:Ph. D economics, 1970

- ◉ Minister of finance, 1998-2003.
- ◉ Chairman of Securities Commission, 1997-1998.
- ◉ Deputy governor of the Central Bank of Jordan, 1989-1997.

Memberships

- ◉ Chairman of Jordan Petroleum Refinery Company.
- ◉ Chairman of Lease Finance Specialized Company.
- ◉ Chairman / Iskan Tourist and Hotels Investment Co.
- ◉ Chairman / Association of Banks in Jordan.
- ◉ Vice Chairman / Jordan International Bank – London.
- ◉ Board member / Jordan International Insurance Co.

Mr. Othman Bafaqih / Vice Chairman.

“Representative of Capital Investments Holding Co. / Bahrain”.

Qualifications:B.Sc mechanical engineering, 1983.

- ◉ Chief executive officer / Al Marjan Industrial and Commercial Co./ Saudi Arabia.

Memberships

- ◉ Chairman of Muftah Car Rental Co. / Saudi Arabia.
- ◉ Chairman of United Ink Manufacturing Co. / Saudi Arabia
- ◉ Board Member / Medical Filters MDC / Saudi Arabia
- ◉ Board Member / The Housing Bank for Trade & Finance / Algeria.

Mr. Abdullah Saudi

Qualifications:Diploma in accounting, 1957.

Memberships

- ◉ Chairman of A.S.A Consultants for Investment / Bahrain.
- ◉ Managing director of Capital Investment Holding Co. / Bahrain.
- ◉ Advisor of the board / Lebanon Credit Bank.
- ◉ Founding president of Libyan Arab Foreign Bank, 1972-1980
- ◉ Founding CEO of Arab Banking Corporation “ABC”/ Bahrain, 1980-1994.

SHK. Ali Bin Jassim AL Thani

“Representative of Supreme Council for Economic Affairs and Investment / Qatar”.

Qualifications: B.Sc. Economics and Political Science, 1983

- Manager of direct investments / Supreme Council for Economic Affairs and Investments.

Memberships

Board member in the following:

- Arab Maritime Co. / Kuwait.
- Qatar Maritime Co. / Doha.
- Chanzelezaih Co. / France.

Mr. Mohammad Abdul Hadi

“Representative of Supreme Council for Economic Affairs and Investment”.

Qualifications: B.Sc. Financial Management, 1995

- Senior financial analyst in direct investment dept. / Supreme Council for Economic Affairs and Investment.

Mr. Saad Henaidi

“Representative of Kuwait Real Estate Investment Consortium”.

Qualifications: B.Sc. IT, 1985

- Manager of systems development in Kuwait Investment Authority/ Kuwait.
- Consultant / Int. Investment Co.
- Consultant / Bahrain Arab Int. Bank.

Memberships

Board member in the following :

- Int. Bank for Trade & Finance / Syria.
- Foundation Committee of Kuwait Technology Village.

Mr. Mohammad Al Munaifi

“Representative of Kuwait Real Estate Investment Consortium”.

Qualifications: B.A Law 1991, B.Sc. engineering, 1984

- Head of Arab Corporations sector – Arab Investments Dept. / Kuwait Investment Authority – Kuwait.

Memberships

Board member in the following:

- Bred Street Real Estate American Co.
- Electricity Link Commission for GCC countries.

Dr. Mohammad Adeinat

“Representative of Social Security Corp. / Jordan”.

Qualifications: PH.D Economics, 1985

- General Manager of Orphans Funds Development Corporation.

Memberships

- Jordan Petroleum Refinery Co.

Mr. Abdel Rahman Al Jada'

“Representative of Social Security Corp. / Jordan”.

Qualifications: Diploma, business administration, 1972.

- Assistant General Manager- Crown Plaza Hotel / Amra.
- Chairman of trade union of general services and free profession workers.
- Member of executive office of general Trade Union of Laborers.
- Member of Central Council of general Trade Union of Laborers.

Memberships

- Social Security Corp. / Jordan.

Mr. El Sharif Alwan

“Representative of Libyan Arab Foreign Bank”.

Qualifications: B.Sc. IT, 1992

- IT Manager / Libyan Arab Foreign Bank.

Memberships

- The Housing Bank for Trade & Finance / Algeria.

Dr. Abdul Magid Gadad

“Representative of Libyan Arab Foreign Bank”.

Qualifications: PH.D Accounting and Financial Management, 1998

- Financial Advisor for Libyan Investment Council.
- Professor at High Studies Academy / Tripoli / Libya.

