

Annual Report 2006

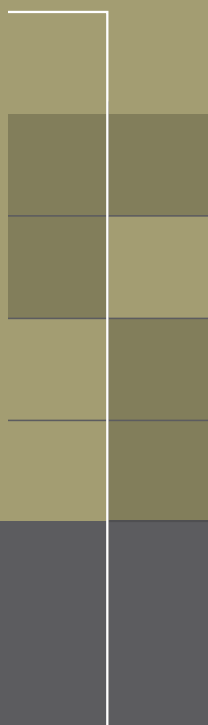


بنك الإسكان للتجارة والتمويل

The Housing Bank for Trade & Finance

33rd Board of Directors Report

For the Year Ending December 31, 2006



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His Majesty KING ABDULLAH THE SECOND BIN AL HUSSEIN

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Small Details Make the Difference

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

Adopt 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

H.E. Dr. Michel Marto

CHAIRMAN

Mr. Othman Bafagih

VICE CHAIRMAN

Capital Investments Holding Co. / Bahrain

MEMBERS

Mr. Abdullah Saudi

Sheikh. Ali Bin Jassim Al-Thani

Qatar Investment Authority / Qatar

Mr. Mohammad Abdul Hadi

Qatar Investment Authority / 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 Foreign Bank

Dr. Abdul Magid Gadad

Libyan Foreign Bank

Mr. Ammar Zahran

Mr. Ahmed Al Mahrezi

Ministry of Finance / Sultanate of Oman

Chief Executive Officer (CEO): Mr. Ahmad Abd Elfattah Abu Obeid

AUDITORS : Ernst & Young

Deloitte & Touché "Middle East" / Jordan



Dr. Michel Marto



Mr. Othman Bafagih



Mr. Abdullah Saudi



Sheikh. 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 Directors and staff of the Bank, it gives me great pleasure to welcome you and express my sincere gratitude and appreciation for your confidence as shareholders in this prominent institution. The 2006 exceptional results have reinforced the Bank's leadership of the Jordanian banking industry.

2006 witnessed an important strategic turning point in the journey of the Housing Bank for Trade and Finance. Capital was increased to JD 252 million (US \$ 355.3 million) from JD 100 million (US \$ 141 million), through a rights issue of 100 million shares, distributing 50 million dividend shares and allocating 2 million shares to the Jordanian Armed Forces' Funds, as a result shareholders' equity increased from JD 395 million (US \$ 557.2 million) in 2005 to JD 835 million (US \$ 1177.5 million) in 2006, an increase of 111%.

The capital increase aimed at supporting shareholders' equity to comply with Basel II requirements, meet the local and foreign expansion needs, increase the capability of financing large projects, support continuous business growth, and enhance the financial status and creditworthiness.

It gives me and the members of the Board great pleasure to present to you the 33rd Annual Report that highlights the Bank's 2006 performance, achievements, consolidated financial statements and future plans.

Dear Shareholders,

In 2006, the Jordanian economy grew at a real rate of 6.4%, supported by the influx of local and foreign investments in number of large projects in various economic sectors. The Jordanian economy was able to reach this unique achievement due to the monetary and fiscal stability, and enhancement of CBJ's foreign currency reserves which totaled US \$ 6.1 billion at the end of 2006. These achievements are expected to provide prospering environment for both local banking industry and investment opportunities.

2006 financial results were exceptional at all levels, pre-tax profits rose 24% to JD 130.1 million (US \$ 183.5 million), whereas net profits rose 28% to JD 94.8 million (US \$ 133.6 million).

In 2006, total assets increased by 28% to JD 4.1 billion (US \$ 5.8 billion). Total deposits grew by 21% to reach JD 2978 million (US \$ 4200 million) at the end of 2006. Net direct credit facilities increased by 26% to JD 1590.4 million (US \$ 2242 million) in 2006. Asset quality improved as non-performing loans (NPLs) ratio declined from 3.26% in 2005 to 2.97% at the end of 2006, reflecting the successful credit strategies and risk management policy adopted by the bank.

Results of our foreign branches in Palestine and Bahrain as well as subsidiary banks in Syria and Algeria have improved in 2006, with clear increase in the volume of deposits, credit facilities, and profits. The same applies to other affiliated companies. Representative offices in Baghdad, Tripoli/Libya and Abu Dhabi have shown successful improvement in marketing the bank's services.

Dear Shareholders,

In view of such outstanding results, the Board of Directors recommends the distribution of cash dividends of 26% compared to 25% in 2005.

On behalf of the Board of Directors and the shareholders, I would like to express our sincere appreciation and gratitude to our Government and its official institutions. We also thank the Central Bank of Jordan and the Jordan Securities Commission for their support, and for their active role in developing and improving the performance of the national economy in general and the Jordanian banking sector in particular.

Our customers and shareholders support and confidence are essential to the Bank. We pledge to exert all our efforts to achieve continuous growth. I also highly appreciate the professional efforts of the members of the Board of Directors and the Chief Executive Officer which resulted in such exceptional achievements. I extend my sincere appreciation to the staff, for the dedication and loyalty in their endeavors to achieve these accomplishments. In conclusion, I wish our institution all the success and prosperity in serving our country and national economy, under the wise leadership and clear vision of His Majesty King Abdullah II Bin Al Hussein.

Thank you.

Dr. Michel Marto
Chairman of the Board of Directors

The Bank's Financial Performance in 2006

In 2006, the bank continued its positive growth in various activities, products and services as well as supporting its competitive position in the Jordanian Banking Sector. The following table shows the most important indicators and ratios and their development in the last five years.

Major Financial Indicators of the Bank (2002 – 2006)

(Amounts in millions JD*)

Item/Year	2002	2003	2004	2005	2006	Growth Rate in 2006
Total Assets	1773.0	2030.6	2499.6	3196.3	4096.1	28%
Customers' Deposits	1280.4	1526.5	1919.1	2370.5	2832.7	20%
Credit Facilities - Net	600.1	628.8	880.0	1262.6	1589.5	26%
Shareholders' Equity	268.8	293.1	330.9	395.0	834.9	111%
Gross Income	79.0	89.5	103.4	173.6	203.7	17%
Profit before Income Tax	29.2	30.8	47.1	105.2	130.1	24%
Profit after Income Tax	21.9	22.5	30.3	74.1	94.7	28%
Return on Average Assets (ROAA)	1.26%	1.18%	1.34%	2.60%	2.60%	-
Return on Average Equity (ROAE)	8.34%	8.01%	9.71%	20.42%	15.40%	(5) p.p
Dividends (JD)	0.150	0.150	0.200	0.250	0.260	4%
Share Price in ASE (JD)	2.420	4.330	8.000	19.990	6.550	

*JD = US\$ 1.41



Analysis of Operation Results

Total Income

Total income in 2006 amounted to JD 203.7 million compared to JD 173.6 million in 2005, showing an increase of JD 30.1 million at the rate of 17%. This is mainly attributed to growth in the net interest and commission at 45%.

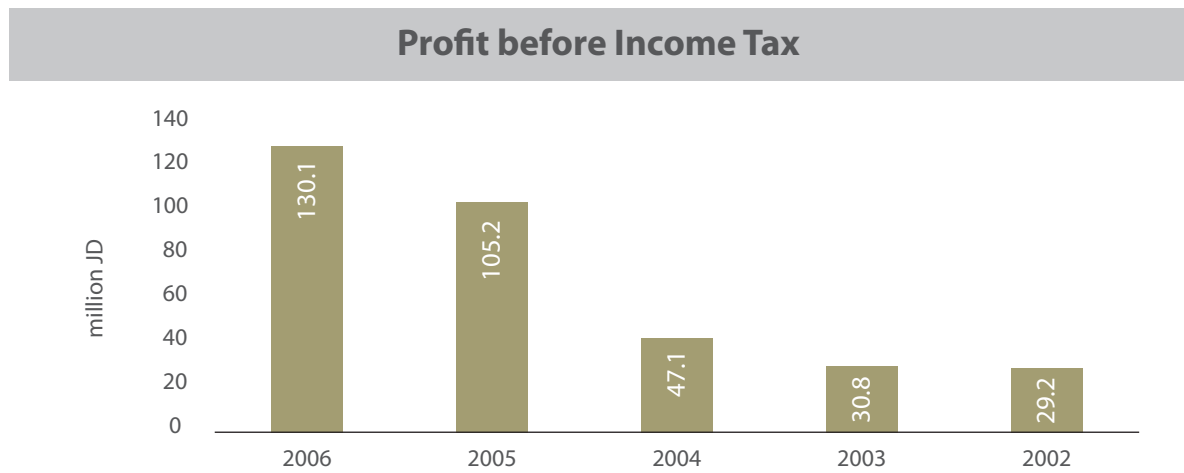
Total Expenses (excluding interest)

Total expenses in 2006 amounted to JD 73.6 million showing an increase of JD 5.2 million at the rate of 7.5% compared to the previous year .

Profit

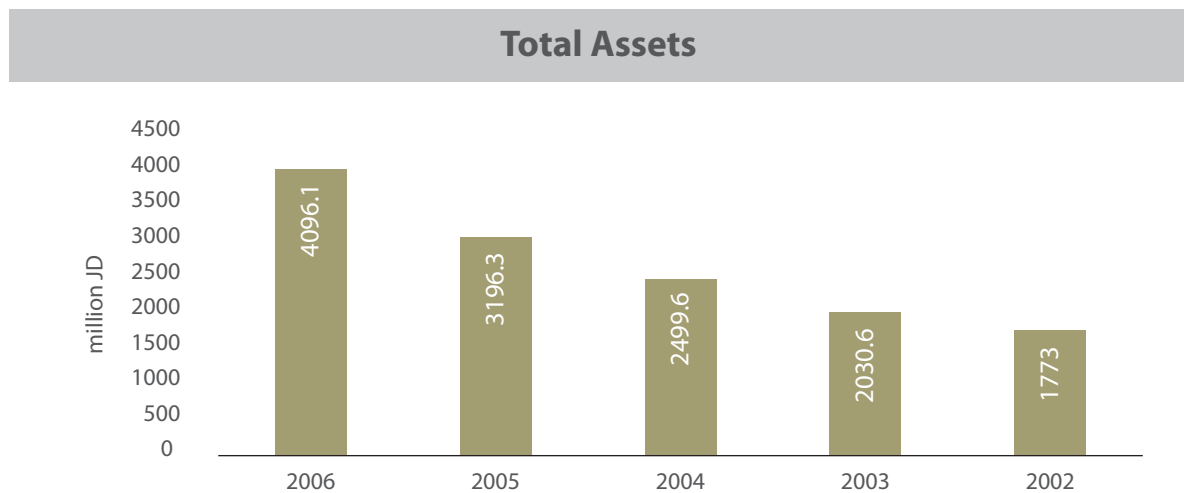
Profit before tax in 2006 amounted to JD 130.1 million compared to JD 105.2 million in the last year , recording an increase of JD 24.9 million at the rate of 24% . The bank's profit after tax amounted to JD 94.7 million compared to JD 74.1 million in 2005 , showing an increase of JD 20.6 million at the rate of 28% .

The bank maintained high ROAA rate of 2.6% in 2006 , same as the previous year ,as well as high ROAE rate of 15.4% .



Analysis of Balance Sheet

The bank's total assets amounted to JD 4.1 billion at the end of 2006 recording a growth of JD 899.9 million over 2005 at the rate of 28% .



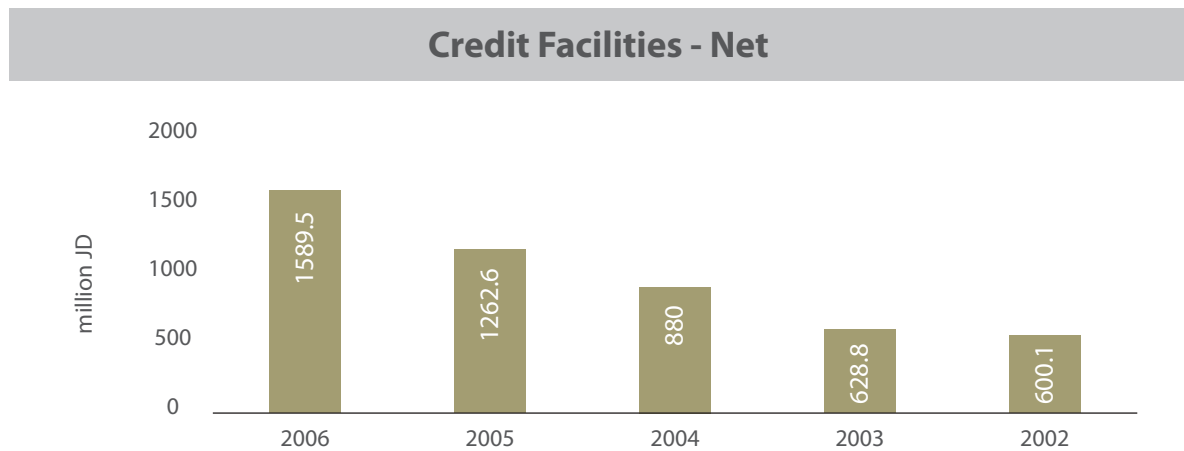
Analysis of the most important growth on both sides of the Balance Sheet is as follows:

Credit Facilities

Total credit facilities amounted to JD 1589.5 million at the end of 2006 , showing a growth of JD 326.9 million at the rate of 26% compared to the end of 2005 . Subsequently the bank's share in Jordanian credit market was about 14% .

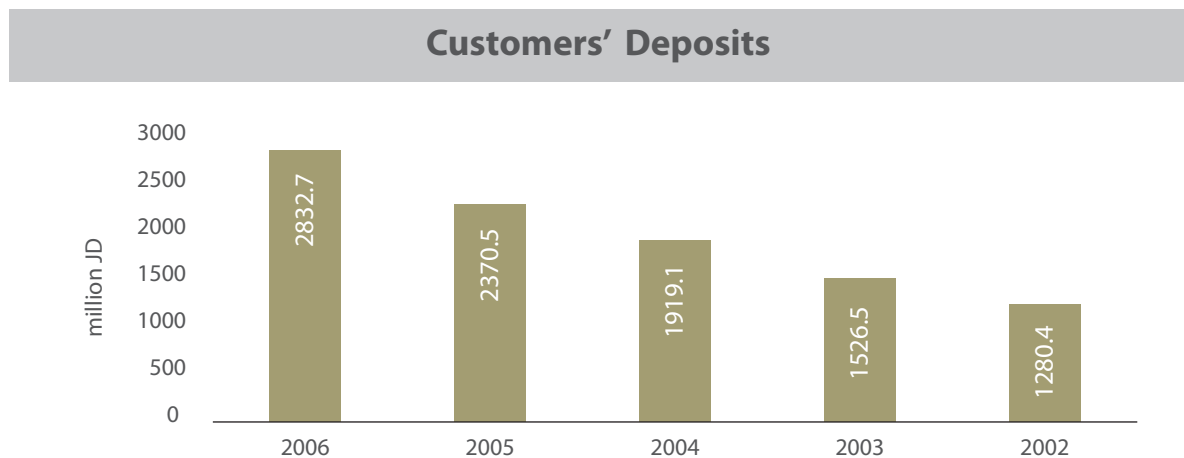
This big increase in the credit facilities balance indicated the success of the bank's strategy in this field , as well as its participation in supporting national economic activities on the one hand, and supporting its corporate and retail customers on the other .

Due to secure and prudent procedures in granting credit facilities and the efficient collection methods applied by the bank , Non-Performing Loans (NPLs) rate declined from 3.26% at the end of 2005 to reach 2.97% at the end of 2006.



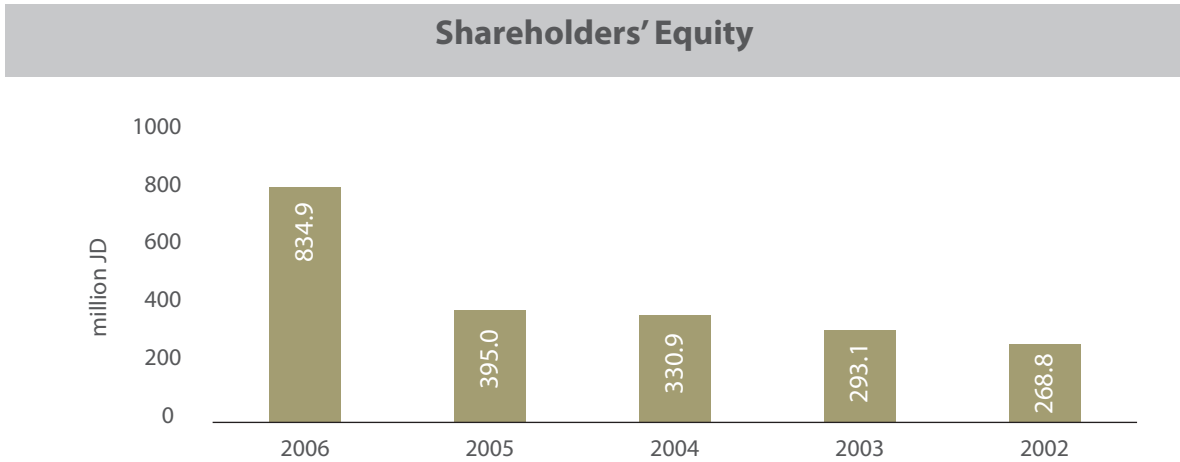
Customers' Deposits

Total customers' deposits amounted to JD 2832.7 million at the end of 2006 compared to JD 2370.5 million in 2005 , recording a growth of JD 462.2 million at the rate of 20% . This increase in the balance of deposits came as a result of customers confidence , and employees capability to build good customers relations , in addition to the financial and other incentives granted to saving accounts' holders . Therefore, the bank's market share of deposits in Jordan reached 16.3%



Shareholders' Equity

The bank's total shareholders equity amounted to JD 808.3 million at the end of 2006 compared to JD 373.8 million at the end of 2005, indicating a growth of JD 434.5 million at the rate of 116%. Adding minority interests to the bank's shareholders Equity, Total Equity amounted to JD 834.9 million at the end of 2006 compared to JD 395 million at the end of previous year , a growth of JD 439.9 million at the rate of 111%.