Mr. Ammar Zahran

“Representative of Sheikh Khalid Bin Mahfouz Group / Saudi Arabia”.

Qualifications: M.Sc. Engineering Science, 1996

Memberships

Chairman – Yanabee Co. / Saudi Arabia

Board member in the following:

- Glass Co. / Saudi Arabia
- Sanitary Manufacturing Co. / Saudi Arabia
- Marjan Environment Cleaning / Saudi Arabia
- United Ink Manufacturing Co. / Saudi Arabia
- Representative of Sheikh Khalid Bin Mahfouz Group in Thurayah Communication Co./ Dubai

Mr. Ahmed Al Mahrezi

“Representative of Ministry of Finance / Sultanate of Oman”.

Qualifications: M.A. Law, 1996

- General Manager of Civil Service Employees Pension Fund/ Sultanate of Oman.

Memberships_

Board member in the following:

- Dhofar Bank
- International Hotel Management Co.
- Omani Int. Development and Investment Co.

Profile of Executive Management

Mr. Ahmad Abdul Fattah Abu Obeid / CEO

Qualifications : M.Sc. Economics, 1976

- Former Vice Chairman / General Manager of Social Security Corp.
- Former Deputy Governor of Central Bank of Jordan.

Memberships:

- Chairman – The Housing Bank for Trade & Finance / Algeria.
- Chairman – International Financial Center Co.
- Vice Chairman – Lease Finance Specialized Co.
- Member – managers committee of Iskan Tourist and Hotel Investments (Le Meridien Hotel)

Board member in the following:

- Re-qualification college / University of Jordan.
- Banking Studies Institute.
- Investment Fund of Yarmouk University.

Mr. Oudeh Khalil / Chief Editor

Qualifications : B. Sc. Accounting, 1973

Board member in the following:

- Zey Ready Wear Manufacturing Co.
- Int. Fashion Marketing Co.
- Industrial Cities Corporation.

Mr. Mohye Ddin El-Ali /Head of Administrative Affairs Sector

Qualifications : B. Sc. Accounting, 1972

Board member in the following:

- International Bank for Trade and Finance / Syria.

Mr. Nael Al Zua'bi /Head of Corporate Sector

Qualifications : B. Sc. Economics, 1971

Board member in the following:

- The Housing Bank for Trade & Finance/ Algeria.
- Jordan Ceramic Factories Co.
- Arab Orient Financial Investments Co.
- Lease Finance Specialized Co.
- Arab Orient Real Estate Investments Co.

Mr. Kamal Yagmour / Head of Consumer Sector.

Qualifications : B. Sc. Accounting, 1984

Board member in the following:

- United Arab Investors Co.

Mr. Awad Fadayel /Manager of International Dept.

Qualifications : General Secondary Certificate, 1959

Board member in the following:

- Arab Engineering Industries Co.
- The Housing Bank for Trade & Finance/ Algeria.

Mr. Khaled Al-Thahabi / Chief Financial Officer (CFO)

Qualifications : B. Sc. Accounting, 1985 & CPA

Board member in the following:

- Union Tobacco and Cigarettes Factories Co.

Mr. Omar Malhas / Manager of Treasury & Investment.

Qualifications : M. Sc. Int. Banking & Finance, 1991

Board member in the following:

- International Bank for Trade & Finance / Syria.
- Arab Jordan Insurance Group.
- Managing Committee of Investment Unit / Social Security Corp. /Jordan.

Mr. Ihab Saadi / Manager of Corporate Finance

Qualifications : M. Sc. Financial Management, 1990 & CPA

Board member in the following:

- Lease Finance Specialized Co.
- Palestine Development and Investment Co. (PADICO).

Mr. Robeen Ja'abari / Manager of Central Operations

Qualifications : B. Sc. Accounting, 1972

Board member in the following:

- Union Chemical and Vegetable Oils Industries Co.

Mr. Mahmoud Kamal / Manager of IT.

Qualifications : M. Sc. IT, 1978

Mr. Mohammad Mazen Kalha / Manager of Risk Management

Qualifications : B. Sc. Business Administration and Economics, 1975

Board member in the following:

- Jordan Mortgage Refinance Co.
- Engineering Applications Co.

Mr. Adnan Sharabi / Regional Manager - Bahrain

Qualifications : M. Sc. Planning, 1977

Mr. Mohammad Barghothi / Regional Manager - Palestine Branches

Qualifications : Diploma – Banking and Finance, 1978

Board member in the following:

- Chairman/ Managers Committee/Jordan and Palestine Financial Investment Co.
- Vice Chairman/ Real Estate Investment Commercial Co.

Major Shareholders (5% or more)

Shareholder	Nationality	Number of Shares		(% of Capital 2005)
		2004	2005	
Ministry of Finance, Economy & Trade/ Gov. of Qatar	Qatari	12,661,143	20,103,409	20.103%
Kuwait Real Estate Investment Consortium	Kuwaiti	18,761,618	18,761,618	18.762%
Libyan Arab Foreign Bank	Libyan	15,075,250	15,075,250	15.075%
Social Security Corporation	Jordanian	15,703,382	15,052,529	15.052%
Sheikh Khalid Bin Mahfouz	Saudi	11,892,882	10,000,000	10%

* Number of Jordanian Shareholders is (3,605) holding a stake of (23.827%) of Capital.

* Number of Arab & Foreign Shareholders is (389) holding a stake of (76.173%) of Capital.

Shares Held by Board Members

Board Member	Nationality	Number of Shares	
		2004	2005
Dr. Michel Marto	Jordanian	60,000	80,000
Mr. Ammar Zahran	Saudi	10,000	10,000
Mr. Abdullah Saudi	Libyan	10,000	10,000
Dr. Abdul Mgid Gadad	Libyan	1,000	3,000
Mr. Othman Ba Faqih	Saudi	50	50

Shares Held by Executive Management

Name	Number of Shares	
	2004	2005
Mr. Ahmad Abdul Fattah (CEO)	25,000	25,000
Mr. Oudeh Khalil / Chief Editor	-	1,000
Mr. Mohei Dden Al Ali /Head of Administrative Affairs Sector	15,324	15,324
Mr. Nayel Al Zoubi / Head of Corporate Sector	3,652	3,600
Mr. Awad Fadael / Manager of International Dept.	3,932	3,932
Mr. Roubin Al Gabari / Manager of Central Operations	1,000	-
Mr. Mohammad Mazen Al Kalha/ Manager of Risk Management	2,102	2,102

Board Members Remunerations:

- Board members remunerations amounted to JD (58,333) in 2005.
- Transportation and meetings attendance allowances of board members as well as executive and auditing committees of the board amounted to JD (576,098) in 2005.
- Air tickets for board members totaled JD (71,762.05) in 2005.