The Bank's Activities in 2006

Year 2006 was new and distinguished landmark in the bank's journey as related to achievements. This was represented in the sustainable balanced development in its various business activities, improving quality of its services and products, expanding its customers' base as well as enhancement of calculated investment in the application of advanced banking technologies. The bank achieved unique results enabling it to efficiently maintain its effective performance and distinguished position among Jordanian as well as Arab and International financial and banking institutions.

The bank in 2006 developed and upgraded its employees' capabilities to meet future challenges, participate in the success of social and cultural activities in order to enhance relations with its customers, implement instructions of control authorities, conform with the best international accounting principles and practices as well as adopting disclosure standards and transparency.

Retail Banking Services

In support of the bank's strength and capabilities in the retail banking services sector and in its capacity as the leading bank in this field, the Housing Bank's strategy in 2006 was focused on ensuring and developing a wide variety of integrated products and services in line with versatile and increasing needs of its customers in this sector. These products and services are specially tailored to serve wide segments of customers in different stages of their lives and in their place of residence, such products and services are directly extended through the wide network of branches, or indirectly through electronic banking channels.

In 2006, the bank recorded strong performance in retail banking services , increasing its share of this market . This came due to strengthening relations with the bank's customers , developing its products and services qualitatively and quantitatively to achieve maximum level of comprehensiveness to meet actual needs of various segments of customers.

In 2006, many products and services were developed aiming to attract selected market segments. Marketing campaigns for such products, services and saving accounts met great success . Additionally, qualitative improvement to the quality of costumers services were introduced, which met customers satisfaction and appreciation. The bank has ambitious future plans to expand its services and provide more products and programmes to meet aspirations of retail customers in better and more professional way, so as to record more excellent performance in this field.

In substantiation of the Hashemite leadership vision to build strategic active partnership between the public and private sectors, the bank in 2006 took the initiative to extend credit facilities needed to finance citizens qualified to benefit from projects of General



Housing and Urban Development Corporation. This came within the framework of the bank's leading role to help low and medium income citizens to get appropriate houses through soft loans conforming to their income.

The bank started in 2006 to execute comprehensive development and improvement plan for its branches in line with modern design for the branch buildings and interior designs. This plan has come to enhance the bank's identity and strategic vision ensuring modern banking environment for its customers .The development plan shall cover the bank's 96 branches network in Jordan.

In view of the bank's success record in electronic banking services, the bank continued its leadership in the local banking market, through ATMs, electronic channels or electronic cards. This included:

- **Qualitative development of ATM's**, as ATM switch Phase 1 was completed .
This phase included converting the administration of ATM's from central system to the central control system, noting that the bank's ATM network included 150 ATMs, the biggest in Jordan representing 23% of the total ATM's operational in the country .Using ATM cards witnessed high growth at the rate of 82% in 2006 compared to 79% in 2005 . The bank shall support its ATM network in 2007 through installation of ten new ATM's .
- **Concerning Electronic Delivery Channels**, The bank continued providing the best electronic services to enhance relations with its customers and meet needs of various sectors in convenient and easy way. In the year 2006 electronic banking services witnessed great growth represented in the increase in using Internet , Call Center ,Phone Bank and SMS . Additionally, the bank provides many electronic channels such as Iskan on line , rendered through Internet and Kiosks .
- **Leadership in credit cards field**, as the bank maintained its position in this regard.
Visa cards issued by the bank increased, reaching about 52000 cards in 2006, and Visa Electron reached 960 thousand cards in the same year.
The bank's share of all types of Visa Cards in 2006 increased to 48%. In 2006, the bank issued the first Chip Card/Master Card in Jordan, characterized by high security level for both the customer and the bank, as all Visa Credit Cards shall be converted to Chip Cards in 2007 . The bank had also applied Bonus Points incentives for using Visa Cards enabling customers to obtain valuable prizes given by the bank.



Corporate Banking

The bank played a distinguished role in supporting growth and development in Jordan, through providing finance needed for various domestic and regional economic projects, trading activities between Jordan and other countries, as well as actively participating in financing comprehensive constructional activities in the country.

Thanks to the aggressive marketing policy and intensive care given to business and corporate substantial customers, which resulted in increasing the number of customers and expansion of loans activity in line with credit policy applied by the bank .This had increased the bank's profitability and its share in local banking market, in addition to risk diversification.

The most important achievements in this field can be summarized as follows:

- **Direct Finance**, the bank continued in 2006 to provide credit facilities to many big companies and firms such as Jordan Petroleum Refinery Company and King's Academy.
- **Syndicated Loans**, within the frame work to support initiatives to develop and diversify national economy, the bank enhanced its active role in leading and managing Syndicated Loans. Total syndicated Loans and facilities managed by the bank amounted to about JD 54 million as the bank's share was 38%.
- **Finance of Foreign Trade**, the bank had also continued in 2006 to provide easy and competitive finance to agreements and programs related to financing imports and export. This included Jordan Loan Guarantee Company Programs, Credit Line with Islamic Development Bank/Jeddah, Arab Trade Finance Program/Abu Dhabi, Arab Investment Guarantee Corporation/Kuwait, and Industrial Finance Program "Ejadah" aiming to support small and medium size projects.

Corporate Finance and Consulting

In 2006, the bank continued its activities in corporate finance related to infrastructure and investment projects, as well as financial consultation to many companies, firms and projects. In energy sector, the bank continued its leading role as Main Organizer of the Natural Gas Pipeline expansion project to reach Syria, with finance needs of about US\$ 215 million, out of which US\$ 23 million as a bridging Loan. In the field of specialized finance, the bank in 2006 financed purchase of planes for a private airlines company.

The bank was appointed in 2006 as financial consultant, jointly with international consultants, for a European Joint venture bidding for Al Deissi Water project with estimated cost of about US\$ One billion . The bank is providing financial consultation and promoting the project with local and regional banks as a first step to secure relevant finance in the event the European joint venture is the successful bidder.

On participation in attracting local and foreign



investments ,the bank in 2006 managed the issue of one million shares of Al Qosoure Real Estate Company for bar value of JD one million as investors placements reached about JD 29 million .

The bank is providing innovative and comprehensive solutions in this field, through financial and banking consultations. Services provided by the bank included structuring and execution of investment transactions in private shareholding companies and investment in the infrastructure projects on BOT and BOOT basis and “CF services” , such as merger and acquisition transactions and capital structure in addition to feasibility studies.



Treasury and Investment

Treasury and Investment Department is responsible for the management of financial investments in local, international and capital markets. The bank's Treasury and Investment Department provides services to its customers including foreign currency exchange, financial consultations, investment portfolio management, management of investment funds and securities custody.

The bank's Treasury and Investment Department, through its active role in management of the bank's Assets and Liabilities and the relentless efforts in local and international markets, is working hard to achieve the highest returns on the bank's investments with the lowest risk levels possible ; Moreover, to support the bank's capabilities in providing specialized professional services , and marketing innovative investment instruments for corporate and retail investors .

As for the bank's future aspirations to be the first choice of customers in Private Banking, the bank shall establish Wealth Management Unit to help this important segment of customers in management and protection of their wealth. It is anticipated that the bank is going to provide future contracts, options contracts, foreign Exchange Instruments to support its leading and competitive role among local banks in this field.

The bank in 2006, had successfully completed implementation of the first phase of Treasury and Risk Management System and shall follow up execution of an ambitious and integrated plan to develop the technological base for Treasury and Investment Department, in order to provide support necessary for the bank's relevant activities. This shall be through ensuring developed and specialized electronic system to manage, analyze and follow up investment portfolios and other investment services.

Information Technology and System Development

Supporting its leading position in local banking technology, the bank continued in 2006 to implement plans and strategies related to the use of developed banking technologies to support its administration and various departments in their efforts to improve productivity and ensure strong reliable technological base for effective performance around the clock. This shows that the bank is keen to provide the best services and products to its costumers to meet their renewable needs and expectations.

The IP telephony project had been completed in its first and second phases, in order to provide innovative, efficient and high quality Intranet telephone calls. This project shall be a great help to control costs and expenses by connecting the bank's different branches, sectors and departments inside and outside Jordan as communications among them shall be costless , thus calling any phone anywhere in the Globe shall be at low cost sometimes equal to local calls .

The bank's relentless efforts to provide sustainable services to its costumers had been culminated in the inauguration of the Disaster Recovery Site, utilizing state-of-the-art international technologies and standards, as related to developed communication system using the Microwave technologies as well as security and protection systems and information and application systems. It is noteworthy that the bank's activity in this field

conforms to the requirements of Central Bank of Jordan relevant to business continuity planning, and international security standards such as ISO-17799 and Basel II , as the latter standard obliges banks to apply procedures maintaining non-interruption and continuity of services in the event of disasters and crises .

Following are the most important strategic projects carried out in 2006 in the field of information technology and system development:

- 1- Trial application of new Branch Automations.
- 2- Completion of ATM switch phase I project.
- 3- Application of e-Business Banking, a new service for corporate sector.
- 4- Application of Data warehouse phase II, and Business Intelligence project.
- 5- Application of servers' central monitoring system, using BMC- Portal technology, through Enterprise Monitoring System.
- 6- Application of Visa prepaid cards system.



Human Resources Sector

• Recruitment and promotion policies

The bank's belief in the importance of human resources as one of sustainable pillars for its activities development and growth has been reflected in the bank management's interest in this element, becoming one of the most important axes in its strategic plan. Human Resources Sector's efforts in 2006 were focused on upgrading employee qualifications and skills and training them locally and internationally. The bank attracted distinguished competent staff, which has been positively reflected on improving performance, productivity and profitability. The bank developed its incentives system and linked it with Forced Ranking system based on achievement of the bank targets.

Within the framework of the bank's efforts towards continuous development and upgrading performance & employment levels in the bank in order to attain the strategic goals of the Institution, a specialized company was contracted in year 2006 to implement a project for Human Resources System and Policies Development and Upgrading in conformity with the best relevant international practices. The project aims at structuring and evaluating Jobs and Job development, preparation of salaries and benefits scale, development of selection and recruitment system, development of HRIT, development of Performance Management, design visions and values for Change Management and promotion of the new institutional culture.

Bank's employees as at the end of 2006

Qualifications	Number
less than General Secondary Certificate	28
General Secondary Certificate	148
Medium Diploma	452
Bachelor Degree	1137
High Diploma	3
Master Degree	72
PhD.	4
Total	1844

• Training

The bank believes that investment in training is a serious necessity for development and upgrading of its employees competences and skills, to provide more professional and higher quality customers' service. This has been positively reflected on the quality and standards of customer services, thus enhancing the bank's competitive position in the banking sector. The bank focused on development and upgrading the competencies of its Human Cadres in all levels ,sectors, departments and branches, giving the bank's Human Recourses new strategic dimension.

Training strategic initiatives in 2006 were focused on providing comprehensive and diversified group of training and development programs inside Jordan and abroad. Such programs covered many fields such as: Credit, Treasury, Investment, Corporate Governance,



Credit Risks and Money Laundering prevention.

In 2006, the bank, in collaboration with a distinguished establishment, continued implementation of the Comprehensive Administrative Development Program targeting present branch managers, in addition to preparing a group of second line staff to assume positions as branch managers.

In the field of employees educational and professional development, many employees were given the opportunity to get academic and professional certificates in different financial and banking specializations.

Total training opportunities provided by the bank in 2006 were about 2390, in addition to holding internal seminars in the field of banking in which 704 employees participated. The bank also provided opportunities for (86) employees to get academic certificates and (64) employees to obtain professional certificates.

The Bank's Training Activities in 2006

Item	No. of participants
Training programs held at the bank-based training center	1863
Training programs held in collaboration with specialized local training institutions	404
Training courses held in Arab and Foreign countries	123
Internal seminars	704
Academic certificates	86
Professional certificates	64
Total	3244

Social Responsibility

Within the framework of the bank's social responsibility to establish its name, position and image as a Jordanian institution with social mission and a leading role in supporting private, educational, cultural, sports, technical, voluntary and charitable activities, the bank provided financial and in-kind support for many charitable and voluntary societies in Jordan. In addition to support provided to national programs and public interest.

The bank also sponsored many financial and banking conferences and seminars. It also supported and sponsored many thought, scientific and cultural forums, and granted awards to excellent and innovative students in Public Universities, in addition to the support provided to humanitarian charitable voluntary societies, Youth sectors, Sports and Arts activities in Jordan.

The bank provided support to many bodies and activities in Jordan including : King Hussein Cancer Center , Hashemite Jordanian Fund , SOS , Tekiat Um Ali , Mawaed Al Rahman during Holy month of Ramadan , Jordan Environment Protection Society , Queen Rania Veterans Society, Prince Ali Club for Dumb and Deaf, National Music Institute , Jordanian Song Festival, Art and Nature Forum with Media, Jordan Valley Institution, Human Assistance Club, International Traffic Day , Arab Traffic week , Jordan Media Center , Journalists Protection and Freedom Center , National Program for Awareness and Development . Total donations by the Bank in 2006 amounted to JD 285.5 thousand.

The bank's employees participated in local community activities such as blood donation, visits to patients , providing supplies to Orphanages and Old People Homes in addition to many other social activities and projects . Such activities confirm the bank's and employees' desire to shoulder their responsibilities towards local community to build mutual trust and confidence and to support progress and prosperity of our beloved country.



Future Plan for the year 2007

In view of the unique results recorded by the bank, it shall continue its relentless efforts in local banking industry based on its four-axis strength represented in: good and loyal base of costumers, confidence and trust of the Board of Directions and shareholders, dedicated efforts of the distinguished administration and the competent and loyal employees. The bank has approved a medium-term strategic plan covering the period 2007-2009 aiming at supporting the bank's position in the Jordanian banking sector. The plan focuses on the following:

First: Support growth and profitability indicators

Increase the bank's profits through achieving sustainable profit growth which shall improve ROAE by:

- 1- Increase revenues through optimal utilization of resources.
- 2- Control expenditures, and make volume saving in all operations and activities.
- 3- Application of wise and prudent credit policy to improve quality of the credit portfolio.
- 4- Expansion of limited risk services generating non-interest revenues.
- 5- Provide Private Banking services.

Second: Increase market share

Increase the bank's market share by focusing on the following:

- 1- Continue to enhance and strengthen relations with costumers.
- 2- Provide versatile banking products and services to meet the needs of all the bank's corporate and retail customers through branches network and various delivery channels.
- 3- Continue improving quality of banking services and products provided to costumers.
- 4- Aggressive marketing and paying attention to costumers' needs and prediction of their future anticipations.
- 5- Increase the bank's activity in Syndicated Loans market .

Third: Support the bank's image

Exert efforts to support the bank's image through:

- 1- Continued improvement and modernization of the general image of the bank's branches.
- 2- Support the bank's role to serve local community.
- 3- Continue the bank's active participation in various economic and social activities.
- 4- Develop and improve the quality of advertising and media campaigns executed by the bank.

Fourth: Application of international standards

The bank shall continue its commitment to apply international standards in all activities in conformity with requirements of control and supervisory authorities. The bank shall achieve the following:

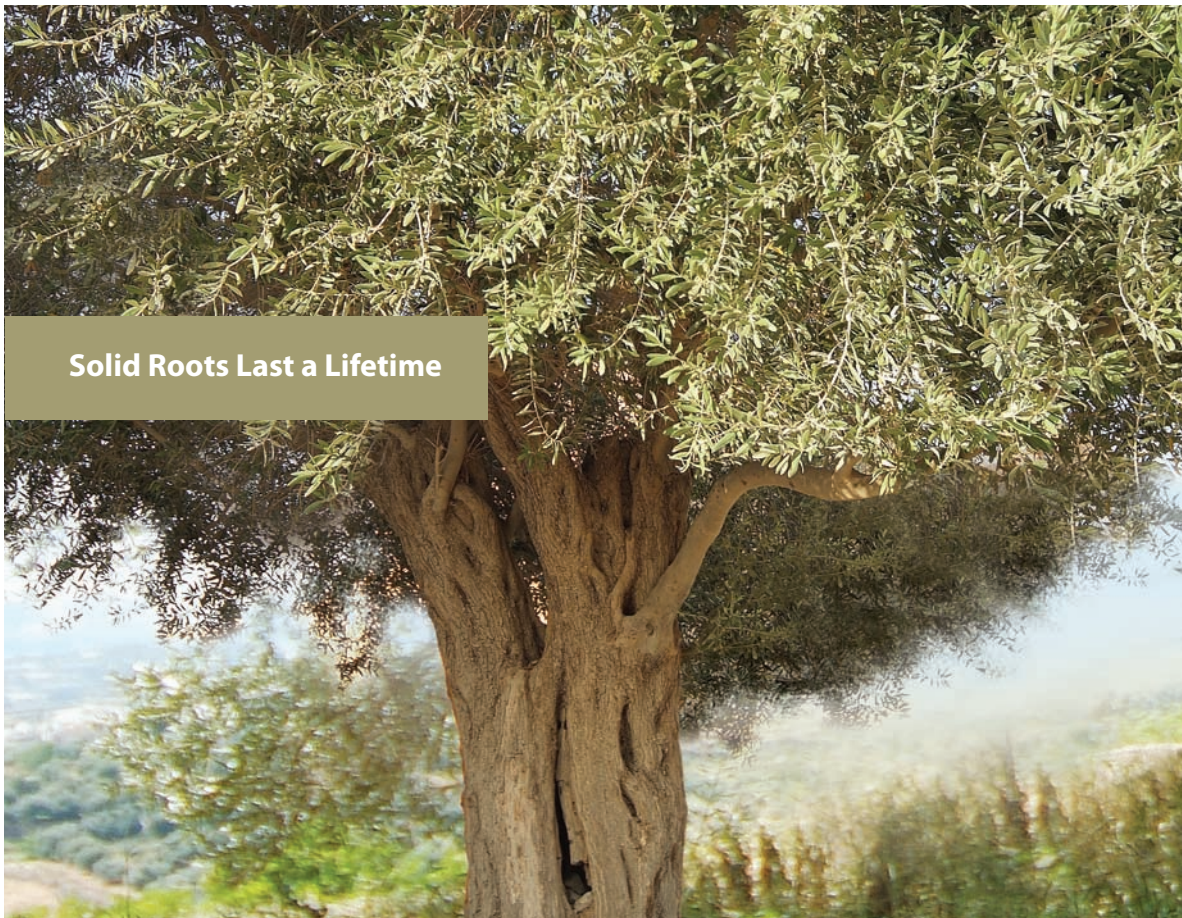
- 1- prepare the bank to apply the requirements of Basel II.
- 2- Application of Corporate Governance standards.
- 3- Commitment to prevent money laundering and terrorism financing
- 4- Commitment to adhere to banking morals and ethics.

Fifth: Application of developed banking technology.

The bank shall continue supporting its technological capabilities through application of developed banking technologies to conform to costumers' needs and requirements, ensuring the bank's leadership in the Jordanian banking sector, banking technology and electronic banking.

Sixth: Local branches and regional expansion

The bank shall focus on expansion of its branches network, supporting its presence in the feasible regional markets, participation in development of the bank activities, expansion of its scope of work, in order to achieve the best level of profitability and efficiency.



Board of Directors Declarations

First Declaration

The Board of Directors of The Housing Bank for Trade & Finance declare that there are no substantial matters adversely affect the Bank's continuity during the next fiscal year.

Second Declaration

The Board of Directors of The Housing Bank for Trade & Finance declare its responsibility for the preparation of the financial statements and for the provision of an effective system of controls within the Bank.

Third Declaration

The Board of Directors of The Housing Bank for Trade & Finance declare the correctness, accuracy and completeness of the information and data stated in this report.

Khaled M. Al-Thahabi
Chief Financial Officer



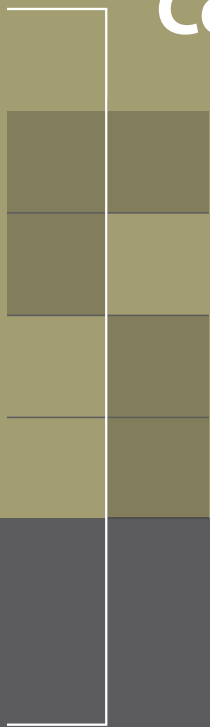
Abd Elfattah Abu Obeid
Chief Executive Officer



Dr. Michel Marto
Chairman of the Board



Consolidated Financial Statements (US \$)



This section includes the Bank's Consolidated Financial Statements denominated in US\$, noting that the functional currency is Jordanian Dinar (JD) which is equivalent to US\$ 1.41 .

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2006

	2006 US \$	2005 US \$
ASSETS		
Cash and balances with central banks	1,208,909,779	953,933,468
Balances with banks and financial institutions	780,436,013	570,735,192
Deposits with banks and financial institutions	63,369,560	5,078,756
Trading investments	23,845,913	23,773,361
Credit facilities – net	2,241,954,124	1,780,844,322
Available-for-sale investments	786,401,068	662,582,865
Held-to-maturity investments - net	463,439,666	334,811,175
Investments in associates	28,001,440	27,810,779
Property and equipment – net	77,439,374	60,798,210
Intangible assets	2,454,419	1,409,443
Other assets	88,725,594	76,076,778
Deferred income tax assets	12,352,302	10,259,851
Total Assets	5,777,329,252	4,508,114,200
LIABILITIES AND EQUITY		
LIABILITIES		
Banks and financial institutions' deposits	204,519,564	133,462,694
Customers' deposits	3,995,387,694	3,343,383,712
Margin accounts	233,750,488	279,646,945
Loans and borrowing	4,281,165	41,605,918
Sundry provisions	19,043,547	18,673,496
Income tax provision	54,466,583	46,347,066
Deferred income tax liabilities	2,179,126	11,501,196
Other liabilities	86,160,748	76,323,774
Total Liabilities	4,599,788,915	3,950,944,801
EQUITY ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS		
Paid-in capital	352,609,309	141,043,724
Treasury shares	(27,397,542)	-
Additional paid - in capital	492,775,128	70,358,262
Statutory reserve	76,167,305	59,018,866
Voluntary reserve	46,857,642	46,857,642
General banking risks reserve	28,208,745	17,633,621
Foreign currency translation differences	833,123	(2,051,769)
Cumulative change in fair values, net	9,776,188	30,859,805
Retained earnings	160,186,192	163,449,093
Total Equity Attributable To The Equity Holders of the Bank	1,140,016,090	527,169,244
MINORITY INTERESTS	37,524,247	30,000,155
Total Equity	1,177,540,337	557,169,399
Total Liabilities and Equity	5,777,329,252	4,508,114,200

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006

	2006	2005
	US \$	US \$
Interest income	304,637,958	194,043,721
Interest expense	(105,502,570)	(59,299,362)
Net Interest Income	199,135,388	134,744,359
Net commission	27,582,623	21,563,769
Net Interest and Commission Income	226,718,011	156,308,128
Foreign exchange income	7,431,804	6,744,340
Gains (losses) arising from trading investments	(2,865,310)	9,146,109
Gains on sales and dividends from available for-sale-investments	24,810,678	27,735,526
Bank's share from profit of associates	190,661	620,685
Other income	30,981,306	44,307,038
Gross Income	287,267,150	244,861,826
Employees' cost	47,859,420	43,355,848
Depreciation and amortization	10,915,389	9,897,292
Other expenses	36,583,506	30,662,774
Provision for credit losses	5,550,406	10,074,433
Sundry provisions	2,899,224	2,551,489
Total Expenses	103,807,945	96,541,836
Profit before income tax	183,459,205	148,319,990
Less : Income tax expense	49,882,525	43,874,604
Profit for the year	133,576,680	104,445,386
Attributable to :		
Bank's shareholders	130,273,141	101,254,275
Minority interests	3,303,539	3,191,111
	133,576,680	104,445,386
Basic earning per share for profit for the year attributable to equity holders of the bank	0.551 US \$	0.466 US \$
Diluted earning per share for profit for the year attributable to equity holders of the bank	0.546 US \$	0.462 US \$

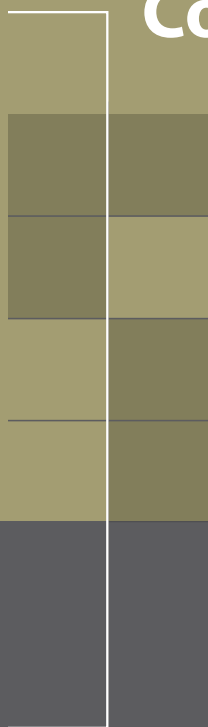
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY DECEMBER 31, 2006

	Reserves										Total Equity Attributable to the equity holders of the Bank	Minority Interests	Total Equity
	Paid-in Capital	Treasury shares	Additional Paid-in Capital	Statutory	Voluntary	Foreign Branches	General Banking Risks	Foreign Currency Translation Differences	Cumulative Change in Fair-values-Net	Retained Earnings			
2006	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance, beginning of the year	141,043,724	-	70,358,262	59,018,866	46,857,642	-	17,633,621	(2,051,769)	30,859,805	163,449,093	527,169,244	30,000,155	557,169,399
Foreign currency translation differences	-	-	-	-	-	-	-	2,884,892	-	-	2,884,892	2,092,952	4,977,844
Cumulative changes in fair values-net	-	-	-	-	-	-	-	-	(21,083,617)	-	(21,083,617)	-	(21,083,617)
Paid -in capital expenses	-	-	(714,305)	-	-	-	-	-	-	(29,687)	(714,305)	-	(714,305)
Others	-	-	-	-	-	-	-	-	-	-	(29,687)	-	(29,687)
Total income and expenses for the year recognised directly in equity	-	-	(714,305)	-	-	-	-	2,884,892	(21,083,617)	(29,687)	(18,942,717)	2,092,952	(16,849,765)
Profit for the year	-	-	-	-	-	-	-	-	-	130,273,141	130,273,141	3,303,539	133,576,680
Total income and expenses for the year	-	-	(714,305)	-	-	-	-	2,884,892	(21,083,617)	130,243,454	111,330,424	5,396,491	116,726,915
Increase in paid-in capital	211,565,585	-	423,131,171	-	-	-	-	-	-	(70,521,863)	564,174,893	2,127,601	566,302,494
Transfer to/from reserves	-	-	-	17,148,439	-	-	10,575,124	-	-	(27,723,563)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(35,260,929)	(35,260,929)	-	(35,260,929)
Treasury shares	-	(27,397,542)	-	-	-	-	-	-	-	-	(27,397,542)	-	(27,397,542)
Balance, end of the year	352,609,309	(27,397,542)	492,775,128	76,167,305	46,857,642	-	28,208,745	833,123	9,776,188	160,186,192	1,140,016,090	37,524,247	1,177,540,337
2005													
Balance, beginning of the year	141,043,724	-	70,358,262	45,982,120	46,857,642	35,007,052	15,106,170	160,011	17,051,976	70,934,284	442,501,241	24,241,213	466,742,454
Foreign currency translation differences	-	-	-	-	-	-	-	(2,211,780)	-	-	(2,211,780)	(1,774,729)	(3,986,509)
Cumulative changes in fair values-net	-	-	-	-	-	-	-	-	13,807,829	-	13,807,829	-	13,807,829
Others	-	-	-	-	-	-	-	-	-	(37,841)	(37,841)	-	(37,841)
Total income and expenses for the year recognised directly in equity	-	-	-	-	-	-	-	(2,211,780)	13,807,829	(37,841)	11,558,208	(1,774,729)	9,783,479
Profit for the year	-	-	-	-	-	-	-	-	-	101,254,275	101,254,275	3,191,111	104,445,386
Total income and expenses for the year	-	-	-	-	-	-	-	(2,211,780)	13,807,829	(37,841)	112,812,483	1,416,382	114,228,865
Increase in paid-in capital	-	-	-	-	-	-	-	-	-	-	-	4,406,825	4,406,825
Transfer from minority interests	-	-	-	-	-	-	64,265	-	-	-	64,265	(64,265)	-
Transfer to/from reserves	-	-	-	13,036,746	-	(35,007,052)	2,463,186	-	-	19,507,120	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(28,208,745)	(28,208,745)	-	(28,208,745)
Balance, end of the year	141,043,724	-	70,358,262	59,018,866	46,857,642	-	17,633,621	(2,051,769)	30,859,805	163,449,093	527,169,244	30,000,155	557,169,399

CONSOLIDATED CASH FLOWS STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006

	2006 US \$	2005 US \$
OPERATING ACTIVITIES		
Profit before income tax	183,459,205	148,319,989
Adjustments for :		
Depreciation and amortization	10,915,389	9,897,292
Provision for credit losses	5,550,406	10,074,433
Sundry provisions	2,899,224	2,551,489
Bank's share of profit from associates	(190,661)	(620,685)
Effect of exchange rate changes on cash and cash equivalents	(5,045,492)	(3,514,975)
End of service indemnity expense	2,249,150	3,240,904
Others	2,450,929	(2,706,427)
Profit before changes in operating assets and liabilities	202,288,150	167,242,020
(Increase) decrease in deposits with banks and other financial institutions	(58,290,804)	38,385,103
Decrease in restricted balances	-	131,382
(Increase) in trading investments	(4,076,255)	(6,657,638)
(Increase) in credit facilities	(466,797,441)	(547,448,577)
(Increase) decrease in other assets	(12,671,643)	2,510,283
Increase in banks and financial institutions' deposits (maturing over 3 months)	50,071,130	-
Increase in customers' deposits	652,003,982	636,548,082
(Decrease) Increase in margin accounts	(45,896,457)	169,086,831
Increase in sundry liabilities	9,909,557	24,330,271
(Decrease) in sundry provisions	(2,511,093)	(2,314,539)
Net cash from operating activities before income tax	324,029,126	481,813,218
Income tax paid	(45,231,842)	(16,937,451)
Net cash from operating activities	278,797,284	464,875,767
INVESTING ACTIVITIES		
(Purchase) of held – to – maturity investments	(233,300,061)	(424,274,654)
Redemption of held – to – maturity investments	104,736,248	550,569,707
(Purchase) of available – for – sale investments	(353,731,192)	(408,656,602)
Sale of available – for – sale investments	200,190,577	121,848,838
(Purchase) of property and equipment	(26,140,214)	(15,716,343)
Sale of property and equipment	398,661	328,779
(Purchase) of intangible assets	(2,815,629)	(827,181)
Net cash used in investing activities	(310,661,610)	(176,727,456)
FINANCING ACTIVITIES		
Increase in paid-in capital and additional paid-in capital	563,460,590	-
(Purchase) of treasury shares	(27,397,542)	-
Dividends paid	(35,333,513)	(28,353,526)
(Repayment) of borrowed funds	(37,324,753)	(5,870,468)
Minority interests	4,220,553	2,626,124
Net cash from (used in) financing activities	467,625,335	(31,597,870)
Net increase in cash and cash equivalents	435,761,009	256,550,441
Effect of exchange rate changes on cash and cash equivalents	5,045,492	3,514,975
Foreign currency translation differences	2,884,891	(2,211,781)
Cash and cash equivalents , beginning of the year	1,391,205,966	1,133,352,331
Cash and cash equivalents, end of the year	1,834,897,358	1,391,205,966

**Consolidated Financial Statements
as of December 31, 2006**



**AUDITORS' REPORT
TO THE SHAREHOLDERS OF
THE HOUSING BANK FOR TRADE AND FINANCE
AMMAN-JORDAN**

Report On The Financial Statements

We have audited the accompanying financial statements of The Housing Bank For Trade And Finance - Public Shareholding Company, which comprise the consolidated balance sheet as at December 31, 2006 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Housing Bank For Trade And Finance as of December 31, 2006 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Report On The Legal And Regulatory Requirements

The Bank maintains proper accounting records, and the accompanying consolidated financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report. We recommend that the General Assembly of Shareholders approve these consolidated financial statements..

The accompanying financial statements are a translation of the statutory financial statements which are in the Arabic language to which reference should be made.

 Ernst & Young Deloitte & Touche (M.E.)