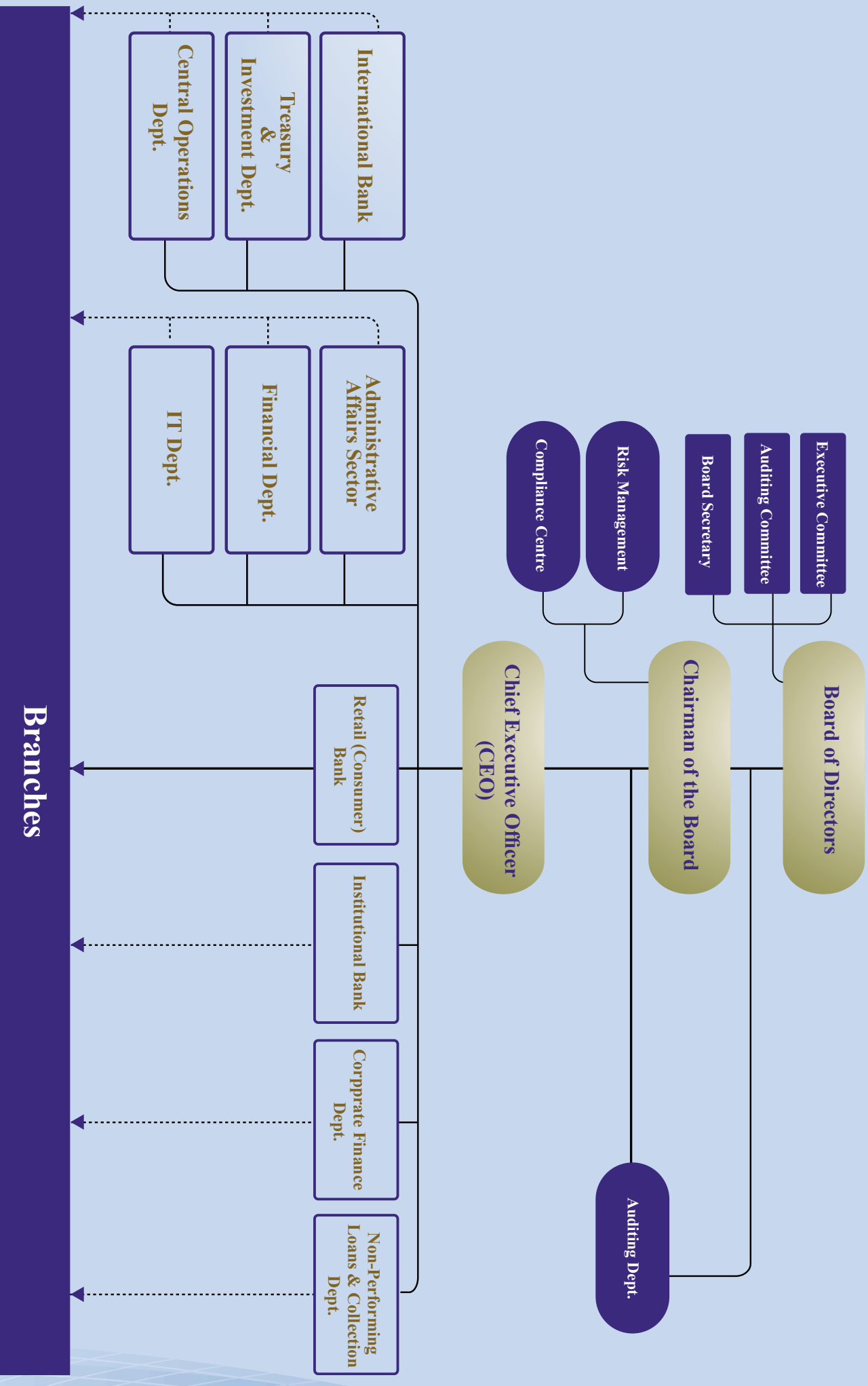
Fees paid to auditors in 2005

(JD)			
Item	Auditing Fees	Consultation & other fees	Total
The Bank and foreign branches	138,431	16,171	154,602
Subsidiaries	23,818	-	23,818
Total	162,249	16,171	178,420

Other Disclosures

- Neither The Housing Bank for Trade & Finance nor any of its products enjoys any government protection or privileges according to laws & regulations. The bank has not got any patents or intellectual rights.
- There were no resolutions from government or organizations, which have financial effect on the bank, its products or competitive powers.
- There were no non-recurrent operations or substantial non-core activities.
- There are no customers whose relation exceeds 10% of the volume of any activity, of the bank.

The Bank's Organizational Chart



EXTERNAL (FOREIGN) BRANCHES

PALESTINE

Regional Management
Rukab Building – Bareed Street
P.O Box (1473), Ramallah, Palestine
Telephone +97022986270
Facsimile +97022986275
(Branches (Ramallah , Nablus, Hebron & Gaza

BAHRAIN

Manama Center – Government Street
Manama – Bahrain
Telephone +97317225227
Facsimile +97317225225

SUBSIDIARIES

THE HOUSING BANK FOR TRADE & FINANCE / ALGERIA

Ahmad Wakid Street
Dali Ibrahim/ Algeria
Telephone +21321600106
Facsimile +21321918878

THE INTERNATIONAL BANK FOR TRADE & FINANCE

Pakistan Street – Damascus
P.O Box (10502) Damascus / Syria
Telephone +963112325780
Facsimile +963112325788

INTERNATIONAL FINANCIAL CENTER CO.

The Housing Bank Center – 2nd Floor
P.O Box (940919) Amman 11194 Jordan
Telephone +96265674558
Facsimile +96265696720

JORDAN & PALESTINE FINANCIAL INVESTMENTS CO.

Farah Building – 2nd Floor – Rukab Square
P.O Box(1922), Ramallah, Palestine
Telephone +97022987778
Facsimile +97022987779

SPECIALIZED LEASE FINANCE CO.

Mecca Street – Faouri Building, 1st Floor
P.O Box (1174) Amman 11118, Jordan
Telephone +96265811990
Facsimile +96265821210

REPRESENTATIVE OFFICES LIBYA, IRAQ & ABU DHABI



Head Office

Amman/ Abdali - Parliament Street

P.O.BOX (7693), Amman 11118 - Jordan

Telephone 009626 (5667126) (5607315)

Free Call 080022111

Facsimile 009626 (5678121)

e-mail: info@hbtf.com.jo

Website: www.hbtf.com