Amman – Jordan
January 25, 2007

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2006

	Notes	2006 JD	2005 JD
ASSETS			
Cash and balances with central banks	4	857,117,033	676,338,829
Balances with banks and financial institutions	5	553,329,133	404,651,251
Deposits with banks and financial institutions	6	44,929,018	3,600,838
Trading investments	7	16,906,752	16,855,313
Credit facilities – net	8	1,589,545,474	1,262,618,624
Available-for-sale investments	9	557,558,357	469,771,251
Held-to-maturity investments - net	10	328,578,723	237,381,123
Investments in associates	11	19,853,021	19,717,842
Property and equipment – net	12	54,904,516	43,105,931
Intangible assets	13	1,740,183	999,295
Other assets	14	62,906,446	53,938,436
Deferred income tax assets	20	8,757,782	7,274,235
Total Assets		4,096,126,438	3,196,252,968
LIABILITIES AND EQUITY			
LIABILITIES			
Banks and financial institutions' deposits	15	145,004,371	94,625,050
Customers' deposits	16	2,832,729,875	2,370,459,052
Margin accounts	17	165,729,096	198,269,684
Loans and borrowing	18	3,035,346	29,498,596
Sundry provisions	19	13,501,875	13,239,509
Income tax provision	20	38,616,807	32,860,070
Deferred income tax liabilities	20	1,545,000	8,154,348
Other liabilities	21	61,087,970	54,113,555
Total Liabilities		3,261,250,340	2,801,219,864
EQUITY ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS			
Paid-in capital	22	250,000,000	100,000,000
Treasury shares	24	(19,424,857)	-
Additional paid - in capital	22	349,377,566	49,884,008
Statutory reserve	23	54,002,619	41,844,376
Voluntary reserve	23	33,222,068	33,222,068
General banking risks reserve	23	20,000,000	12,502,237
Foreign currency translation differences	25	590,684	(1,454,704)
Cumulative change in fair values, net	26	6,931,317	21,879,602
Retained earnings	27, 28	113,572,010	115,885,407
Total Equity Attributable To The Equity Holders of the Bank		808,271,407	373,762,994
MINORITY INTERESTS	29	26,604,691	21,270,110
Total Equity		834,876,098	395,033,104
Total Liabilities and Equity		4,096,126,438	3,196,252,968

The attached notes from 1 to 55 are part of these consolidated financial statements and read with it.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006

	Notes	2006 JD	2005 JD
Interest income	30	215,988,312	137,576,998
Interest expense	31	(74,801,322)	(42,043,248)
Net Interest Income		141,186,990	95,533,750
Net commission	32	19,556,080	15,288,712
Net Interest and Commission Income		160,743,070	110,822,462
Foreign exchange income		5,269,149	4,781,737
Gains (losses) arising from trading investments	33	(2,031,505)	6,484,591
Gains on sales and dividends from available for-sale-investments	34	17,590,771	19,664,488
Bank's share from profit of associates	11	135,179	440,066
Other income	35	21,965,746	31,413,690
Gross Income		203,672,410	173,607,034
Employees' cost	36	33,932,329	30,739,296
Depreciation and amortization	12, 13	7,739,011	7,017,180
Other expenses	37	25,937,706	21,739,907
Provision for credit losses	8	3,935,238	7,142,773
Sundry provisions	19	2,055,550	1,809,006
Total Expenses		73,599,834	68,448,162
Profit before income tax		130,072,576	105,158,872
Less : Income tax expense	20	35,366,710	31,107,094
Profit for the year		94,705,866	74,051,778
Attributable to :			
Bank's shareholders		92,363,657	71,789,280
Minority interests	29	2,342,209	2,262,498
		94,705,866	74,051,778
Basic earning per share for profit for the year attributable to equity holders of the bank	38	0.391 J.D	0.331 J.D
Diluted earning per share for profit for the year attributable to equity holders of the bank	38	0.388 J.D	0.327 J.D

The attached notes from 1 to 55 are part of these consolidated financial statements and read with it.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY DECEMBER 31, 2006

	Reserves												Total Equity Attributable to the equity holders of the Bank	Minority Interests	Total Equity									
	Paid-in Capital		Treasury shares		Additional Paid-in Capital		Statutory		Voluntary		Foreign Branches					General Banking Risks		Foreign Currency Translation Differences		Cumulative Change in Fair values-Net		Retained Earnings		
2006	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance, beginning of the year	100,000,000	-	-	49,884,008	41,844,376	33,222,068	-	12,502,237	(1,454,704)	21,879,602	115,885,407	373,762,994	21,270,110	395,033,104										
Foreign currency translation differences	-	-	-	-	-	-	-	-	2,045,388	-	-	2,045,388	1,483,903	3,529,291										
Cumulative changes in fair values-net	-	-	-	-	-	-	-	-	-	(14,948,285)	-	(14,948,285)	-	(14,948,285)										
Paid -in capital expenses	-	-	-	(506,442)	-	-	-	-	-	-	-	(506,442)	-	(506,442)										
Others	-	-	-	-	-	-	-	-	-	-	(21,048)	(21,048)	-	(21,048)										
Total income and expenses for the year recognised directly in equity	-	-	-	(506,442)	-	-	-	-	2,045,388	(14,948,285)	(21,048)	(13,430,387)	1,483,903	(11,946,484)										
Profit for the year	-	-	-	-	-	-	-	-	-	-	92,363,657	92,363,657	2,342,209	94,705,866										
Total income and expenses for the year	-	-	-	(506,442)	-	-	-	-	2,045,388	(14,948,285)	92,342,609	78,933,270	3,826,112	82,759,382										
Increase in paid-in capital	150,000,000	-	-	300,000,000	-	-	-	-	-	-	(50,000,000)	400,000,000	1,508,469	401,508,469										
Transfer to/from reserves	-	-	-	-	12,158,243	-	-	7,497,763	-	-	(19,656,006)	-	-	-										
Dividends paid	-	-	-	-	-	-	-	-	-	-	(25,000,000)	(25,000,000)	-	(25,000,000)										
Treasury shares	-	-	(19,424,857)	-	-	-	-	-	-	-	-	(19,424,857)	-	(19,424,857)										
Balance, end of the year	250,000,000	(19,424,857)	349,377,566	54,002,619	54,002,619	33,222,068	-	20,000,000	590,684	6,931,317	113,572,010	808,271,407	26,604,691	834,876,098										
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	50,292,408	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)										
Total income and expenses for the year recognised directly in equity	-	-	-	-	-	-	-	-	(1,568,152)	9,789,751	(26,829)	8,194,770	(1,258,283)	6,936,487										
Profit for the year	-	-	-	-	-	-	-	-	-	71,789,280	(26,829)	71,789,280	2,262,498	74,051,778										
Total income and expenses for the year	-	-	-	-	-	-	-	-	(1,568,152)	9,789,751	71,762,451	79,984,050	1,004,215	80,988,265										
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	-	-	-										
Dividends paid	-	-	-	-	-	-	-	-	-	(20,000,000)	(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	115,885,407	373,762,994	21,270,110	395,033,104											

The attached notes from 1 to 55 are part of these consolidated financial statements and read with it.

CONSOLIDATED CASH FLOWS STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006

	Notes	2006 JD	2005 JD
OPERATING ACTIVITIES			
Profit before income tax		130,072,576	105,158,872
Adjustments for :			
Depreciation and amortization		7,739,011	7,017,180
Provision for credit losses		3,935,238	7,142,773
Sundry provisions		2,055,550	1,809,006
Bank's share of profit from associates		(135,179)	(440,066)
Effect of exchange rate changes on cash and cash equivalents		(3,577,254)	(2,492,117)
End of service indemnity expense		1,594,647	2,297,801
Others		1,737,709	(1,918,857)
Profit before changes in operating assets and liabilities		143,422,298	118,574,592
(Increase) decrease in deposits with banks and other financial institutions		(41,328,180)	27,215,038
Decrease in restricted balances		-	93,150
(Increase) in trading investments		(2,890,065)	(4,720,265)
(Increase) in credit facilities		(330,959,386)	(388,141,041)
(Increase) decrease in other assets		(8,984,195)	1,779,791
Increase in banks and financial institutions' deposits (maturing over 3 months)		35,500,431	-
Increase in customers' deposits		462,270,823	451,312,590
(Decrease) Increase in margin accounts		(32,540,588)	119,882,563
Increase in sundry liabilities		7,025,876	17,250,162
(Decrease) in sundry provisions		(1,780,365)	(1,641,008)
Net cash from operating activities before income tax		229,736,649	341,605,572
Income tax paid		(32,069,376)	(12,008,653)
Net cash from operating activities		197,667,273	329,596,919
INVESTING ACTIVITIES			
(Purchase) of held – to – maturity investments		(165,409,743)	(300,810,730)
Redemption of held – to – maturity investments		74,258,000	390,353,922
(Purchase) of available – for – sale investments		(250,795,415)	(289,737,531)
Sale of available – for – sale investments		141,935,119	86,390,826
(Purchase) of property and equipment		(18,533,412)	(11,142,887)
Sale of property and equipment		282,651	233,104
(Purchase) of intangible assets		(1,996,281)	(586,471)
Net cash used in investing activities		(220,259,081)	(125,299,767)
FINANCING ACTIVITIES			
Increase in paid-in capital and additional paid-in capital		399,493,558	-
(Purchase) of treasury shares		(19,424,857)	-
Dividends paid		(25,051,461)	(20,102,650)
(Repayment) of borrowed funds		(26,463,250)	(4,162,162)
Minority interests		2,992,372	1,861,922
Net cash from (used in) financing activities		331,546,362	(22,402,890)
Net increase in cash and cash equivalents		308,954,554	181,894,262
Effect of exchange rate changes on cash and cash equivalents		3,577,254	2,492,117
Foreign currency translation differences		2,045,388	(1,568,152)
Cash and cash equivalents , beginning of the year		986,365,030	803,546,803
Cash and cash equivalents, end of the year	39	1,300,942,226	986,365,030

The attached notes from 1 to 55 are part of these consolidated financial statements and read with it.

NOTES TO THE FINANCIAL STATEMENTS

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 No. 12 of 1964. Its headquarters is located in Amman – Jordan the bank and is engaged in the commercial banking business through its branches in Jordan (96 branches) and abroad, Palestine and Bahrain (7 branches), and through its subsidiaries .

The consolidated financial statements were approved by the Bank's Board of Directors according to resolution No.1/2007 dated January 25, 2007. They are subject to the approval of the General Assembly of Shareholders .

2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

- The accompanying consolidated financial statements for the Bank and all its subsidiaries have been prepared in accordance with the standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee and in conformity with the applicable laws and regulations of the Central Bank of Jordan.
- The consolidated financial statements have been prepared on a historical cost basis except for derivatives and investment securities other than held-to-maturity investments, that have been measured at fair value.
- The financial statements are presented in Jordanian Dinar "JD" which is the functional currency of the Bank.

Changes in Accounting Policies

The accounting policies adopted are consistent with those used in the previous year

Significant Accounting Policies:

Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries where the Bank has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting year as the Bank using consistent accounting policies. All balances, transactions, income, and expenses between the bank and its 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.

The following are the subsidiaries of the Bank:

- International Bank for Trade and Finance Syria (paid-in capital Syrian Lira 1,500 million equivalent to JD 20.7 million of which the Bank owns 49% as of December 31, 2006). The Bank has the power to govern 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 activity is to conduct commercial banking activities .
- The Housing Bank for Trade and Finance – Algeria (paid-in capital Algerian Dinar 2,700 million equivalent to JD 25.8 million of which the Bank owns 52% as of December 31, 2006). The main activity is to conduct commercial banking activities.
- International Financial Center Company - Jordan (paid-in capital JD 2.25 million of which the Bank owns 77.5% as of December 31, 2006). The Company's main activity is financial brokerage.
- Jordan and Palestine Financial Investment Company - Palestine (paid-in capital JD 2.15 million of which the Bank owns 99.9% as of December 31, 2006). The Company's main activity is financial brokerage.
- Specialized Lease Finance Company - Jordan, (paid- in capital JD 20 million of which the Bank owns 100% as of 31 December 2006). The Company's main activity is lease financing.

- Jordan Real Estate Investments Company - Jordan, (paid-in capital of JD 40,000 of which the Bank owns 100% as of December 31, 2006). The company's main activity is investment in properties researches manage others properties, and to present services, consultation, and management researches.
- The results of operations of the subsidiaries are consolidated in the income statements from the acquisition date which is the date on which control over subsidiaries is transferred to the Bank. The results of operation of the disposed subsidiaries are consolidated in the income statement to the disposal date which is the date on which the bank loses control over the subsidiaries .
- Minority interests represent the portion of profit or loss and net assets not held by the bank and are presented separately in the income statement and within equity in the consolidated balance sheet.

Trading investments

- These are initially recognized at cost and subsequently remeasured at fair value. All related realized and unrealized gains and losses resulting from the changes in fair value upon the 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

- Provision for impairment losses on credit facilities is calculated to cover impairment in direct credit facilities when there are one or more events occurring after the initial recognition of the facility which impact 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 on non-performing facilities are suspended according to the instruction of the Central Bank of Jordan.
- Loans provided for are written off from the allowance for credit losses when the collection procedures become ineffective. The excess in the allowance of credit loan losses, if any, is transferred to the income statement, and cash recoveries of loans previously written off are credited to the income statement.
- Investments in financial leases are stated at net present value after deducting unearned revenue, and the revenue of financial leases is recognised in the income statement using the accrual basis.

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 remeasured 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 investments

- 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 a provision for impairment.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

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 estimated cash flows discounted at current rates applicable for items with similar terms and risk characteristics.

In case the fair value of an investment cannot be measured reliably, 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 for a similar financial asset.

Impairment in value is recognized in the income statement. If, in the subsequent period, the amount of the impairment loss decreased, 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.

Investments in associates

The Bank's investment in associate is accounted for using the equity method. An associate is an entity in which the Bank has significant influence and owns 20% - 50% of its voting right.

Investments properties

Investment properties 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.

Property and equipment

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

Buildings	2%
Equipment, furniture and fixtures	5% - 15%
Vehicles	20%
Computer	14% - 33%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If 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 past events and the costs to settle the obligation are both probable and can be measured reliably.

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 and 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 revenues or disallowed taxable expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates 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 at the date at the balance sheet, and reduced in case it is expected that no benefit will arise therefrom, partially or totally.

Treasury shares

Treasury shares are stated at cost, and do not have rights for dividends, relating to dividends nor voting in the general assembly of shareholders. No gain or loss is recognised in the income statement on the purchase, sale and issue of treasury shares, they are recognised in the share holders equity.

Fiduciary assets

Assets held in 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 offset 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

Revenues and expenses are recognised on the accrual basis except for interest and commission on non-performing loans which is suspended. The recognition of interest income is suspended when loans become impaired.

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

Trading and settlement date accounting

Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Bank commits its self 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", they are recorded at cost, and revalued annually and individually. In case of a permanent decline in value, the loss is recognized in the income statement while the increase in value is not recognized as gain. The subsequent increase is recorded in the income statement up to an amount not exceeding the previously recorded impairment.

Intangible assets

- Intangible assets acquired separately are measured on initial recognition at cost.
- Intangible assets with definite lives are amortized over the economic useful lives using the straight line method during a period not exceeding three years from the date of purchase and assessed for impairment when there is an indication that the intangible asset may be impaired.
- Intangible assets are reviewed for any indication of impairment on the date of the consolidated financial statement. The estimated useful lives are reassessed and any adjustments are made in the subsequent periods.

Foreign currencies

- Foreign currency transactions are translated using the exchange rate at the date of transaction.
- Monetary assets and liabilities in foreign currencies are translated to JD at the rates of exchange prevailing at the balance sheet date as published by Central Bank of Jordan. Any gains or losses are taken to the income statement.
- Non-monetary assets and liabilities are denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.
- Profit or losses from translation are recognised in the income statement.
- Translation differences of non monetary assets and liabilities are recognised as a part of change in fair value.

Translation of financial statements of foreign entities:

The assets and liabilities of foreign branches and subsidiaries are denominated into the functional currency of each entity at the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Any exchange differences are taken directly to the foreign currency translation adjustment reserve within the shareholder's equity.

Cash and cash equivalents

This item 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.

Management believes that the estimates are reasonable and are as follows:

- Provision for credit losses: The Bank reviews its loans portfolio according to the Central Bank of Jordan regulations.
- Impairment losses on collateral are determined based on the appraisal reports prepared by certified appraisers.
- The income tax provision is calculated based on the applicable tax laws.
- Management reviews periodically the tangible and intangible assets in order to assess the amortization and depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the income statement .
- Legal provisions are provided for lawsuits raised against the Bank based on the Bank's legal advisor opinion.

4- CASH AND BALANCES WITH CENTRAL BANKS

	2006	2005
	JD	JD
Cash on hand	74,529,443	48,637,380
Balances at central banks:		
Current accounts	117,326,870	146,327,197
Term and notice deposits	7,100,000	7,100,000
Statutory cash reserve	215,560,720	186,874,252
Certificates of deposit	442,600,000	287,400,000
Total	857,117,033	676,338,829

- Except for statutory cash reserve, there are no restricted balances as of December 31, 2006 and 2005.

5- BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

	Local		Foreign		TOTAL	
	2006	2005	2006	2005	2006	2005
	JD	JD	JD	JD	JD	JD
Current accounts	848,245	347,721	63,044,320	33,570,120	63,892,565	33,917,841
Deposit maturing within 3 months	5,000,000	-	484,436,568	370,733,410	489,436,568	370,733,410
Total	5,848,245	347,721	547,480,888	404,303,530	553,329,133	404,651,251

Non-interest bearing balances at banks and financial institutions amounted to JD 7,518,065 as of December 31, 2006 (JD 3,032,799 as of December 31, 2005).

6- DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

	Foreign Banks and Financial Institutions	
	2006	2005
	JD	JD
Deposits maturing within 3 to 6 months	36,868,018	1,119,241
Deposits maturing within 6 to 9 months	-	1,418,055
Deposits maturing within 9 to 12 months	8,061,000	1,063,542
Total	44,929,018	3,600,838

7- TRADING INVESTMENTS

	2006	2005
	JD	JD
Listed bonds	11,107,605	6,062,703
Listed shares	5,799,147	10,792,610
Total	16,906,752	16,855,313

8- CREDIT FACILITIES-NET

	2006	2005
	JD	JD
Discounted bills and notes *	82,143,551	66,244,511
Overdraft facilities	245,185,186	268,500,666
Loans and advances **	1,298,027,366	975,014,368
Finance lease	11,986,033	-
Credit cards	8,288,372	5,477,870
Total	1,645,630,508	1,315,237,415
Less: Provision for credit losses	39,864,131	36,434,585
Interest in suspense	16,220,903	16,184,206
Credit Facilities, Net	1,589,545,474	1,262,618,624

* Net of interest and commission received in advance amounting to JD 3,831,012 as of December 31, 2006 (JD 2,883,509 in 2005).

** Net of interest and commission received in advance amounting to JD 21,484,740 as of December 31, 2006 (JD 16,077,125 in 2005).

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

	JORDAN JD	OTHER MIDDLE EAST COUNTRIES JD	AFRICA * JD	Total	
				2006 JD	2005 JD
Agriculture	4,877,274	241,455	-	5,118,729	5,549,525
Manufacturing and mining	134,966,158	40,083,656	-	175,049,814	156,019,681
Construction	141,515,294	12,542,245	14,346,209	168,403,748	170,641,126
General trade	284,185,450	56,092,259	17,833,688	358,111,397	285,831,569
Transportation services	15,857,265	14,595,400	-	30,452,665	19,853,718
Tourism, hotels and restaurants	36,104,813	6,017,012	-	42,121,825	37,868,001
Services and publications	122,652,485	6,259,933	-	128,912,418	138,691,482
Financial services	11,033,867	59,182,657	-	70,216,524	61,201,971
Shares dealing	32,675,755	-	-	32,675,755	9,956,904
Real estate	181,709,828	4,673,120	-	186,382,948	121,152,557
Car loans	27,816,588	22,776,501	-	50,593,089	26,586,948
Consumers loans	303,317,015	18,730,716	-	322,047,731	268,921,595
Other	70,137,713	5,406,152	-	75,543,865	12,962,338
Total	1,366,849,505	246,601,106	32,179,897	1,645,630,508	1,315,237,415

★ Excluding the Middle East countries.

Credit facilities granted by sector:

	2006	2005
	JD	JD
Public sector	197,454,000	166,698,036
Private sector :		
Corporate accounts	575,342,999	512,430,680
Individual accounts	872,833,509	636,108,699
	1,645,630,508	1,315,237,415

- Included in non-performing credit facilities, interest in suspense amounted to JD 63,211,147, representing 3.84% of total facilities as of December 31, 2006 and JD 56,651,597, representing 4.31% as of December 31, 2005.
- The total non-performing credit facilities net of interest in suspense amounted to JD 48,484,889, representing 2.97% of total facilities net of interest in suspense as of December 31, 2006 and JD 42,367,039, representing 3.26% as of December 31, 2005.
- Credit facilities granted to and guaranteed by the Governments amounted to JD 162,527,540, representing 9.9% of total facilities as of December 31, 2006 and JD 96,564,277, representing 7.4% as of December 31, 2005.
- Credit facilities granted against real estate collateral amounted to JD 613 million as of December 31, 2006 and JD 453 as of December 31, 2005.
- The gross fair value of collaterals held against credit facilities amounted to JD 1,048 million as of December 31, 2006 and JD 781.7 million as of December 31, 2005.

Provision for credit losses

	2006	2005
	JD	JD
Balance at January 1,	36,434,585	31,734,328
Provision during the year	3,935,238	7,142,773
Write-offs	(505,692)	(2,442,516)
Balance at December 31,	39,864,131	36,434,585

Non-performing credit facilities settled or collected during the year amounted to JD 3,164,966 as of December 31, 2006 and JD 4,431,251 as of December 31, 2005.

Interest in suspense

	2006	2005
	JD	JD
Balance at January 1,	16,184,206	18,978,624
Add: Interest suspended during the year	5,231,845	5,545,758
Less: Interest in suspense recognised during the year	3,252,481	5,190,366
Interest in suspense written off during the year	1,942,667	3,149,810
Balance at December 31,	16,220,903	16,184,206

9- AVAILABLE-FOR-SALE INVESTMENTS

	2006	2005
	JD	JD
Quoted investments:		
Governmental and government guaranteed bonds	213,804,414	146,756,439
Corporate bonds and debentures	161,149,834	141,557,008
Investment funds	138,091,952	104,106,453
Shares	19,226,133	36,311,319
	532,272,333	428,731,219
Unquoted investments :		
Governmental and government guaranteed bonds	2,375,150	11,370,060
Corporate bonds and debentures	8,207,095	15,990,154
Shares	14,703,779	13,679,818
	25,286,024	41,040,032
Total	557,558,357	469,771,251

Analysis of debt investments :		
Fixed rate bonds	326,618,396	269,871,755
Variable rate bonds	58,918,096	45,801,906
Total	385,536,492	315,673,661

- Included in investments in shares an amount of JD 14,703,779 as of December 31, 2006 (JD 13,679,818 as of December 31, 2005) which stated at cost since their fair value could not be measured reliably. Impairment in the value of these shares was JD 57,412 which was recognised in the income statement as of December 31, 2006 (JD 272,752 as of December 31, 2005).
- Included in Unquoted shares an amount of JD 3,814,460, representing 22.1% ownership in Jordan International Bank as of December 31, 2006 and 2005. The investment was not recorded for using the equity method due to the absence of significant influence by the Bank over the administrative and financial policies of the investee.

10- HELD-TO-MATURITY INVESTMENTS – NET

	2006	2005
	JD	JD
Quoted investmetns:		
Governmental and government guaranteed bonds	218,516,873	169,886,473
Corporate bonds and debentures	10,347,250	11,066,188
	228,864,123	180,952,661
Unquoted investmetns :		
Treasury bills	97,220,142	53,938,990
Corporate bonds and debentures	2,494,458	2,489,472
	99,714,600	56,428,462
Total	328,578,723	237,381,123
Analysis of debt instruments:		
Fixed rate bonds	322,199,454	231,008,254
Variable rate bonds	6,379,269	6,372,869
Total	328,578,723	237,381,123

The maturity of bonds ranges from 3 month to 7 years. All bonds have fixed payments.

11- INVESTMENTS IN ASSOCIATES

Company name	Country	% of Ownership and Voting Rights	Activity	Date of Financial Statements	Investment Cost JD	Carrying amount JD
The Housing Company for Tourism and Hotel Investments	Jordan	%50	Hotels & trade	31 / 12 / 2006	21.5 million	19.853 million

The instrument has been accounted for using the equity method, bank's share of the company's revenue an amount of JD 1.277 million as of December 31, 2006 (1.495 million as of December 31, 2005).

Movements on investments in associates are as follows :

	2006	2005
	Housing Company for Tourism and Hotel Investments	Housing Company for Tourism and Hotel Investments
Balance at January 1,	19,717,842	19,277,776
Bank's share of profit from associate	135,179	440,066
Balance at December31,	19,853,021	19,717,842

	2006 JD	2005 JD
Bank's share of assets and liabilities of associates		
Current assets	2,986,628	13,166,405
Non- current assets	42,617,158	33,576,239
Current liabilities	(10,691,751)	(4,662,947)
Non- current liabilities	(15,059,014)	(22,361,855)
Net Assets	19,853,021	19,717,842

12- PROPERTY AND EQUIPMENT – NET

	Land	Buildings	Equipment, Furniture, and Fixtures	Vehicles	Computer Hardware	Others	Total
	JD	JD	JD	JD	JD	JD	JD
2006							
Cost:							
At January 1,	11,683,417	14,158,286	30,364,809	1,386,625	23,769,097	3,259,365	84,621,599
Additions	2,500,901	1,977,855	4,183,658	59,022	3,888,769	137,609	12,747,814
Disposals	-	(195,108)	(518,310)	(89,537)	(807,313)	-	(1,610,268)
Foreign currency translation	196,715	83,210	83,586	10,915	35,188	-	409,614
At December 31,	14,381,033	16,024,243	34,113,743	1,367,025	26,885,741	3,396,974	96,168,759
Accumulated depreciation :							
At January 1,	-	3,250,753	21,018,537	864,084	17,131,728	1,939,731	44,204,833
Annual depreciation	-	356,028	2,532,451	195,447	2,808,294	591,398	6,483,618
Disposals	-	-	(486,696)	(89,534)	(782,830)	-	(1,359,060)
Foreign currency translation	-	7,469	26,686	4,059	10,920	-	49,134
At December 31,	-	3,614,250	23,090,978	974,056	19,168,112	2,531,129	49,378,525
Net book value of Property and equipment	14,381,033	12,409,993	11,022,765	392,969	7,717,629	865,845	46,790,234
Payments on Property and equipment in progress	-	-	3,308,714	-	111,900	-	3,420,614
Projects in progress	-	4,693,668	-	-	-	-	4,693,668
Property and equipment – net	14,381,033	17,103,661	14,331,479	392,969	7,829,529	865,845	54,904,516
2005							
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	1,252,351	2,503,956	53,490	1,788,340	535,129	9,906,580
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	14,158,286	30,364,809	1,386,625	23,769,097	3,259,365	84,621,599
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 Property and equipment	11,683,417	10,907,533	9,346,272	522,541	6,637,369	1,319,634	40,416,766
Payments on Property and equipment in progress	-	308,193	862,228	-	83,923	-	1,254,344
Projects in progress	-	1,434,821	-	-	-	-	1,434,821
Property and equipment – net	11,683,417	12,650,547	10,208,500	522,541	6,721,292	1,319,634	43,105,931

* Included in property and equipment fully depreciated items amounted to JD 20,345,293 as of December 31, 2006 and JD 18,015,013 as of December 31, 2005.

- Contractual commitments in connection with projects in progress are included in note. (52).

13- INTANGIBLE ASSETS

	2006	2005
	Computer Software	Computer Software
	JD	JD
Beginning Balance	999,295	1,288,681
Additions	1,996,281	586,473
Amortization	(1,255,393)	(875,859)
Ending Balance	1,740,183	999,295

14- OTHER ASSETS

	2006	2005
	JD	JD
Accrued revenues	15,574,068	10,550,264
Prepaid expenses	3,710,012	2,288,713
Investments properties *	103,966	198,489
Repossessed assets for resale **	6,335,671	8,184,369
Cheques under collection	32,390,788	27,829,172
Others	4,791,941	4,887,429
Total	62,906,446	53,938,436

* The Fair value of investment properties amounted to JD 119,000 as of December 31, 2006 (JD 230,000 as of December 31, 2005). The fair value of investment properties is estimated by property appraisers.

** Included in repossessed assets for resale unregistered real-estate amounting to JD 59,500 as of December 31, 2006 and JD 209,000 as of December 31, 2005. The Central Bank of Jordan instructions require to sell the repossessed as assets within two years from repossession.

Movements on repossessed assets are as follows :

	2006	2005
	JD	JD
Beginning Balance	8,184,369	11,811,122
Additions	1,479,994	3,286,955
Disposals	(3,328,692)	(6,803,708)
Impairment losses	-	(110,000)
Ending Balance	6,335,671	8,184,369

15- BANKS AND FINANCIAL INSTITUTIONS DEPOSIT'S

	2006			2005		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	3,786,704	47,416,437	51,203,141	5,175,469	37,430,657	42,606,126
Deposits due within 3 months	1,584,425	56,716,374	58,300,799	7,531,077	44,487,847	52,018,924
Deposits due within 3-6 months	-	35,500,431	35,500,431	-	-	-
Total	5,371,129	139,633,242	145,004,371	12,706,546	81,918,504	94,625,050

16- CUSTOMERS' DEPOSITS

	2006	2005
	JD	JD
Current accounts and demand deposits	614,169,082	539,262,420
Saving deposits	918,155,442	794,914,519
Time and notice deposits	1,292,946,001	996,476,817
Kinz certificates	1,736,494	37,820,658
Certificates of deposit	5,342,037	1,438,055
Others	380,819	546,583
Total	2,832,729,875	2,370,459,052

- Public sectors deposits amounted to JD 135 million, representing 4.8% of total deposits as of December 31, 2006 and JD 180.8 million, representing 7.6% of total deposits as of December 31, 2005.
- Non-interest bearing deposits amounted to JD 615.7 million, representing 21.7% of total deposits as of December 31, 2006 and JD 527 million, representing 22.2% of total deposits as of December 31, 2005.
- Restricted deposits amounted to JD 60.3 million, representing 2.1% of total deposits as of December 31, 2006 and JD 34.2 million, representing 1.44% of total deposits as of December 31, 2005.
- Dormant accounts amounted to JD 21.4 million, representing 0.8% of total deposits as of December 31, 2006 and JD 16.8 million, representing 0.71% of total deposits as of December 31, 2005.

17- MARGIN ACCOUNTS

	2006	2005
	JD	JD
Direct credit facilities	95,960,695	75,360,242
Indirect credit facilities	68,458,176	121,121,941
Margin dealings	1,310,225	1,787,501
Total	165,729,096	198,269,684

18- LOANS AND BORROWING

31 December 2006	Amount JD	No. of Instalments		Periodic Repayment	Guarantee	Borrowing	Re-lending
		Total	Net Due			Interest Rate	Interest Rate
From Local Companies							
Real Estate Mortgage Re- Finance Company *	2,138,876	108	21	Monthly	Government	%7.30	%7.80
Real Estate Mortgage Re- Finance Company *	783,000	120	29	Monthly	Government	% 5.73	%6.23
	2,921,876						
From Foreign Banks							
Palestine Company for Real Estate Mortgage	24,456	60	27	Monthly	Financial solvency	% 5.50	%8.50
Palestine Company for Real Estate Mortgage	55,214	120	89	Monthly	Financial solvency	% 5.50	%8.50
Palestine Company for Real Estate Mortgage	33,800	240	209	Monthly	Financial solvency	% 5.50	%8.50
	113,470						
Total	3,035,346						

31 December 2005							
From Central Bank of Jordan							
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						

- Amounts borrowed do not include re-purchase agreements.

- Fixed rate loans amounted to JD 113,470 and variable rate loans amounted to JD 2,921,876.

* Amounts borrowed have been re-lent to the Housing Funds

19- SUNDRY PROVISIONS

	Beginning Balance	Provision Provided During the Year	Provision Used During the Year	Reversed to Revenue	Ending Balance
	JD	JD	JD	JD	JD
2006					
Provision for end-of-service indemnity	8,186,934	1,594,647	(694,992)	-	9,086,589
Provision for commitments and contingencies	535,932	38,755	(3,224)	-	571,463
Other provisions	4,516,643	2,016,795	(1,082,149)	(1,607,466)	3,843,823
	13,239,509	3,650,197	(1,780,365)	(1,607,466)	13,501,875
2005					
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	1,597,840	(1,202,592)	-	4,516,643
	10,896,673	4,106,807	(1,763,971)	-	13,239,509

20- INCOME TAX PROVISION

A- Income tax liability

The movement on the income tax provision is as follows:

	2006	2005
	JD	JD
Beginning balance	32,860,070	15,710,692
Income tax paid	(32,069,376)	(12,008,653)
Provision for income tax for the year	37,826,113	29,158,031
Ending Balance	38,616,807	32,860,070

- Income tax has been settled up to the end of the year 2004 for Jordan branches.
- Income tax has been settled up to the end of the year 2005 for Palestine branches.
- Income tax has been settled up to the end of the year 2004 for subsidiaries companies.

Tax return for the Bank and the subsidiaries for the year 2005 have been submitted and the declared income tax paid to the Income tax Departments, these returns have not been reviewed by the Tax Departments.

Income tax appears in the income statement represents the following:

	2006	2005
	JD	JD
Provision for income	(37,826,113)	(29,158,031)
Deferred tax assets for the year	6,068,263	1,860,252
Deferred tax liabilities for the year	-	(1,199,796)
Amortizing of deferred tax assets	(4,590,065)	(2,609,519)
Amortizing of deferred tax liabilities	981,205	-
	(35,366,710)	(31,107,094)

B- Deferred income tax assets / liabilities

	2006				2005	
	Beginning Balance JD	Amounts Released JD	Amounts Added JD	Ending Balance JD	Deferred Tax JD	Deferred Tax JD
Assets						
Interest suspended	287,408	2,042,965	1,984,326	228,769	72,863	91,538
Provision for possible loan losses	10,092,415	9,167,217	5,511,716	6,436,914	2,049,519	3,214,434
Provision for end-of-service indemnity	7,470,379	641,105	1,377,916	8,207,190	2,613,990	2,379,316
Building impairment	556,159	163,222	-	392,937	125,150	177,137
Other provisions	2,688,879	1,071,710	2,035,463	3,652,632	1,163,361	856,408
Other assets	1,743,804	1,327,881	8,221,673	8,637,596	2,732,899	555,402
TOTAL	22,839,044	14,414,100	19,131,094	27,556,038	8,757,782	7,274,235
Liabilities *						
Unrealized gain on trading investments	3,080,707	3,080,707	-	-	-	981,205
Cumulative change in the fair value of available-for-sale investments	28,377,330	21,978,204	15,095	6,414,221	1,545,000	6,954,552
Others	874,362	874,362	-	-	-	218,591
TOTAL	32,332,399	25,933,273	15,095	6,414,221	1,545,000	8,154,348

* Deferred income tax liabilities include an amount of JD 1,545,000 and JD 6,954,552 for last year resulting from the revaluation gain on available for- sale investments that appear in the cumulative change in fair value in shareholders' equity.

The movements on the deferred income tax assets / liabilities are as follows:

	2006		2005	
	Assets JD	Liabilities JD	Assets JD	Liabilities JD
Beginning balance	7,274,235	8,154,348	8,023,502	3,795,859
Additions	6,073,612	4,808	1,860,252	7,275,664
Deductions	(4,590,065)	(6,614,156)	(2,609,519)	(2,917,175)
Ending balance for the year	8,757,782	1,545,000	7,274,235	8,154,348

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

	2006 JD	2005 JD
Accounting profit	130,072,576	105,158,872
Profit not taxable	(22,927,297)	(23,626,176)
Expenses not deductible for tax purposes	18,541,296	14,149,156
Others (accumulated losses)	-	(1,280,320)
Taxable Profit	125,686,575	94,401,532
Effective income tax rate	29 %	28 %

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

21- OTHER LIABILITIES

	2006	2005
	JD	JD
Accrued interest expenses	5,217,548	3,639,913
Interest and commissions received in advance	330,612	179,128
Accrued expenses	6,791,571	5,031,394
Certified cheques	16,036,864	13,851,487
Transfers	10,578,939	9,694,332
Payment orders	449,429	516,435
Prizes money	583,500	352,500
Correspondent banks trusts	360,335	323,512
General management trusts	609,624	471,233
Deferred income *	3,313,432	3,313,432
Dividends payable **	511,253	562,714
Deposit - unsubscribed shares ***	1,545,425	-
Brokerage customers	4,321,380	8,948,180
Jordan university fees	1,215,824	924,305
Scientific research fund fees	1,215,824	924,305
Vocational and Technical Education and Training Fund fees	767,937	564,097
Other trusts	4,616,284	3,120,844
Others	2,622,189	1,695,744
Total	61,087,970	54,113,555

* Deferred income represents 50% of the gain from sale of 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).

** Dividend payable is accrued on prior years proposed dividends.

*** Deposit unsubscribed shares represents amount resulted from sale of portion of increase in capital at market price of shares , the difference between the market price and the issue price was recorded as shareholder's deposit, the number of shares sold was 754,275 shares.

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

The authorized capital amounted to JD 252 million divided into 252 million shares at a par value of JD 1 per share. During the year 2006 the capital of the Bank was increased by issuing 152 million shares as follows:

- a- Stock dividends of 50 million to be distributed to shareholders representing 50% of the paid-in capital through capitalization of retained earnings.
- b- 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 additional paid in capital.
- c- Allocation of 2 million shares to Jordan Armed Forces at a price to be determined by the Board of Director.

Paid-in capital amounted JD 250 million as of December 31, 2006 (JD 100 million as of December 31, 2005).

Additional paid-in capital

Additional paid-in capital amounted to JD 349,377,566 as of December 31, 2006 (JD 49,884,008 as of December 31, 2005).

23- RESERVES

Statutory Reserve

As required by the Jordanian Banks Law, 10% of the profit before tax of the Jordan branches is to be transferred to the statutory reserve. The statutory reserve is not available for distribution.

Voluntary Reserve

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

The voluntary reserve shall be utilized for the purposes determined by the Board of Directors. 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.

General Banking Risk Reserve

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

Restricted reserves are as follows:

Reserve	2006	2005	Type of Restriction
	JD	JD	
General banking risk reserve	20,000,000	12,502,237	According to the Central Bank of Joran regulations
Statutory reserve	54,002,619	41,844,376	According to the Banks Law

24- TREASURY SHARES

The treasury shares (cost) as at year - end represent 2,519,045 shares of an of amounted JD 19,424,857 as of December 31, 2006.

The movement on this item are as follows :-

	Amount	Number of Shares
	JD	
Beginning balance	-	-
Purchase of treasury shares	19,424,857	2,519,045
Ending Balance	19,424,857	2,519,045

25- FOREIGN CURRENCY TRANSLATION DIFFERENCES

This item represents the differences resulting from the translation of net investments in foreign subsidiaries and branches upon consolidation of the financial statements. The movements on this account are as follows:

	2006	2005
	JD	JD
Beginning balance	(1,454,704)	113,448
Charges during the year	2,045,388	(1,568,152)
Ending Balance	590,684	(1,454,704)

26- CUMULATIVE CHANGE IN FAIR VALUE, NET

	2006				2005			
	Shares	Bonds	Investment Funds	Total	Shares	Bonds	Investment Funds	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Beginning balance	21,311,691	(712,276)	1,280,187	21,879,602	11,756,385	(277,957)	611,423	12,089,851
Unrealised gain (losses)	(9,650,252)	(3,799,767)	2,038,268	(11,411,751)	24,747,696	(830,502)	1,705,738	25,622,932
Deferred income tax liabilities	4,146,881	933,425	329,246	5,409,552	(3,187,709)	150,103	(121,088)	(3,158,694)
Realized (gain) losses transferred to the income statement	(7,382,315)	88,259	(1,663,538)	(8,957,594)	(12,004,681)	246,080	(915,886)	(12,674,487)
Impairment loss	11,508	-	-	11,508	-	-	-	-
Ending balance *	8,437,513	(3,490,359)	1,984,163	6,931,317	21,311,691	(712,276)	1,280,187	21,879,602

* Cumulative change in fair value is stated net of deferred income tax liabilities amounting to JD 1,545,000 and JD 6,954,552 for prior year.

27- RETAINED EARNINGS

	2006	2005
	JD	JD
Beginning balance	115,885,407	50,292,408
Add : Profit for the year	92,363,657	71,789,280
Transferred from foreign branches reserve	-	24,820,000
Less : Transferred to increase in paid-in capital	50,000,000	-
Transferred to statutory reserve	12,158,243	9,243,053
Transferred to general banking risk reserve	7,497,763	1,746,399
Others	21,048	26,829
Dividends paid	25,000,000	20,000,000
Ending balance	113,572,010	115,885,407

An amount of JD 8,757,782 as of December 31, 2006 is not available for distribution. It represents deferred income tax assets (JD 7,274,235 as of December 31, 2005).

28- PROPOSED DIVIDENDS

The Board of Directors will propose a cash dividend of JD 0.26 per share, which is subject to the approval of the General Assembly of Shareholders at their annual meeting. Dividends distributed last year amounted to JD 0.25 per share.

29- MINORITY INTERESTS

	2006			2005		
	Minority Interests	Minority Interests Profit (Losses)	Minority Interest share of Net Assets	Minority Interests	Minority Interests Profit (Losses)	Minority Interest share of Net Assets
		JD	JD		JD	JD
International Financial Centre Company	% 22.5	438,117	1,526,889	% 22.5	807,522	1,088,773
The Housing Bank for Trade and Finance /Algeria	% 48	(113,407)	12,095,574	% 48	93,475	9,842,305
Jordan and Palestine Investment Company	% 0.01	-	19	% 0.01	-	19
International Bank for Trade and Finance / Syria	% 51	2,017,499	12,982,209	% 51	1,361,501	10,339,013
		2,342,209	26,604,691		2,262,498	21,270,110

30- INTEREST INCOME

	2006 JD	2005 JD
Credit Facilities:		
Discounted bills and notes	6,981,421	3,617,329
Overdraft facilities	21,713,376	15,412,127
Loans and advances	89,678,285	62,866,070
Finance lease	613,432	-
Credit cards	1,295,315	803,349
Others	307,195	208,623
Balances with central banks	24,641,406	14,653,264
Balances and deposits with banks and financial institutions	30,122,228	14,472,923
Trading investments	710,630	600,271
Available-for-sale investments	22,025,988	15,129,368
Held-to-maturity investments	17,899,036	9,813,674
	215,988,312	137,576,998

31- INTEREST EXPENSE

	2006 JD	2005 JD
Banks and financial institutions deposits	5,175,503	2,309,446
Customers deposits :		
Current accounts and demand deposits	1,162,480	841,438
Saving deposits	10,231,287	7,523,921
Time and notice deposits	48,668,520	23,545,296
Certificates of deposit	66,797	16,491
Others	10,680	540,293
Margin accounts	4,514,517	2,710,664
Loans and borrowings	1,349,422	1,595,600
Deposits insurance fees	3,622,116	2,960,099
	74,801,322	42,043,248

32- NET COMMISSION

	2006 JD	2005 JD
Commission income :		
Direct credit facilities	9,448,892	7,134,465
Indirect credit facilities	10,387,886	8,311,192
Less: Commission expense	280,698	156,945
Net Commission	19,556,080	15,288,712

33- GAINS (LOSSES) ARISING FROM TRADING INVESTMENTS

	Realized Gains (Losses)	Unrealized Gains (Losses)	Dividends Received	Total
	JD	JD	JD	JD
2006				
Bonds	(203)	(64,541)	-	(64,744)
Shares	559,277	(2,774,085)	248,047	(1,966,761)
Total	559,074	(2,838,626)	248,047	(2,031,505)
2005				
Bonds	(6,705)	35,607	-	28,902
Shares	3,051,890	3,261,153	142,646	6,455,689
Total	3,045,185	3,296,760	142,646	6,484,591

34- GAINS ON SALES AND DIVIDENDS FROM AVAILABLE-FOR-SALE INVESTMENTS

	2006 JD	2005 JD
Dividends income	2,377,999	1,986,415
Gains from sale of available-for-sale investments	15,284,682	18,185,681
Less : impairment loss of available-for-sale investments	71,910	507,608
Total	17,590,771	19,664,488

35- OTHER INCOME

	2006 JD	2005 JD
Fees on salaries accounts	2,592,348	2,527,137
Credit cards income	2,690,847	2,310,692
Safety Deposit Box rental income	205,227	169,977
Commissions on returned checks	296,608	216,138
Account management fees	1,818,955	9,047,938
Net income from recovered loans	1,485,843	3,025,086
Charges on dormant and low-balance accounts	866,106	841,070
Net bonded income	90,382	120,516
Income from brokerage services	3,921,292	7,989,044
Banking services' fees	860,024	792,745
Income on transfers	4,233,077	3,261,067
Commission on cash withdrawals	380,035	223,840
Capital gains	36,305	352,578
Income from reversing of provisions	1,607,466	-
Others	881,231	535,862
Total	21,965,746	31,413,690

36- EMPLOYEES' COST

	2006	2005
	JD	JD
Salaries and benefits	27,835,803	24,237,482
Social security contribution	2,178,314	1,992,729
Bank's contribution to the saving fund	63,376	49,801
End-of-service indemnity	1,594,647	2,297,801
Medical expenses	1,168,182	1,103,448
Training expenses	169,302	302,003
Travel and transportation expenses	503,281	379,937
Others	419,424	376,095
Total	33,932,329	30,739,296

37- OTHER EXPENSES

	2006	2005
	JD	JD
Computer and software	2,185,443	905,910
Stationery and printing	1,391,595	1,220,649
Maintenance and repairs	2,918,449	1,860,612
Post, telephone, telex, and internet	746,730	901,003
Rent	1,921,963	1,577,221
Water, fuel and electricity	996,180	882,027
Advertising	2,147,135	738,625
Donations	285,460	1,318,152
Hospitality	296,453	185,189
Financial institutions subscription fees	878,439	762,255
Fees on credit facilities processing	439,539	324,537
Bad debts written off	97,298	127,214
Board of Directors' transportation and meetings	1,487,605	1,058,655
Consultation and research	1,466,172	1,624,388
Jordanian universities fees	1,215,824	924,305
Scientific research support fees	1,215,824	924,305
Vocational and technical training and education fund fees	767,937	564,097
Others	5,479,660	5,840,763
Total	25,937,706	21,739,907

38- EARNINGS PER SHARE

A- Basic earning per share :

	2006 JD	2005 JD
Profit for the year	92,363,657	71,789,280
Weighted average number of shares	236,482,919	217,183,425
Basic for profit for the year attributable to equity holders of the bank	0.391 JD	0.331 JD

B- Diluted earning per share :

	2006 JD	2005 JD
Profit for the year	92,363,657	71,789,280
Weighted average number of shares	238,482,919	219,183,425
Diluted for profit for the year attributable to equity holders of the bank	0.388 JD	0.327 JD

39- CASH AND CASH EQUIVALENTS

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

	2006 JD	2005 JD
Cash and balances with central banks maturing within 3 months	857,117,033	676,338,829
Add: Balances with banks and financial institutions maturing within 3 months	553,329,133	404,651,251
Less : Deposits from banks and financial institutions maturing within 3 months	109,503,940	94,625,050
Net Cash and Cash Equivalents	1,300,942,226	986,365,030

40- RELATED PARTIES TRANSACTIONS

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

Company Name	Ownership	Company's Capital	
		2006 JD	2005 JD
The Housing Bank for Trade and Finance / Algeria	52 %	25,811,284	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 %	2,250,000	1,000,000
Specialized Lease Finance Co.	100 %	20,000,000	10,000,000
Jordan Real Estate Investment Co.	100 %	40,000	47,349

The Bank entered into transactions with subsidiaries , associates, major shareholders, Board of Directors, and management in the course of ordinary activities at commercial rates of interest and commissions . All facilities granted to related parties are performing and no provisions have been taken .

Summary of related party transactions during the year :

	Related party				2006	2005
	Assosiated Companies	Board of Directors	Executive Management	Others		
	JD	JD	JD	JD		
Balance sheet items						
Total deposits with related parties	26,333,766	28,787	-	-	26,362,553	19,945,915
Total deposits from related parties	34,308	58,827,514	3,179,841	2,182,804	64,224,467	104,367,886
Loan's and advances given to related parties	7,871,120	189,425	164,643	45,400,045	53,625,233	50,199,559
Off balance sheet items						
Guarntees and letters of credit	38,268	-	-	65,085,819	65,124,087	65,383,100
Income statement items						
Interest and commissions income	1,622,907	25,666	9,678	7,801,662	9,459,913	5,486,578
Interest and commissions expense	-	2,916,691	137,414	271,339	3,325,444	3,607,214

Executive Management Remuneration

	2006	2005
	JD	JD
Salaries	2,250,300	1,772,332
Other benefits	168,758	114,208
Total	2,419,058	1,886,540

41- FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments represent 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 different from the carrying amount:

	2006			2005		
	Book Value	Fair Value	Differences	Book Value	Fair Value	Differences
	JD	JD	JD	JD	JD	JD
Held-to-maturity investments	328,578,723	328,978,539	399,816	237,381,123	238,180,717	799,594
Net difference between book value and fair value			399,816			799,594

As indicated in note (9) included in available-for-sale investments unquoted assets amounting to JD 14,703,779 as of December 31, 2006 stated at cost, and moreover the Bank could not estimate their fair value reliably.

42- RISK MANAGEMENT POLICIES

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

Notes from 43 to 48 show the main risks and their management.

43- 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. 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. The Bank also 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 granted by each management level.
2. Internal customer ratings :
The Bank uses a standard system for customer risk rating to define the creditworthiness of a 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 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 and risk rating.

Within the organizational chart of the Bank, there is separation between credit granting units and control units. There are standard procedures to follow on performing and non-performing credit accounts. The details of the direct credit facilities portfolio are shown in note (8), and the off-balance sheet commitment exposure for credit risk is shown in note (52) .
Credit risk related to financial instruments derivatives is confined to positive fair value derivatives which appear in other assets.

Geographical and segmental distribution of assets and liabilities and off- balance sheet items

	2006			2005		
	Liabilities	Assets	Off-Balance Sheet Items	Liabilities	Assets	Off-Balance Sheet Items
	JD	JD	JD	JD	JD	JD
A- According to geographical area						
Inside Jordan	2,727,523,984	2,783,541,690	221,558,611	2,186,073,682	2,530,989,585	298,088,548
Other Middle East countries	762,258,365	477,708,650	203,736,757	523,274,576	270,230,279	143,292,240
Europe	474,847,455	-	140,981,000	361,041,870	-	100,344,988
Asia *	10,299,085	-	192,369,956	7,654,919	-	195,229,868
Africa *	17,833,688	-	1,458,500	19,357,186	-	3,001,230
America	99,843,102	-	69,609,316	43,156,869	-	62,795,426
Rest of the world	3,520,759	-	34,726,364	55,693,866	-	23,430,944
Total	4,096,126,438	3,261,250,340	864,440,504	3,196,252,968	2,801,219,864	826,183,244

B- According to segment

Public sector	1,402,386,593	135,074,300	-	1,111,257,903	205,599,171	-
Private sector						
Corporate accounts	1,873,137,731	1,052,410,577	447,574,181	1,437,752,653	808,702,998	512,836,337
Personal accounts	820,602,114	2,073,765,463	416,866,323	647,242,412	1,786,917,695	313,346,907
Total	4,096,126,438	3,261,250,340	864,440,504	3,196,252,968	2,801,219,864	826,183,244

* Excluding the Middle East countries.

44- MARKET RISK

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

45- INTEREST RATE RISK

Interest rate risk arises from the effects of changes in interest rates on the value of financial instruments. The Bank is exposed to interest rate risk as a result of mismatch or the existence of a gap between assets and liabilities according to their maturities, or reprising interest rates in certain periods. The Bank manages this risk 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:

- Re-pricing 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	Up to 1 Month		1 to 3 Months		3 to 6 Months		6 months to 1 Year		1 to 3 Years		Over 3 years		Non-interest bearing items		Total		Average Interest		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	Rate %	Rate %	
ASSETS																			
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	105,484,351	93,704,732	209,027,838	228,234,300	317,476,234	306,519,972	2,171,197	-	-	-	-	-	49,991,137	1,262,618,624			7.36		
Available- for-sale investments	113,535,157	3,544,807	4,295,120	13,854,252	20,768,863	263,781,915	86,631,162	-	-	-	-	-	-	469,771,251			5.06		
Held-to-maturity investments - net	-	5,075,328	48,863,662	2,707,201	-	-	-	-	-	-	-	-	-	237,381,123			4.45		
Investments in associates	-	-	-	-	-	-	-	-	-	-	-	-	19,717,842	19,717,842					
Property and equipment - net	-	-	-	-	-	-	-	-	-	-	-	-	43,105,931	43,105,931					
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	999,295	999,295					
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	53,938,436	53,938,436					
Deferred income tax assets	-	-	-	-	-	-	-	-	-	-	-	-	7,274,235	7,274,235					
TOTAL ASSETS	767,737,960	282,324,867	335,705,861	257,280,053	424,876,259	670,465,657	457,862,311	3,196,252,968											
LIABILITIES																			
Banks and financial institutions deposits'	89,878,412	-	-	-	-	-	-	-	-	-	-	-	4,746,638	94,625,050			3.40		
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	-	-	-	-	-	-	13,239,509	29,498,596			5.15		
Sundry provisions	-	-	-	-	-	-	-	-	-	-	-	-	32,860,070	32,860,070			-		
Income tax provision	-	-	-	-	-	-	-	-	-	-	-	-	8,154,348	8,154,348			-		
Deferred income tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	54,113,555	54,113,555			-		
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	272,807			-		
TOTAL LIABILITIES	530,027,240	640,210,946	213,260,179	202,845,370	529,454,916	685,148,406	2,801,219,864												
Minority interests	-	-	-	-	-	-	-	-	-	-	-	-	21,270,110	21,270,110					
Total Shareholders' Equity	237,710,720	237,710,720	237,710,720	237,710,720	237,710,720	237,710,720	237,710,720	237,710,720						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	237,710,720	(357,886,079)	122,445,682	54,434,683	(104,578,657)	670,192,850	(622,319,199)	-											
Cumulative sensitivity differences	237,710,720	(120,175,359)	2,270,323	56,705,006	(47,873,651)	622,319,199	-	-											

46- LIQUIDITY RISK

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

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

Liquidity management is measured and monitored in normal and urgent 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 47% 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 the 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 following 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, 2006

Liquidity risks	Up to 1 Month		1 to 3 Months		3 to 6 Months		6 months to 1 Year		1 to 3 Years		Over 3 years		Without maturity		TOTAL		
	JD		JD		JD		JD		JD		JD		JD		JD		
ASSETS																	
Cash and balances with central banks	527,517,033		168,400,000		161,200,000		-		-		-		-		-		857,117,033
Balances with banks and financial institutions	526,356,156		26,972,977		-		-		-		-		-		-		553,329,133
Deposits with banks and financial institutions	-		-		36,868,018		8,061,000		-		-		-		-		44,929,018
Trading investments	16,906,752		-		-		-		-		-		-		-		16,906,752
Credit facilities – net	154,354,508		100,577,422		187,657,705		276,194,246		474,615,604		396,145,989		-		-		1,589,545,474
Available- for-sale investments	-		3,470,000		-		5,748,205		103,168,789		273,149,502		172,021,861		-		557,558,357
Held-to-maturity investments - net	19,950,517		22,258,481		50,018,082		23,937,331		123,483,878		88,930,434		-		-		328,578,723
Investments in associates	-		-		-		-		-		-		19,853,021		-		19,853,021
Property and equipment – net	-		-		-		-		-		-		54,904,516		-		54,904,516
Intangible assets	-		-		-		-		-		-		1,740,183		-		1,740,183
Other assets	33,555,604		2,241,012		2,343,057		4,509,833		2,805,160		4,161,100		13,290,680		-		62,906,446
Deferred income tax assets	-		-		-		-		8,757,782		-		-		-		8,757,782
TOTAL ASSETS	1,278,640,570		323,919,892		438,086,862		318,450,615		712,831,213		762,387,025		261,810,261		4,096,126,438		
LIABILITIES																	
Banks and financial institutions deposits'	103,085,492		6,418,448		35,500,431		-		-		-		-		-		145,004,371
Customers' deposits	1,224,231,429		739,722,663		206,274,018		160,505,456		501,996,309		-		-		-		2,832,729,875
Margin accounts	29,579,174		30,616,206		21,317,306		34,014,331		49,883,917		318,162		-		-		165,729,096
Loans and borrowing	130,823		261,646		392,469		784,939		1,422,956		42,513		-		-		3,035,346
Sundry provisions	-		-		-		-		-		-		13,501,875		-		13,501,875
Income tax provision	-		30,000,000		1,628,436		6,988,371		-		-		-		-		38,616,807
Deferred income tax liabilities	-		-		-		-		1,545,000		-		-		-		1,545,000
Other liabilities	28,540,839		9,584,904		1,451,262		247,953		599,079		-		20,663,933		-		61,087,970
TOTAL LIABILITIES	1,385,567,757		816,603,867		266,563,922		202,541,050		555,447,261		360,675		34,165,808		3,261,250,340		
Minority interests	-		-		-		-		-		-		26,604,691		-		26,604,691
Total Shareholders' Equity	-		-		-		-		-		-		808,271,407		-		808,271,407
TOTAL LIABILITIES AND EQUITY	1,385,567,757		816,603,867		266,563,922		202,541,050		555,447,261		360,675		869,041,906		4,096,126,438		
Period gap	(106,927,187)		(492,683,975)		171,522,940		115,909,565		157,383,952		762,026,350		(607,231,645)		-		
Cumulative gap	(106,927,187)		(599,611,162)		(428,088,222)		(312,178,657)		(154,794,705)		607,231,645		-		-		

47- FOREIGN CURRENCY RISK

These are the risks of the change in the value of financial instruments resulting from the change in foreign exchange rates. Moreover the Jordanian Dinar is the functional currency of the Bank additionally. 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 currency 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.

Foreign currencies positions at the Bank:

	2006		2005	
	Equivalent in JD "1000"	Foreign currency "1000"	Equivalent in JD "1000"	Foreign currency "1000"
US Dollars	16,523	11,323	(36,148)	(26,997)
Sterling Pound	5,815	6,168	3,615	4,397
Euro	7,195	6,562	2,414	1,918
Swiss Franc	803	464	2,412	1,301
Japanese Yen	9,020	54	(36,954)	(222)
Others	-	31,894	-	25,677

48- 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 in several geographical areas and economic sectors. Most equity investments held by the Bank are listed on Amman Stock Exchange and Palestine Securities Market.

49- SEGMENT 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.

- Corporate Banking:

Principally handling loans and other credit facilities and deposit 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:

							Total	
	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Others	Elimination	2006	2005
	JD	JD	JD	JD	JD	JD	JD	JD
Gross Income	143,170,006	98,066,470	1,362,543	125,986,825	4,929,089	(95,041,201)	278,473,732	215,650,282
Provision for credit losses	4,055,841	(120,603)	-	-	-	-	3,935,238	7,142,773
Impairment of investment	-	-	-	(71,910)	-	-	(71,910)	(507,608)
Segment result	57,521,167	46,972,627	1,139,299	29,335,580	4,627,417	-	139,596,090	114,813,215
Unallocated costs	-	-	-	-	-	-	(9,658,693)	(10,094,409)
Bank's share of profit from associates	-	-	-	-	-	-	135,179	440,066
Income before tax	57,521,167	46,972,627	1,139,299	29,335,580	4,627,417	(9,523,514)	130,072,576	105,158,872
Income Tax	-	-	-	-	-	-	(35,366,710)	(31,107,094)
Profit for the year	-	-	-	-	-	-	94,705,866	74,051,778
Segment Assets	2,169,980,794	1,104,345,676	17,216	2,651,277,616	111,714,462	-	6,037,335,764	4,730,553,361
Intra – segment assets	(1,417,455,085)	(51,394,398)	-	(500,970,646)	-	-	(1,969,820,129)	(1,561,292,470)
Investments in associates	-	-	-	-	-	-	19,853,021	19,717,842
Unallocated costs	-	-	-	-	-	-	8,757,782	7,274,235
Total Assets	-	-	-	-	-	-	4,096,126,438	3,196,252,968
Segment Liabilities	2,159,888,463	1,061,330,626	63,651	2,639,534,886	81,094,264	-	5,941,911,890	4,656,527,974
Intra – segment liabilities	-	(38,962,225)	-	(2,643,244,325)	-	-	(2,682,206,550)	(1,863,462,458)
Unallocated costs	-	-	-	-	-	-	1,545,000	8,154,348
Total Liabilities	-	-	-	-	-	-	3,261,250,340	2,801,219,864
Capital expenditures	-	-	-	-	-	-	20,529,693	10,310,337
Depreciation	-	-	-	-	-	-	7,739,011	7,017,180

B- Geographical distribution

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

	Domestic		International		Total	
	2006	2005	2006	2005	2006	2005
	JD	JD	JD	JD	JD	JD
Gross income	244,863,960	195,366,869	33,609,772	20,283,413	278,473,732	215,650,282
Total assets	2,793,164,531	2,186,073,682	1,302,961,907	1,010,179,286	4,096,126,438	3,196,252,968
Capital expenditures	15,511,239	7,758,606	5,018,454	2,551,731	20,529,693	10,310,337

50- CAPITAL ADEQUACY

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

	2006		2005	
	Amount JD 1000	Percentage to Risk-Weighted Assets	Amount JD 1000	Percentage to Risk-Weighted Assets
Regulatory capital	751,936	% 32.06	334,612	% 17.31
Basic capital	728,226	% 31.05	313,719	% 16.23

51- FIDUCIARY ACCOUNTS

Investment accounts managed on behalf of customers amounted to JD 10,536,987 as of December 31, 2006 against JD 47,394,039 as of December 31, 2005. These accounts are not included in the assets and included the liabilities of the Bank. Commissions and fees of these accounts appear in the income statement

52- OFF-BALANCE SHEET ITEMS

A- Commitments and contingent liabilities:-

	2006	2005
	JD	JD
Letters of credit	333,965,967	374,812,829
Acceptances	95,926,542	56,872,219
Letters of Guarantee:		
- Payments	60,284,159	52,004,305
- Performance	96,600,294	93,981,886
- Other letters of guarantee	111,358,978	106,090,849
Un-utilized facilities	166,304,564	142,421,156
Total	864,440,504	826,183,244

B- Contractual commitments:

	2006	2005
	JD	JD
Purchase of property and equipment	4,532,133	4,014,373
Projects under construction	7,336,284	4,275,929
Other purchases contracts	-	970,987
Total	11,868,417	9,261,289

53- LITIGATION

There were lawsuits raised against the Bank amounting to JD 5.3 million as of December 31, 2006 and to JD 10.6 million as of December 31, 2005. 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 will arise as a result of these lawsuits, and the related provision amounting to JD 373,797 as of December 31, 2006 and to JD 338,266 as of December 31 2005, is adequate .

54- NEWLY ISSUED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Amendments to IAS 1 – Capital Disclosures

Amendments to IAS 1 Presentation of Financial Statements were issued by the IASB as Capital Disclosures in August 2005. They are required to be applied for periods beginning on or after 1 January 2007. When effective, these amendments will require disclosure of information enabling evaluation of the bank's objectives, policies and processes for managing capital.

IFRS 7 Financial Instruments: Disclosures

IFRS 7 Financial Instruments: Disclosures was issued by the IASB in August 2005, becoming effective for periods beginning on or after 1 January 2007. The new standard will require additional disclosure of the significance of financial instruments for the bank's financial position and performance and information about exposure to risks arising from financial instruments.

IFRS 8 Operating Segments

IFRS 8 Operating Segments was issued by the IASB in November 2006, becoming effective for periods commencing on or after 1 January 2009. The new standard may require changes in the way the bank discloses information about its operating segments.

IFRIC Interpretations

During 2006 IFRIC issued the following interpretations:

IFRIC Interpretation 8 Scope of IFRS 2

IFRIC Interpretation 9 Reassessment of Embedded Derivatives

IFRIC Interpretation 11 IFRS 2 – Group and Treasury Share Transactions

Management do not expect these interpretations to have a significant impact on the bank's financial statements when implemented in their effective dates.

55- RECLASSIFICATIONS

Some of the year 2005 balances were reclassified to correspond with the year 2006 classifications with no effect on the profit and shareholders equity.

Disclosure Statements

Description of the Bank's main activities, geographical locations, size of capital investment and number of employees

The Housing Bank for Trade and Finance provides versatile financial and banking services for its corporate and retail customers through a network of branches distributed in Jordan, Palestine and Bahrain. The authorized capital of the Bank is JD 252 million (Paid – in capital is JD 250 million), designated capital for Palestine branches is JD 15.4 million, and for Bahrain branch is JD 10.6 million.

Area	Number of branches/ offices	Number of employees
Jordan, distributed as follows :	96	1701
Amman	54	1302
Zarqa	9	87
Irbid	12	136
Mafraq	1	14
Balqa	5	40
Aqaba	1	11
Tafeila	2	13
Karak	4	32
Ma'daba	1	13
Jarash	1	12
Ma'an	4	25
Ajloun	2	16
Palestine branches	6	108
Bahrain branch	1	27
Representative office Tripoli/ Libya	1	2
Representative office Abu Dhabi / UAE	1	3
Representative office Baghdad/ Iraq	1	3

Description of the Subsidiary Companies, the nature of their business and their areas of activity

Stated in note No.2 .

Board Members : Brief Resume

H.E. Dr. Michel Marto / Chairman

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.
- General Manager, Bank of Jordan, 1987-1989.

Board Memberships:

- Chairman of Jordan Petroleum Refinery Co.
- Chairman of Specialized Lease Co.
- Chairman of Iskan Tourist and Hotels Investment Co.
- Chairman of Association of Banks in Jordan.
- Vice Chairman of Jordan International bank – London.
- Board Member of Jordan International Insurance Co.

Mr. Othman Bafagih / 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.

Board Memberships:

- Chairman of Al Muftah Car Rental Co. / Saudi Arabia.
- Chairman of United Ink Manufacturing Co. / Saudi Arabia.
- Board Member of Medical Distillers Co. «MDC» / Saudi Arabia.
- Executive Manager, Al Marjan Medical Center Co.

Mr. Abdullah Saudi

Qualifications: Diploma in accounting, 1957.

- Chairman of A.S.A Consultants for Investments / Bahrain.
- Advisor to HRH Prince Talal Bin Abdel Aziz Al Saud.
- Managing Director of Capital Investment Holding Co. / Bahrain.

Board Memberships:

- Advisor to the Board / Lebanon Credit Bank.
- Vice Chairman of Al Baraka Islamic Group/ Bahrain.
- Member, Board of Trustees –Libyan Investment Institution/Tripoli.

Sheikh. Ali Bin Jassim Al - Thani

Representative of Qatar Investment Authority

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

Board Memberships:

- Board Member of Arab Maritime Co. / Kuwait.
- Board Member of BLC Bank /Lebanon.
- Board Member of Champs Elysee Co. / France.

Mr. Mohammad Abdul Hadi

Representative of Qatar Investment Authority

Qualifications: B.Sc. Financial Management, 1995.

- Senior financial analyst in Direct Investment Dept. / Qatar Investment Authority.

Mr. Saad Al Henaidi

Representative of Kuwait Real Estate Investment Consortium

Qualifications: B.Sc. Computer Science, 1985.

- Manager of Systems Development in Kuwait Investment Authority/ Kuwait.
- Consultant / Int. Investment Co.
- Consultant / Bahrain Arab Int. Bank.

Board Memberships:

- Board Member of Int. Bank for Trade & Finance / Syria.
- Foundation Committee Member 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 Corporation Sector – Arab Investments Dept. / Kuwait Investment Authority /Kuwait.

Board Memberships:

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

Dr. Mohammad Adeinat

Representative of Social Security Corp. / Jordan

Qualifications: PH.D Economics, 1985.

- General Manager, Orphans Funds Development Corp.
- Professor of Economics, Jordan University.
- Head of Economics Dept./Jordan University (1994-1998).
- Dean, Economics and Administrative Sciences College/Al Hashemiah University (1998-1999).
- Dean, Social Sciences College/Jordan University (1999).
- General Manager, Income Tax Dept.(2000-2003).
- Chairman, Social Security Funds Investment Commission (2004-2005).

Board Memberships:

- Board Member of Arab Center for Pharmaceuticals and Chemicals Industries.

Mr. Abdel Rahman Al - Jada'

Representative of Social Security Corp. / Jordan

Qualifications: Diploma, Business Administration, 1972.

- Assistant General Manager-Amman Crown Plaza Hotel / Amra.
- Chairman of union of Public services and free profession workers.
- Member of Executive Office of general Union of Laborers.
- Member of Central Council of general Union of Laborers.

Mr. El Sharef Alwan

Representative of Libyan Foreign Bank

Qualifications: B.Sc. Computer Science, 1992.

- IT Manager / Libyan Foreign Bank.

Board Memberships:

- Board Member of The Housing Bank for Trade & Finance / Algeria.

Dr. Abdul Magid Gadad

Representative of Libyan Foreign Bank

Qualifications: PH.D Accounting and Financial Management, 1998.

- Manager ,Economic Dept. of the Popular Public Committee/ Libya.

Mr. Ammar Zahran

Representative of Sheikh Khalid Bin Mahfouz Group / Saudi Arabia.

Qualifications: M.Sc. Engineering Science, 1996.

- Executive Manager, Al Marjan Industrial and Commercial Co./ Saudi Arabia.

Board Memberships:

- Chairman , Yanabee Advertising Co. / Saudi Arabia.

- Board Member of Unicharm Sanitary Manufacturing Co. / Saudi Arabia.

- Board Member of Electric Pulps Factory / Saudi Arabia.

- Board Member of United Ink Manufacturing Co. / Saudi Arabia.

Mr. Ahmed Al Mahrezi

Representative of Ministry of Finance / Sultanate of Oman

Qualifications: M.A Law, 2001.

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

Board Memberships:

- Board Member of Dhofar Bank.

- Board Member of International Hotel Management Co.

- Board Member of Omani Int. Development and Investment Co.

Senior Executive Management : Brief Resume

Mr. Ahmad Abd Elfattah 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.

Board Memberships:

- Chairman, The Housing Bank for Trade & Finance / Algeria.
- Chairman, International Financial Center Co.
- Vice Chairman, Specialized Leasing Co.
- Board Member, Banking Studies Institute.
- Member of Managers Committee of Iskan Tourist and Hotel Investments Co.
- Board Member, Investment Fund of Yarmouk University.
- Former Chairman, Jordan Press Foundation/Al-Ra'i.
- Former Chairman, Jordan Phosphate Mines Co.
- Former Board Member, Royal Jordanian.

Mr. Oudeh Khalil /General Auditor

Qualifications: B. Sc. Accounting, 1973.

Professional Qualifications: CFE Certificate , 2004.

Board Memberships:

- Board Member, ELZAY Ready Wear Manufacturing Co.
- Board Member, Jordan Industrial Estates Corporation.
- Board Member, World Fashion Trading Co.

Mr. Mohyeddin A. ElAli /Head of Administrative Affairs Sector

Qualifications: B. Sc. Accounting, 1972.

Board Memberships:

- Board Member, International Bank for Trade and Finance / Syria.

Mr. Nael M. Zu'bi /Head of Institutional Bank

Qualifications: B. Sc. Economics, 1971.

Board Memberships:

- Board Member, The Housing Bank for Trade & Finance/ Algeria.
- Board Member, Jordan Ceramic Industries Co.
- Board Member, Arab East Investment Co.
- Board Member, Specialized Leasing Co.

Mr. Kamal H. Yaghmour / Head of Consumer Bank

Qualifications: B. Sc. Accounting, 1984.

Board Memberships:

- Board Member, United Arab Investors Co.
- Board Member, Oasis Insurance Co.
- Board Member, Aman Securities Co.
- Board Member, Jordan Vet. Medicine Manufacturing Co (JOVET).

Mr. Omar Z. Malhas / Head of Treasury and Investment

Qualifications: MBA - International Banking and Finance, 1991.

Board Memberships:

- Board Member, International Bank for Trade and Finance / Syria.
- Board Member, Arab Jordanian Insurance Group.
- Board Member, the Investment Unit of the Social Security Corp. /Jordan.

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

Qualifications: B. Sc. Accounting, 1985.

Professional Qualifications: CPA, 1995.

Board Memberships:

- Board Member, Union Tobacco and Cigarette Industries.

Mr. Ihab G. Saadi /Head of Corporate Finance

Qualifications: MBA - Financial Management, 1990.

Professional Qualifications: CPA, 1990.

Board Memberships:

- Board Member, Specialized Lease Co.
- Board Member, Palestine Development and Investment Co. (PADICO).

Mr. Awad A. Fadayel / Head of International Banking Group.

Qualifications: General Secondary Certificate, 1959.

Board Memberships

- Board Member, Arab Engineering Industries Co.

Mr. Mahmud Kamal / Chief Information Officer (CIO) .

Qualifications: M. Sc. Computer , 1978.

Mr. “ Moh’d Mazen “ A. Kalha / Head of Risk Management

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

Board Memberships:

- Board Member, Jordan Mortgage Refinance Co.
- Member of Managers Committee, Engineering Applications Co.

Mr. Robeen I. Al-Ja’bary / Manager of Centralized Operations Dept.

Qualifications: B. Sc. Accounting, 1972.

Board Memberships:

- Board Member, Union Chemical and Vegetable Oil Industries Co.

Mr. Mohamad Awni Khasawneh /Manager of Recovery Dept.

Qualifications: B.A Arabic Literature, 1976.

Board Memberships:

- Board Member, Jordan Loan Guarantee Corporation.

Mr. Saleem Jarrar / Legal Counsel

Qualifications: L.L.B, 1966.

Board Memberships:

- Member of Jordanian Bar Association.

Mr. Jamal R. M. Doqqa / Head of Compliance

Qualifications: MBA, 1999.

Professional Qualifications: CAMS, CISA.

Mr. Adnan Sh. Sharabi / Regional Manager – Kingdom of Bahrain

Qualifications: M. Sc. Planning, 1977.

Board Memberships:

- Board Member, Banking Association / Bahrain.

Mr. Moh'd I. Al-Barghouthi / Regional Manager , Palestine Branches

Qualifications: Diploma, Banking and Finance, 1978.

Board Memberships:

- Chairman / Managers Committee/Jordan and Palestine Financial Investment Co.

- Vice Chairman / Al – Iqaria Trading Investment Co.

- Board Member, Association of Banks in Palestine.

Major Shareholders (5% or more)

Shareholder	Nationality	Number of Shares		(%) of Capital 2006
		2005	2006	
Qatar Investment Authority	Qatari	20,103,409	51,502,842	20.601%
Kuwait Real Estate Investment Consortium	Kuwaiti	18,761,618	46,904,045	18.761%
Social Security Corporation	Jordanian	15,052,529	38,513,072	15.405%
Libyan Foreign Bank	Libyan	15,075,250	38,461,540	15.384 %
Sheikh Khalid Bin Mahfouz	Saudi	10,000,000	24,684,117	9.873 %

- Number of Jordanian Shareholders is (4250) holding a stake of (23.7%) of Capital.

- Number of Arab & Foreign Shareholders is (484) holding a stake of (76.3%) of Capital.

The Bank's competitive position

Domestic market share in 2006

Item	Market share
Assets	14.9 %
Total Customers' Deposits	16.3 %
Loans & Credit Facilities	13.9 %
Number of Branches	18.6 %
Number of ATMs	23.0 %

The extent of dependence upon specific suppliers and/or major clients (Local and International)

There is no customer whose dealings with the Bank exceed 10% of any activity volume.

Description of any Government protection or any privileges granted to the Bank or to any of its products; as well as a description of any Patents or Licensing Rights

Neither the Housing Bank for Trade & Finance nor any of its products enjoy any Government protection or privileges pursuant to laws and regulations. The Bank has not got any patents or intellectual rights.

Description of any decisions by the Government, International Organizations or otherwise with material effect on the Bank's business, products or competitiveness

No resolutions issued by Government, International organizations or others having financial impact on the Bank, its products or competitiveness.

The Bank's organizational chart, the number of its employees and their classes of qualification, and training programs

1- The Bank's organizational chart: (Stated on page 87 of this report).

2- The Bank's number of employees, qualifications as at the end of 2006: (Stated on page 21 of this report).

3- The Bank's training programs in 2006: (Stated on page 22 of this report).

Description of the Bank's risk exposure

The Bank is facing various risks , such risks are setout in the Notes (42-48) in Financial Statements 2006.

The Bank's accomplishments supported by figures and a description of significant occurrences

Setout in the Chairman's Statement , and the financial performance analysis

The financial impact of non-recurrent transactions during 2006, which are not part of the Bank's main activities

There are no non- recurrent transactions or substantial matters included in the Bank's core activities.

Chronology of the realized profits, dividends, shareholders' net equity and the market price of the Bank's Share

(Stated on page 12 of this report).

Analysis of the Bank's financial position and of the results of its operations for the fiscal year 2006

(Stated on page 13 of this report).

Important prospective developments including any new expansions or projects; and the Bank's future plan

(Set out in the Bank's future plan for 2007 , page 24)

Auditing fees for the year 2006

Item	Auditing Fees	Consultations & other fees	Dinar
			Total
The Bank & Foreign branches	178,888	23,780	202,668
Subsidiaries	45,474	-	45,474
Total	224,362	23,780	248,142

The number of securities issued by the Bank which are owned by any member of its Board of Directors, any member of its Senior Executive Management or any of their relatives; a list of companies controlled by any of such, provided all of the above is benchmarked against the preceding year

1. Shares held by Board Members in their personal capacity, relatives and companies controlled by any of them

Board Members	Nationality	Number of shares	
		2005	2006
H.E. Dr. Michel Marto	Jordanian	80,000	225,000
Mr. Ammar Zahran	Saudi	10,000	25,000
Mr. Abdullah Saudi	Libyan	10,000	10,000
Dr. Abdul Magid Gadad	Libyan	3,000	-
Mr. Othman Bafaqih	Saudi	50	20,750

2. Shares held by Senior Executive Management ,relatives and companies controlled by any of them

Name	Number of shares	
	2005	2006
Mr. Ahmad Abd Elfattah Abu Obeid (CEO)	25,000	62,500
Mr. Oudeh Khalil / General Auditor	1,000	-
Mr. Mohyeddin A. ElAli /Head of Administrative Affairs Sector	15,324	38,310
Mr. Nael M. Zu'bi / Head of Corporate Sector	3,600	9,000
Mr. Awad A. Fadayel / Manager of International Dept.	3,932	9,830
Mr. Robeen I. Al-Ja'bary / Manager of Centralized Operations Dept.	-	1,250
Mr. "Moh'd Mazen" A. Kalha / Head of Risk Management	2,102	5,642
Mr. Khaled M. Al-Thahabi / Chief Financial Officer	-	2,000
Mr. Omar Z. Malhas / Head of Treasury & Investment	-	600

The benefits and remunerations of the Chairman, members of the Board of Directors and Senior Executive Management, during the fiscal year, including payments received by them such as fees, salaries, bonuses, and otherwise, and their travel and transport expenses within the Kingdom and abroad;

- Board Members' remunerations in 2006 amounted to JD 64,166.
- Board Members' Transportation and attendance of the Board meetings as well as executive and auditing committees of the Board amounted to JD 921,744 in 2006.
- Air tickets for Board Members in 2006 totaled JD 927,059.
- Senior Executive Management's salaries and remunerations in 2006 amounted to JD 2,250,300, in addition to other benefits of JD 168,758.

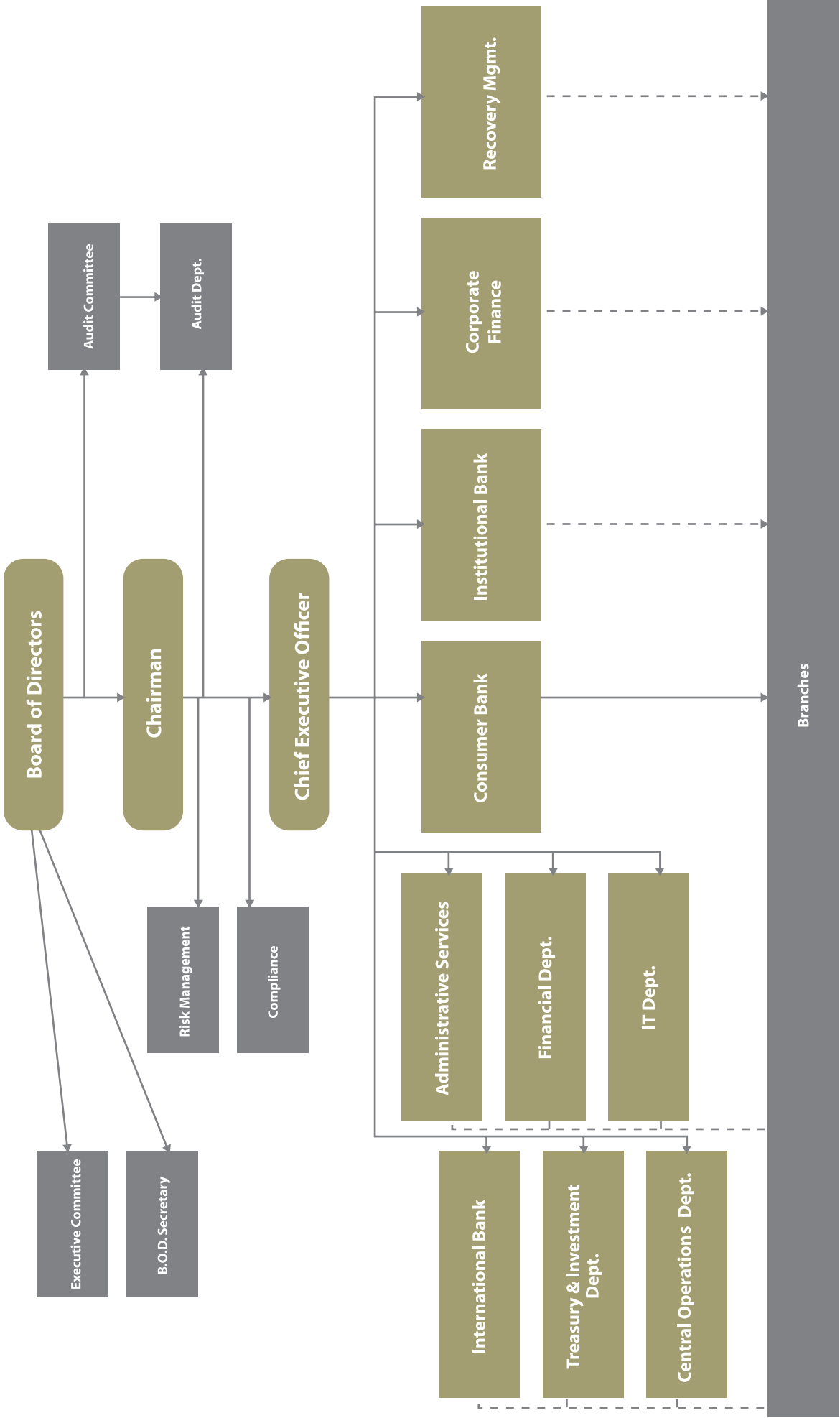
The Bank's contracts, projects and engagements with its Subsidiaries, Sister Companies or Affiliates, as well as those with the Chairman of the Board of Directors, members of the Board of Directors, the Chief Executive Officer or any employee of the Company or relatives thereof

As set out in Note No. 40 The Bank entered into transactions with subsidiaries , associates, major shareholders, members of the Board of Directors, CEO, and employees in the course of ordinary activities at commercial rates of interest and commissions . All facilities granted to related parties are performing and no provisions have been taken .

The Bank's contribution to environmental protection and local community service

(set out page 23).

Organizational Chart



Branches Abroad

Palestine

The Housing Bank For Trade & Finance

Regional Management

Rukab Building – Bareed Street

P.O. Box 1473 Ramallah, Palestine

Telephone +970 2 2986270 Facsimile +970 2 2986275

(Branches: Ramallah, Nablus, Hebron, Gaza, Beir Zeit & Halhul)

Bahrain

The Housing Bank For Trade & Finance

Manama Center – Government Street

P.O. Box 5929 Manama, Kingdom of Bahrain

Telephone +973 17 225227 Facsimile +973 17 227225

Subsidiaries

The Housing Bank For Trade & Finance/ Algeria

Ahmad Waked Street

Dali Ibrahim / Algeria

Telephone +213 21 918881 Facsimile +213 21 918878

International Bank For Trade & Finance / Syria

Pakistan Street – Damascus

P.O. Box 10502 Damascus, Syria

Telephone +963 11 2325780 Facsimile +963 11 2325788

International Financial Center Co.

The Housing Bank Center – 2nd Floor

P.O. Box 940919 Amman 11194 Jordan

Telephone +962 6 5674558 Facsimile +962 6 5696720

Jordan & Palestine Financial Investment Co.

Farah Building – 2nd Floor – Rukab Square

P.O. Box 1922 Ramallah, Palestine

Telephone +970 2 2987778 Facsimile +970 2 2987779

Specialized Lease Finance Co.

Mecca Street – Faouri Building, 2nd Floor

P.O.Box 1174 Amman 11118 Jordan

Telephone +962 6 5811990 Facsimile +962 6 5821210

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